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Floor Debate
May 16, 2013

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SENATOR CARLSON PRESIDING

SENATOR CARLSON: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the seventy-ninth day of the One Hundred Third Legislature, First Session. Our chaplain for today is Senator Wallman. Please rise.

SENATOR WALLMAN: (Prayer offered.)

SENATOR CARLSON: Thank you, Senator Wallman. I call to order the seventy-ninth day of the One Hundred Third Legislature, First Session. Senators, please record your presence. Mr. Clerk, please record.

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

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

CLERK: I have no corrections.

SENATOR CARLSON: Thank you. Any messages, reports, or announcements?

CLERK: Mr. President, your Committee on Enrollment and Review reports LB93, LB93A, LB483, LB483A, LB583, and LB623 as correctly engrossed. I have a series of study resolutions: LR211, LR212, LR213, and LR214, offered by Senator Kolowski. Those will be referred to the Executive Board. I have a notice of lobby registration that is required by statute. That will be on file in the Journal. And a series of agency reports received and available for member review on the legislative Web site. That's all that I have, Mr. President. (Legislative Journal pages 1399-1402.) [LB93 LB93A LB483 LB483A LB583 LB623 LR211 LR212 LR213 LR214]

SENATOR CARLSON: Thank you, Mr. Clerk. We'll now proceed to the first item on the agenda.

CLERK: Mr. President, LB568, a bill originally introduced by Senator Burke Harr relates to insurance, provides for licensure of insurance navigators. The Legislature discussed the bill yesterday, Mr. President. Senator Gloor, as Chairman of the Banking, Commerce and Insurance Committee, presented the committee amendments. I do have other amendments pending. When we left the issue, Senator Conrad had pending a motion to recommit the bill to committee. That's the pending motion, Mr. President.

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[LB568]

SENATOR CARLSON: Thank you, Mr. Clerk. Senator Harr, you're recognized, and would you refresh us on this bill. [LB568]

SENATOR HARR: Thank you, Mr. President, members of the body. This is a bill regarding insurance navigators, the licensure requirements to allow states to have jurisdiction over navigators, and the ability to take actions, if necessary. There is a bracket motion from Senator Conrad, and I would yield the remainder of my time to Senator Conrad. [LB568]

SENATOR CARLSON: Thank you, Senator Harr. Senator Conrad, you have time here. [LB568]

SENATOR CONRAD: Okay. Thank you, Mr. President. Good morning, colleagues. Thank you to Senator Harr for the time and, folks, I'll just use this opportunity to give you a quick update about what's happened since we adjourned last night. Upon adjournment last night, Senator Schumacher, Senator Harr, Senator Howard, and myself met for a considerable length of time and worked through some of the pending issues and concerns that were addressed with the amendments and in debate yesterday. I'm happy to report that this morning that we have an agreement in principle. We have forged compromise and consensus moving forward. So with that, our plan is to remove the pending priority motion. Senator Harr is going to be withdrawing his pending amendments. I will be withdrawing my pending amendments. And the four of us, in concert with the Chair of the Banking Committee and learned legal counsel from the Banking Committee and interested parties on both sides of this issue, will put our heads together from General File to Select File and hopefully be able to report out a considerable and substantive compromise to meet the objectives that we're all interested in, and that's namely ensuring that we have strong consumer protection and strong consumer education when it comes to assisting our citizens moving forward and interfacing with the health insurance exchange. So I thank them for their time and consideration and I look forward to working with them and moving this issue forward. Thank you, Mr. President. [LB568]

SENATOR CARLSON: Thank you, Senator Conrad. Senator Gloor, would you review the committee amendments and follow up the remarks by Senator Harr and Senator Conrad. (AM812, Legislative Journal page 841.) [LB568]

SENATOR GLOOR: The committee amendments to LB568 are the white copy amendments, and so they become the bill. That, for the most part, will be my opening. I do want to thank the parties involved, Senator Harr and Conrad and Howard and Schumacher, who provided a level of participation and brought us to what appears to be something that allows us to move forward, to come back with a substantive amendment

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for Select File. We've also, committee counsel and I, have been involved in discussions with the Department of Insurance to make sure that whatever is drafted they'll be a part and parcel of, and we are counting on their help and participation in making sure that what we have fits the bill. As a reminder to the body, we're talking about setting some general parameters so that complaints that go to the Department of Insurance, they have some way to judge and provide remedial action, fines, penalties to somebody who steps over the line undertaking the process of navigator. And that would be my opening. Thank you. [LB568]

SENATOR CARLSON: Okay. Thank you, Senator Gloor. Senator Adams, you're recognized. [LB568]

SPEAKER ADAMS: Thank you, Mr. President, members. The only reason I take to the mike is quite often in our legislative process we hear, well, if we just get it moved to Select, we can work through these things. And I know quite often that leaves an emptiness in us, wondering what that's really going to mean. So I'm taking to the mike to tell you that as a result of the meeting that transpired in my office this morning, Senator Conrad, Senator Howard, Senator Harr, Senator Gloor, that they have arrived at some consensus on this bill. But frankly, for us to burn floor time waiting for a rather complex amendment to come down to satisfy all sides and to make this bill work would not be a productive use of our time. So I was there. I heard the understanding. We know that it's going to take an amendment and it's not going to work until Select File. They've done good work, both sides, on this. And I would encourage us to move this bill forward to Select and let that amendment come. And if you still have concerns at that point, you can certainly address it with the senators that are involved in this, and you'll have plenty of opportunity on Select File to review again the compromise that's been arrived at. Thank you, Mr. President. [LB568]

SENATOR CARLSON: Senator Conrad, you are recognized. [LB568]

SENATOR CONRAD: Thank you, Mr. President. Mr. Clerk, I would like to withdraw my priority motion to recommit to committee and then the pending amendments when the time is appropriate. [LB568]

SENATOR CARLSON: Thank you, Senator Conrad. Without objection, so ordered. [LB568]

CLERK: Senator Harr, AM1218, I had a note you wanted to withdraw that earlier, Senator. [LB568]

SENATOR HARR: Yes, please, I move to withdraw. [LB568]

SENATOR CARLSON: So ordered. [LB568]

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CLERK: Senator Harr, the next amendment you gave me, Senator, AM1407. [LB568]

SENATOR HARR: At this time I would move to withdraw that motion. [LB568]

SENATOR CARLSON: So ordered. [LB568]

SENATOR HARR: Thank you. [LB568]

CLERK: Senator Conrad, am I to believe, Senator, you wish to withdraw the series of amendments that you had filed to the committee amendments? [LB568]

SENATOR CONRAD: That's correct. [LB568]

SENATOR CARLSON: Thank you, Senator Conrad. So ordered. [LB568]

CLERK: Mr. President, I have nothing further pending to the committee amendments at this time. [LB568]

SENATOR CARLSON: Thank you, Mr. Clerk. Are there senators wishing to speak? Seeing none, Senator Gloor, you're recognized to close on AM812. [LB568]

SENATOR GLOOR: Thank you, Mr. President. Thanks again to those involved in this discussion. We need green lights on this so that we can continue the process of assuring that we have an appropriate, from a consumer protection standpoint, bill in place relating to navigators. And I would urge a yes vote. That would be all of my comments as a closing. Thank you, Mr. President. [LB568]

SENATOR CARLSON: Thank you, Senator Gloor. Members, you've heard the closing on AM812. The question is, shall the amendment be adopted? All those in favor vote yea; all opposed vote nay. Record, Mr. Clerk. [LB568]

CLERK: 35 ayes, 0 nays, Mr. President, on the adoption of committee amendments. [LB568]

SENATOR CARLSON: Committee amendments are adopted. [LB568]

CLERK: I have nothing further to the bill at this time, Mr. President. [LB568]

SENATOR CARLSON: Thank you, Mr. Clerk. Seeing no lights on, Senator Harr, you're recognized to close on LB568. [LB568]

SENATOR HARR: Thank you, Mr. President, members of the body. Again, I want to

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thank Senator Conrad, Howard, and Schumacher for coming together and helping to come up with a compromise that we have an agreement, in substance, with. It's always nice to see that we can work together as a body, we can make compromise, that we don't have to pile drive everything through, that we can work as a body. So I want to thank them. It took swallowing a little bit of pride on everyone's behalf. I don't think anyone is completely satisfied, but that's probably the sign of a good compromise. And I guess I would ask that you vote for LB568. And, Senator Conrad, at Thanksgiving dinner, families back together, if you bring the gravy, I'll bring the turkey. Thank you. (Laughter) [LB568]

SENATOR CARLSON: Thank you, Senator Harr. You've heard the closing on LB568. The question is, shall it 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. [LB568]

CLERK: 37 ayes, 0 nays, Mr. President, on the advancement of LB568. [LB568]

SENATOR CARLSON: The bill does advance. Mr. Clerk, next item. [LB568]

CLERK: Mr. President, on LB568A, a bill by Senator Harr. (Read title.) [LB568A]

SENATOR CARLSON: Senator Harr, you're recognized to open on the A bill. [LB568A]

SENATOR HARR: Thank you, Mr. President. This is just that. It's an A bill connected to LB568. This is largely cash-funded, as you can see. I would ask that you would please advance LB568A. Thank you. [LB568A LB568]

SENATOR CARLSON: You've heard the opening on LB568A. Are there senators wishing to speak? Seeing none, Senator Harr, you're recognized to close. He waives closing. The question is, shall LB568A be advanced? All those in favor vote yea; all opposed vote nay. Record, Mr. Clerk. [LB568A]

CLERK: 33 ayes, 0 nays, Mr. President, on the advancement of LB568A. [LB568A]

SENATOR CARLSON: The bill does advance. (Doctor of the day introduced.) Speaker Adams, you're recognized. [LB568A]

SPEAKER ADAMS: Thank you, Mr. President. Members, just a very quick announcement. Our goal for today is to adjourn at 1:00, so we'll continue to work through the lunch hour on the bills that we have on the agenda and then at 1:00 we'll plan to leave. Thank you, Mr. President.

SENATOR CARLSON: Thank you, Speaker Adams. Mr. Clerk, next item.

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CLERK: Mr. President, LB556, a bill by Senator McGill. (Read title.) The bill was introduced on January 23, referred to Health and Human Services. The bill was advanced to General File. I do have committee amendments, Mr. President. (AM991, Legislative Journal page 1177.) [LB556]

SENATOR CARLSON: Thank you, Mr. Clerk. Senator McGill, you're recognized to open on LB556. [LB556]

SENATOR MCGILL: Thank you, Mr. President and members of the body. LB556 is my attempt to fulfill a promise that I feel has not been fulfilled yet, to the people of our state. A few years back we passed the infamous safe haven law, where we saw parents dropping their kids off, kids of all ages, off at emergency rooms and hospitals, because they couldn't get behavioral health services for their kids. These were preteens and teenagers. And, you know, we had passed safe haven for a variety of ages, initially, because we valued the life of all kids; and if a parent were depressed and the possibility of them killing their child, we would want those children to be safe and in our hands. But what we saw happen was that parents were dropping off their kids if they couldn't find the behavioral health services, you know, to get them the help that they needed. It's been several years now since that happened, and while we made some changes, we expanded a Professional Partners program across our state to get more services to our young people, it didn't go far enough; and I think many of us were sidetracked by the child welfare crisis over the last couple of years. So I've spent the last year going back to this issue and how to address children's mental health issues at a younger age before their behaviors become more difficult to resolve. And this is the, at least, first step, I feel in trying to make a difference in our state when it comes to children and behavioral health. In the U.S., one in five children suffer from a mental health condition. This ranges from depression and anxiety to developmental disorders. And sadly, only about 20 percent of these children receive any treatment and only a small fraction of them receive evaluation and treatment by a behavioral health professional. Without treatment, children with mental health problems are at increased risk for family dysfunction, school failure, dependence on social services, contact with the juvenile justice system, and even suicide. The prevention of mental illness and the promotion of behavioral wellness in youth have been identified as national priorities by many healthcare professionals and organizations. If you doubt this, ask your schools. I talked about this a little bit yesterday. These schools are struggling on a daily basis with young people who are out of control. These kids impact not only their own learning but those of others. They are bullies. They are violent. When students don't feel safe in school, they cannot learn as well; and some kids stay at home in fear of other kids at school. The Scottsbluff Public School superintendent wrote me that this issue is a crisis here in western Nebraska, and sadly, approaching the inevitability of a tragedy. He said in the Panhandle there are no entities to provide day treatment. There is virtually no entity, public or private, to respond to outcries of threats, violence, or despair from our youth who are in need of therapeutic environmental care. Parents from across the state also

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reach out to me. And sadly, some are still being told that the only option available is to allow their child to become a ward of the state. Experts tell us there are basic things that need to be done to improve the mental health of our children. We need to accept that mental health is a children's health issue. Start early screening, treat the child as an individual rather than treating a diagnosis, and we need to ensure access to medical care. While LB556 doesn't solve all of these problems, it's an effort to address some of the issues, and I can assure you that I will spend the last year of my time in office finding other steps we can take. For instance, I'm working on an interim study to look at behavioral health work force in our state; specifically, work force that is geared towards children. As I go through what this bill does, I'll be talking about AM991, which replaces the bill. There are many significant changes from the green copy, thanks to feedback from parents and experts in the public hearing and since then. In fact, what the Clerk read is the description of the bill, in some ways it doesn't fit much anymore. So LB556 as amended does three things. First, it specifies that mental health screenings are to be offered as a part of childhood physicals. The green copy required the screenings for entering into certain levels of school; but I have removed that language. It was one of the primary causes of concern from those who testified opposed to this bill. Instead, the physician shall explain to the parent that the screening is optional and that results of the screening shall be kept confidential. Screening in the primary care doctor's office are incredibly important for a number of reasons. Many parents don't seek out help or advice because they don't know where to go and who to trust. Screenings in their doctor's office will make it more accessible and allow them to take the initial steps toward treatment, if needed, with someone that they trust. Right now there is a stigma against getting mental healthcare; and making the process part of that normal routine checkup will help fight that stigma while also identifying youth who need that help at an early age. Second, LB556 streamlines the use of telehealth for children's mental health. Eighty-eight out of the 93 counties in Nebraska have mental health professional shortages. Only four counties outside of Omaha and Lincoln have a child psychiatrist. Making telehealth more affordable will help get our children in rural and underserved areas the services they need. And I want to note that I removed green copy language that required telehealth to be put into our schools. Schools could still choose to do it under the bill and even under current law, but they are not required to do so. Right now, it costs about \$10,000 for these services to be set up in a doctor's office; under this bill it would only be about \$200, so a significant difference in cost for these doctors' offices. LB556 makes telehealth more accessible by making it more cost-effective. So it changes the required mode of telehealth transmission per Medicaid regulations. Currently, telehealth is administered over a T1 line, which is kind of like a landline. But this bill allows that wireless connection complies with federal standards and can be used and the transmission costs paid by Medicaid. These wireless connections are less expensive and more efficient than the T1 connections. Current Medicaid requirements also state that there must be no comparable service available within 30 miles of the patient's home in order for telehealth services to be covered; but this bill removes this requirement so that access to telehealth services can be made available at locations

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most convenient for the child and the family in children's behavioral health cases. And third, the amended version of LB556 creates an integrated care pilot program. I think this is so important. The University of Nebraska Medical Center will create the behavioral health screening referral pilot program at three primary care physicians' offices around the state. At least one will be in a rural area and at least one in an urban area. The American Academy of Pediatrics supports an approach in which the patients' primary healthcare providers are the first line in screening children for mental health problems, initiating care in the practice with integrated behavioral health providers, and collaborating with mental health specialists in facing higher levels of care when that is needed. This is what the pilot project would do: Trained physicians and behavioral health practitioners who are integrated into the primary care practice will collaborate to conduct screenings and make diagnoses. Screenings with positive results will lead to further assessment and diagnostic procedures within the office, followed by first-line treatment interventions. In cases of severe behavioral disorders, lack of treatment success, or need for advanced medication management, referral for consultation and treatment from specialists at UNMC via telehealth will be employed. The overall intent of this pilot project is to demonstrate a method of addressing the unmet emotional and/or behavioral needs of Nebraska's children that can be replicated on a statewide basis. So again, those steps being that screening, the further assessment and diagnosis in the primary care medical practice; initial treatment options within that practice; and then referral using telehealth when necessary for more specialized care. I'm happy to take questions about the difference between the green copy... [LB556]

SENATOR CARLSON: One minute. [LB556]

SENATOR MCGILL: ...and this current amendment. There are, like I said, some significant changes. You know, I introduced a bill, kind of Senator Ashford style, that had many different elements and moving parts in it, so we could spend this session trying to pick out which pieces are key, which changes we can make in law that would have the biggest impact in this first year moving forward, where, you know, in future years, we can look at that work force issue. I think that this bill really goes hand in hand with what Senator Ashford and the Judiciary Committee is trying to do in terms of getting more services at the local level; and so I ask for your support. Thank you, Mr. President. [LB556]

SENATOR CARLSON: Thank you, Senator McGill. As the Clerk mentioned, there are committee amendments. Senator Campbell, as Chair of the Health and Human Services Committee, you're recognized to open on AM991. [LB556]

SENATOR CAMPBELL: Thank you, Mr. President and members of the Legislature. The committee amendment becomes the bill, and I do want to thank Senator McGill and her staff and certainly the legal counsel for the Health and Human Services Committee for the great amount of work that has gone into honing this into the kind of project that

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Senator McGill wanted. The committee amendment requires the department to adopt rules and regs providing for telehealth services for children's behavioral health to be included in the Nebraska Telehealth Act a provision that an appropriately trained staff member or employee will be available in person in case of an urgent situation or emergency to a child receiving telehealth services; and this amendment allows the requirement to be waived by the parent. The provision provides that as a general requirement trained personnel familiar to the child's needs will be available when telehealth services are being provided to the child, but also recognizes that such staffing is not always necessary for the child's treatment, and gives parents the opportunity to exercise discretion regarding their child's needs. A second provision under the amendment to be included in the Telehealth Act is that the telehealth services for behavioral health services for children may be covered even if comparable services are within 30 miles of the child's place of residence. And the current regulation under the Telehealth Act limits payment for services only if comparable services are not available within 30 miles; so we changed that. This provision expands the availability for telehealth for children for behavioral and mental health needs and also allows for participation of children in the pilot project notwithstanding the distance their residence is from the participating clinic. The committee amendment provides for a pilot project, and Senator McGill has described this I think very well. The three pilot clinics will be chosen, at least one urban and one rural, and parents of children in pediatric practices within the pilot clinics will be offered routine mental and behavioral health screening for the child during required physical exams or at the request of a parent. Children identified through such screening as being at risk may be referred for further evaluation and treatment. I think the important part of all these provisions is to really give the parents great discretion in terms of how they would like to have this exercise, and I think that's one of the most important things that we learned from the hearing initially on the bill, is that parents need to be the driving force here behind how this is carried out. The consultation via telephone or telehealth shall be available through the pilot, for primary care practice and the child, to manage the care of children with mental or behavioral health issues with issues that require more specialized care, and by faculty and staff at the University of Nebraska Med Center, including the departments of--and this is quite extensive--child and adolescent psychiatry, psychiatric nursing, developmental pediatrics, and the Munroe-Meyer Institute psychology department of the University of Nebraska Medical Center. So that physician and that family will have access to a broad range of experts. Data on the pilot project shall be collected and evaluated by the Interdisciplinary Center for Program Evaluation at the Munroe-Meyer Institute, and evaluation of the pilot program shall include data as outlined in the amendment, including referrals, treatment, modality, program costs, and financial impact on primary care practices. The pilot shall terminate two years after the effective date of this act. And the whole idea of this is for us to gather that data and then be able to evaluate that project, and I assume that then this will...all this information will come back to the Health and Human Services Committee and that committee then can determine whether we proceed or alter how we might be able to provide telehealth services for the children.

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And last, Medicaid reimbursement under the amendment shall include mental health and substance abuse services, early and periodic screening and diagnosis and service for Medicaid-eligible children for physical and behavioral health screening, diagnosis, and treatment services, and reimbursement for telehealth services as outlined. And again, want to thank the Division of Medicaid for answering some questions so that we would ensure that our current Medicaid plan can be utilized. And with that, Mr. President, that concludes my remarks. Thank you. [LB556]

SENATOR CARLSON: Thank you, Senator Campbell. Mr. Clerk for an amendment. [LB556]

CLERK: Mr. President, Senator McGill would move to amend committee amendments with AM1398. (Legislative Journal page 1390.) [LB556]

SENATOR CARLSON: Thank you, Mr. Clerk. Senator McGill, you're recognized to open on your amendment. [LB556]

SENATOR MCGILL: Thank you, Mr. President, members of the body. This is a pretty simple amendment. We worked through this with Magellan. You know, they had a few concerns about how to implement this; and so we added a provision regarding the creation of safety plans for children receiving behavioral health services via telehealth. As AM1398 states, a safety plan would only be required for those children that may harm themselves or others. The plan will outline what should be done if an emergency occurs during a telehealth session. The plan will be developed collaboratively by the child, parent, and behavioral health professionals. So, for instance, if that child is at risk of suicide and they try to attempt something during that, that there would be a plan in place and probably an adult in the room with them trying to prevent a negative outcome. I also added some clarifying language regarding what types of telehealth transmission costs are to be covered by Medicaid. Since this new system is largely just using wireless Internet, you know, it isn't appropriate for the state to be purchasing the Internet services of every doctor's office in the state who's using telehealth; so we're making sure that that basic Internet cost is not carried by the state. Thank you, Mr. President. [LB556]

SENATOR CARLSON: Thank you, Senator McGill. Members, you've heard the opening on LB556, AM991, and the amendment to AM991, AM1398. The floor is now open for debate. Those wishing to speak include Dubas, Schumacher, Chambers, Harms, and others. Senator Dubas, you're recognized. [LB556]

SENATOR DUBAS: Thank you, Mr. President, and good morning, colleagues. I am a cosigner with LB556, and while I haven't been actively involved with Senator McGill on this bill, I certainly have been standing on the sidelines cheering her on and appreciate her leadership in this area. Senator McGill and I were in the Legislature when safe

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haven happened, and that is what has taken both of us down this road. Mine has kind of gone off towards more of the foster care issues. Senator McGill's has gone off this direction. All of them need attention and we still have a lot of work to do. But again I am so appreciative of the work that Senator McGill and her staff have done on this. You know, she talked about what's going on in our schools. And I've spoken with my school districts, as well, and the issues and the challenges that they face on a daily basis when they have children in the classroom who have behavioral and mental health issues. Our teachers are not trained to be able to cope with children with these needs. Our paraeducators certainly aren't always in the position or trained to provide the services that are needed. You know, we have special education in our schools, but that doesn't even bring these children with these needs into the fold. And so we have a real void in our school system is, you know, we need to educate these children. These children have as much of a right to an education as anybody else does. And so how do we make sure that their educational needs are being met without a total disruption of the class or the school system? And the teachers and the administrators that I have talked to are very frustrated and even to the point of sadness that they see these children who have needs and they aren't able to meet those needs; and then in trying to work with the parents, you know, that same frustration comes into place. And by putting this telehealth component in here, we know, especially in rural Nebraska, our access to mental health providers is sorely lacking. And so when we have children in rural school settings who need mental health attention and mental health services, how can we get them the types of services they need in a timely and an effective manner? And so I think the telehealth component is very, very important. You know, when we use the words "mental health," it makes us all very nervous and fearful. But when you put the term "mental health" in front of "children," we get very nervous. If our child is physically sick, we don't waste a moment to get them to the doctor to get them the care that they need so that they can get back on the path of wellness. But if our child demonstrates a symptom of mental or behavioral illness, we are afraid. There's still very much a stigma that surrounds mental illness. We also view it as a reflection on our parenting skills. There's just got to be something that I as a parent am not doing or should be doing so that my child won't be behaving this way. You know, I heard that comment frequently during the safe haven debate, or during the safe haven issue, when we saw these parents dropping these children off. And I had parents come up to me and say, or individuals come up to me and say those kids just need a good, firm, you know, swat on the behind, or they just need discipline, that's the only problem. In some cases that may be true; but in many cases that's not what is going on, and these children do have very legitimate, very diagnosable mental health issues. And with treatment, they can be managed; and the sooner you are able to diagnose and begin treatment, the results are much better. [LB556]

SENATOR CARLSON: One minute. [LB556]

SENATOR DUBAS: Thank you, Mr. President. These children can be a part of the

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school system and can, you know, have the life and enjoy the simple things that we want all of our children to be able to enjoy. I think this bill will be very helpful by raising that level of awareness about mental health issues, by shining a light so that we can begin to remove that stigma. We've made a lot of progress but we still have a long way to go. And in no way is this bill meant to usurp a parent's rights or step in and tell a parent that this is what you have to do. This bill is meant to support parents who more often than not feel very lost, confused, and scared about what can they do to help their child, where's the support for them as a parent as well. So again I stand in strong support of LB556 and the efforts that Senator McGill and her staff and the Health Committee are making in helping us provide... [LB556]

SENATOR CARLSON: Time. [LB556]

SENATOR DUBAS: ...services for these children. Thank you. [LB556]

SENATOR CARLSON: Thank you, Senator Dubas. Senator Schumacher, you're recognized. [LB556]

SENATOR SCHUMACHER: Thank you, Mr. President and members of the body. Would Senator McGill yield to some questions? [LB556]

SENATOR CARLSON: Senator McGill, would you yield? [LB556]

SENATOR MCGILL: Yes. [LB556]

SENATOR SCHUMACHER: Thank you, Senator McGill. Senator McGill, you piqued my interest a little bit when I think I heard you say that this telehealth thing would be conducted over T1 or wireless Internet connections. I hadn't seen that in the bill. But could you explain what you mean by a wireless Internet connection? [LB556]

SENATOR MCGILL: Well, it is currently done over T1 lines, so those are landlines that have been set up by UNMC or other providers of telehealth services. This would make it so they don't need those landlines. So it would be secure wireless connections, which meant...some of the private telehealth providers already use. [LB556]

SENATOR SCHUMACHER: Now, when you say secure wireless connections, do you mean a transmitter at the student's location and a radio signal going across the air back to the Med Center or someplace where there's a receiver and that whole special system? [LB556]

SENATOR MCGILL: Yes. Yes. [LB556]

SENATOR SCHUMACHER: Now, most of these schools have very high-power Internet

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connections, don't they? [LB556]

SENATOR MCGILL: Schools, yes. [LB556]

SENATOR SCHUMACHER: And the Med Center has a very high-powered Internet connection, does it? [LB556]

SENATOR MCGILL: I would assume so. [LB556]

SENATOR SCHUMACHER: Okay. And do you know what the rate of speed on a T1 is? [LB556]

SENATOR MCGILL: I have no idea, sir. [LB556]

SENATOR SCHUMACHER: Okay. But nevertheless, that rate of speed is adequate to do the connection. [LB556]

SENATOR MCGILL: Yes. [LB556]

SENATOR SCHUMACHER: Thank you, Senator McGill. Wow. We have a T...this thing is going to be done over a T1 connection. A T1 is an extremely ancient way of communication. Its speed is 1.5 megabits per second. We spend all kinds of money at these schools to give them Internet connections far in excess of 1.5 megabytes. You can buy a cheap DSL connection, if you look at the TV ads, for 10 megabytes, 5 megabytes, some up in the hundred megabyte connections. What a T1 connection is, is a big profit maker for the local phone company, because it's so antiquated and they have to put it in, and they can charge a lot because they've got a tariff saying as much. And to construct a wireless network with expensive radios and towers that a few days ago we're talking a tower was costing us \$400,000, I can't believe that that's how they're going to communicate with a wireless system. I would tend to think that if we have such limitations, that it must be T1 or it must be wireless, we need to amend some laws and figure out which laws it is to amend, because I don't see that in this particular law, in order for us to use these high-powered Internet connections that we're already paying for. You create what they call a VPN, a virtual private network, which is totally secure, on these; and you send the picture back and the picture on a 45 or 50 or 100 megabit connection is going to be a whole lot better than the picture on a 1.5 megabyte T1. I think that this is one of those examples where our attention should be focused to conserving taxpayer money. We don't need either a T1 connection and we don't need an expensive wireless connection if we're already paying for a high-speed Internet connection. What we need to have is a legislative body and a regulatory mechanism that knows how to take care of the technology we are already paying for... [LB556]

SENATOR CARLSON: One minute. [LB556]

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SENATOR SCHUMACHER: ...rather than let us get billed extra for something that is less performance. And I think this bill is probably a good idea, but not if we're married to constructing expensive wireless networks that can freeze over in the winter and all kinds of problems and are extremely expensive to maintain, or buying a dinosaur called a T1 in order to do it. We need to use the technology we have properly. And I would look forward to working with Senator McGill sometime between now and Select File to make sure that we're not paying for something that we're already paying for a superior version of. Thank you. [LB556]

SENATOR CARLSON: Thank you, Senator Schumacher and Senator McGill. Senator Chambers, you're recognized. [LB556]

SENATOR CHAMBERS: Thank you. Mr. President and members of the Legislature, I support the bill. Senator McGill correctly labeled that bill--they call it safe haven--notorious. I had fought off those kind of bills several sessions running. I won't call his name but he had seen on Oprah somebody appear and talk about the need for safe haven bills. So another one came before the Legislature, and I was in the process of holding it off. There were other senators who for various reasons were not in favor of the bill as it was written. So some of them came to me and asked if they could get together, would I just...I could argue against it as I did, but will I not pull out all the stops to kill it? I was so sure that there was no way they could reconcile their differences that I agreed. The next thing I knew, they were meeting by Senator Pirsch's desk, Senator White when he was here, they were all talking. And naturally, that raised red flags in my mind; but I had made the promise. I still thought they couldn't get together. But they did, and they came up with what Senator McGill referred to as the notorious bill. I was the only one who voted against it, and I should not have made the promise. But the promise being made, Senator Sullivan, must be kept. So I argued against it. They passed it. Because I was the only one who opposed it, I wound up in a magazine and an interview that nobody thought when you look at the way I dress that I would be there. I didn't even know what the magazine's format or brand, as they say, was. It's called GQ. And they had this interview with me and I was getting calls as to how I got in that magazine. I said, well, it was the legislative issue and I dealt with it. And they said, well, the picture of you would not be in that magazine other than for this item, so what about this issue makes it significant? But to most people, the fact that I, dressed as I am, was in that magazine. A fellow you all may have heard of called Dr. Phil, out in California, wanted me to come out there and be on the program because I was the only one who voted against the bill, just as I was the only one who voted against the so-called late-term abortion bill--only one voted against it. My position was upheld. The bill was struck down, first at the district court level, then at the Eighth Circuit Court level, then at the U.S. Supreme Court level. And in all three proceedings, the exchanges that I got into to develop a legislative history were recited to show what the intent of the Legislature was. And it was bogus so it was struck down. I told Dr. Phil's...the person who called me, I'm

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out in Massachusetts, it was a Catholic school university, I'm out here giving a talk. How did you find out I'm here? He said, it wasn't hard to find you. But in any case then he extended the invitation. I said, when I travel I travel light. I've got a case that most people put sandwiches in, because I tell the people I want to come in early that day and leave that night, or if the speech is in the evening, I'll come in that evening and leave before sunup the next day. But I don't stay overnight, I said, so there's no way I could come out to California. He said, we're going to pay the way. I said I expect that. He said, we'll put you up in a very good hotel because that's what we have in connection with the program. I said I expect that; but what am I supposed to do? I don't bring washing powder and things like that. He said, we'll buy you an outfit,... [LB556]

SENATOR CARLSON: One minute. [LB556]

SENATOR CHAMBERS: ...whatever it is that you want. I said, well, what you consider an outfit would consist of the kind of clothes that I don't wear. But the fact is, I really don't want to be on your program, so I'm not going to come. And if whoever told you to call me wants to know whether you said anything that offended me, I will confirm that that had nothing to do with it. I just didn't want to come. This is why you need somebody in the Legislature who in the face of everybody going a certain way will go the opposite way when that's necessary. I'm not trying to delay the bill, but I have a couple more things I want to say because this presents the opportunity. So thank you, Mr. President. [LB556]

SENATOR CARLSON: Thank you, Senator Chambers. Senator Harms, you're recognized. [LB556]

SENATOR HARMS: Thank you, Mr. President and colleagues. I do rise in support of the amendments and the bill. You know, one of the things that alarms me, particularly for where I live--and you got a letter, Senator McGill, from our superintendent--almost every day in that school system there's almost a crisis. And we're almost at a...in a position where you have to begin to ask yourself, what is occurring with our children that creates this environment that we have? That's what I worry about. And they're beginning to identify these children--maybe it's because we're more aware of the situation--in grade school, and that's where we need to start to pick up the issues. By the time they get into high school, many times it's almost unmanageable. And so I'm hoping that, as I look at my own school system and talking with the superintendent--you heard Senator McGill read part of the letter--it's pretty shocking. And when you sit down and talk with him and talk to him about the issues that they're confronted with, they're not equipped in that school system to begin to handle the problems that they're being confronted with. And so I guess as I look at what is it in society that we're seeing create this unbalance, this emotional concern for children, I don't know what that answer to it is; but it is an issue and it is a problem I think we need to address, and so I support this. I think it's a move in the right direction. Senator McGill, would you yield just for a couple

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questions, please? [LB556]

SENATOR CARLSON: Senator McGill, would you yield? [LB556]

SENATOR MCGILL: Yes. [LB556]

SENATOR HARMS: Senator McGill, I noticed in the committee statement that you had a number of opponents. Could you kind of help me understand what their concerns would be in regards to something so important as this? [LB556]

SENATOR MCGILL: Yeah, they were a group of mothers who were concerned about schools having too much control over their children's mental health services moving forward. And some of their assumptions about the green copy were true, some were not; like they thought that it allowed for teachers to be doing mental health screenings, and that wasn't the case. But just to make sure that, you know, I could take away some of their opposition, I made sure that we weren't requiring schools to be using telehealth. That's something they could still choose to do, but making sure that that wasn't in there; and then not requiring the screenings for entry into school. So those were the two things that they were very opposed to. I've shared with them the amendment and never heard anything back from that group. But they were all part of one group, then just came and testified individually. [LB556]

SENATOR HARMS: Okay, thank you. I noticed, I don't know if you would be the person that could answer this on AM991 or Senator Campbell? [LB556]

SENATOR MCGILL: I can go ahead and answer that. [LB556]

SENATOR HARMS: Okay. All right, on page 3, actually line 2, it talks about the pilot program...do you have that handy? [LB556]

SENATOR MCGILL: I do have it right here in front of me. Line 2, (inaudible)... [LB556]

SENATOR HARMS: Yeah, it talks about having one rural and one urban. Do we know the criteria they're going to use to choose this, and then where would the third one be? I didn't see that in there. [LB556]

SENATOR MCGILL: They're going to choose locations that already have a psychiatrist on staff there in the office. So that does limit the number of locations to about seven or eight possibilities. There are...like, I know Kearney is being looked at, Chadron is being looked at. Like I said in my opening, only four counties even have child psychiatrists out there right now. [LB556]

SENATOR HARMS: Okay. And one rural and one urban, and where is the third one

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located? [LB556]

SENATOR MCGILL: I was leaving that at the discretion of UNMC. But that's something that we could alter going forward. [LB556]

SENATOR HARMS: Okay. Okay, well, thank you. First of all, thank you very much for doing this. I have always appreciated your passion and compassion for...passion for this particular kind of issue, and I think it's really important, colleagues. I think the question that we have to begin to ask ourselves as lawmakers: What is it that really creates these issues in such large numbers? That's what concerns me. [LB556]

SENATOR CARLSON: One minute. [LB556]

SENATOR HARMS: Thank you, Mr. President. Why would a rural school like the one that I represent, Scottsbluff, have so many of those particular issues? I don't know what the answer to that is, and I know there has to be other schools that are just like our school, that are in rural Nebraska that are not equipped to handle this. So I think we have to begin as we go through this to begin to study that issue: what's creating the problems that we're confronted with now? Because what we are seeing are the results of children killing children. We saw the issue much earlier, and now people are starting to focus down in regard to this. And that's the question that I have is we are going to have to go beyond this, once we set this up; we're going to have to really begin in America to analyze what is creating so many children in our school system with so many emotional issues and being so unbalanced that they're willing to kill another child. And that's the concern that I have and I think we're stepping in the right direction... [LB556]

SENATOR CARLSON: Time. [LB556]

SENATOR HARMS: Thanks, Mr. President. [LB556]

SENATOR CARLSON: Thank you, Senator Harms and Senator McGill. Senators wishing to speak include Adams, Kintner, McCoy, McGill, and others. Senator Adams, you're recognized. [LB556]

SPEAKER ADAMS: Thank you, Mr. President. The bill that Senator McGill has brought, I'm still working my way through the details. But I felt compelled to relay a story to you in regard to this. I don't know, and maybe Senator McGill doesn't either, if her bill solves anything. I was invited to one of the schools in my district right before Christmas, and the superintendent and the special ed coordinator took me into a special classroom with, I believe it was five students, primary grade students. And there were two teachers with them. Now, you think about the student/teacher ratio, and all of a sudden I was thinking about cost per student and wondering why it was necessary to have that many

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teachers with five students. But then they told me the story about those students. And it wasn't a special education story. It was a mental health story. One of those young students was brought over to me and I sat down at the table with them, and I could not perceive of any issues. And I don't know the medical diagnosis so I'll probably screw it up, but here's a second-grader that already has images of slitting a sibling's throat. And I'll tell you what happens. I'll tell you what happens. The school district struggled to find a way to deal with them between 7:30 and 4:00, and then they go home, and then parents try to deal with them. But what happens at 2:30 in the morning? When that child flips, what happens? I know what happens in my district and I bet it happens in almost every district. The parent doesn't know what to do and they call the people they trust: the school official. They call the classroom instructor, they call the guidance counselor, they may call the school principal, because that's the person they trust; and they don't know what else to do. They don't know where else to go. The good fortune in my community is that Epworth Village is there and so there are staff psychologists and psychiatrists there that can reach out and help in a small rural community. But we sat there in the superintendent's office and we talked about this, and the school district is not shrugging their responsibility and looking for somebody to pick it up. That's not it. What they're saying is, this is a real problem that reaches beyond special education and it's a 24-hour-a-day problem, and the school, at least there, has become the backstop and they're okay with that. But they are not psychiatrists and there's need for some help. I remember the superintendent kind of jumped up in frustration and he said, well, the short-term thing I'm going to do, I'm going to get on the phone, I'm going to call two or three other superintendents that are close to me and see if we can't pool some money together and somehow find a psychiatrist or practitioner of some sort in mental health therapy so that we've got somebody to reach out to, because these are real issues. [LB556]

SENATOR CARLSON: One minute. [LB556]

SPEAKER ADAMS: And the old schoolteacher in me walked away and I had no answers, and maybe Senator McGill does here and I'm going to take a serious look at this and I think we all ought to. You know, there's fiscal notes that are problematic; there's who-knows-if-it-works issues. But I wanted to tell you that story because the issue is very real. Thank you, Mr. President. [LB556]

SENATOR CARLSON: Thank you, Senator Adams. (Visitors introduced.) Continuing with debate, Senator Kintner, you're recognized. [LB556]

SENATOR KINTNER: Well, thank you, Mr. President. You know, I'm always concerned about the growing size of government, the more problems that we try to solve with taxpayer money; but there are legitimate problems that we need to address. So the first thing I always ask is, will more freedom solve the problem? I look at this problem and I don't see a clear pathway to victory under that assumption. So let me ask Senator

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McGill if you'll yield to some questions, a few questions of clarification. [LB556]

SENATOR CARLSON: Senator McGill, would you yield? [LB556]

SENATOR MCGILL: I'd be happy to, Senator Kintner. [LB556]

SENATOR KINTNER: All right. We're looking at the committee amendment, page 1, line 13, that talks about staff members of employees "familiar with the child's treatment plan or familiar with the child shall be immediately available in person to the child." So my question to you would be, what does "immediately available in person" mean? Does it mean in the room? Does it mean in the vicinity and immediately available but not in the room where the child is to receive the treatment? [LB556]

SENATOR MCGILL: I think it would depend on their safety plan, and that's what this current amendment puts in place is...and why we wanted to clarify that, because in some cases a kid isn't in danger but in some cases you would need that person in the room, probably a nurse that works in association with the psychologist to either be in the room or right next door. But that would be up to that safety plan, that treatment plan. [LB556]

SENATOR KINTNER: You know, that...in your amendment, that's where it talks about where the child is a danger to himself? Is that...? [LB556]

SENATOR MCGILL: Yes. [LB556]

SENATOR KINTNER: Okay. The next question I would have is what type of relationship would the staff member or employee need to have with the child? A doctor/patient relationship? Could it be a nurse or other health professional fill this role? [LB556]

SENATOR MCGILL: We don't specify in particular, just a trained staff member or employee. So really it wouldn't have to be, like, the highest level of service, as long as there was someone there to help protect the child in accordance with the plan. [LB556]

SENATOR KINTNER: So a physician assistant, a nurse assistant? [LB556]

SENATOR MCGILL: I would imagine those would be possible, yes. [LB556]

SENATOR KINTNER: And we're trying to stop the child from hurting himself, is that...? [LB556]

SENATOR MCGILL: Yes. [LB556]

SENATOR KINTNER: Okay. All right, next. Page 2, line 2, Section 2 states that it is the

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intent of the Legislature that the childhood physicals include behavioral health screenings. Is this the current practice? [LB556]

SENATOR MCGILL: No, it is not. It is for any child that's on Medicaid, on CHIP, but not for other children. [LB556]

SENATOR KINTNER: Okay. Is this covered by private insurance? [LB556]

SENATOR MCGILL: We believe it will be. [LB556]

SENATOR KINTNER: Okay, so we think it will be? [LB556]

SENATOR MCGILL: Yeah. I mean I can try to get a...yes. I'm getting nods yes that it would be. And the screening is literally, like, a page with a couple of questions about behavior that's given to the parents and then one given to the child. So it's not something that takes up a lot more time. [LB556]

SENATOR KINTNER: Is this intent language limited to the pilots created in Section 4? Does it apply to all physicians who will perform physicals in Nebraska? [LB556]

SENATOR MCGILL: It is by all. It is not limited to the pilot, sir. [LB556]

SENATOR KINTNER: Okay, well, that answers something for me. Okay. And is there any enforcement in this section? [LB556]

SENATOR MCGILL: No, there is not. [LB556]

SENATOR KINTNER: Is that good or bad? [LB556]

SENATOR MCGILL: Well, we have left it optional for now, and maybe after...you know, there are states like Minnesota that requires screenings to get into kindergarten, you know. And I didn't feel that we are quite there to require it yet. I saw the concerns that parents were having, and so I think that we should look at what kind of results we're seeing from these optional screenings, how many parents are choosing to be a part of them, and move forward from there. [LB556]

SENATOR KINTNER: Okay. It also says clinics in the pilots "shall have a child psychologist"... [LB556]

SENATOR CARLSON: One minute. [LB556]

SENATOR KINTNER: Thank you..."integrated into the pediatric practice of the clinic." So my...I guess the intent of this to make this pilot statewide, how many clinics in the

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state have child psychologists in the clinic right now? [LB556]

SENATOR MCGILL: Well, and I misspoke about the psychiatrist thing when I was answering Senator Harms. It's psychologist; and there are a number of them across the state, so we would only be picking three of those. And this to me is a pilot to see how effective it is and the kind of results we get, and then it wouldn't be something that the state would be funding in every doctor's office at some point in time. You know, this is to test how effective it is to have these layers within the medical home. [LB556]

SENATOR KINTNER: Senator McGill, I think we're about out of time, so thank you very much for those answers. Appreciate it. [LB556]

SENATOR MCGILL: Thank you. [LB556]

SENATOR CARLSON: Thank you, Senator Kintner and Senator McGill. Senator McCoy, you're recognized. [LB556]

SENATOR McCOY: Thank you, Mr. President and members. And would Senator McGill yield, please? [LB556]

SENATOR CARLSON: Senator McGill, would you yield? [LB556]

SENATOR MCGILL: I would. [LB556]

SENATOR McCOY: Thank you, Senator. I have a couple of questions, even though I know we're on AM1398 at the moment, I did have a couple of questions for you on the underlying amendment AM991. [LB556]

SENATOR MCGILL: Okay. [LB556]

SENATOR McCOY: On page 1, starting in line 13. And I've gone back and gone through the green copy of the bill and I'm not seeing this, and perhaps you can help me out, where it says "an appropriately trained" individual, and it goes on to talk about staff member. Do we have a definition for what "appropriately trained" is? [LB556]

SENATOR MCGILL: There is not in the bill as drafted right now. [LB556]

SENATOR McCOY: Do you think that... [LB556]

SENATOR MCGILL: Apparently I'm being told that it mirrors Medicaid language, however. [LB556]

SENATOR McCOY: This may be a suggestion going forward that maybe that ought to

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be referenced... [LB556]

SENATOR MCGILL: Okay. [LB556]

SENATOR McCOY: ...so that we understand what appropriately trained is, because that could be fairly vague, I would think, as to what appropriate...I mean, then it becomes appropriately trained according to who? And I think that could be a little bit challenging going forward. So perhaps that's something that you could look into as through E&R or whatnot or at further points along this bill's life. [LB556]

SENATOR MCGILL: Yeah. Thank you for that suggestion. [LB556]

SENATOR McCOY: The next question would be on that same line, line 13, where it says "an appropriately trained staff member or employee." Is that a staff member or employee of who? [LB556]

SENATOR MCGILL: Of the physician's office. But I see what you're saying and that it's not specifically listed there, so better define it. [LB556]

SENATOR McCOY: Yeah. I tried to go back and match up, Senator, with the green copy of the bill. And I think this is more maybe drafting and definitional issues than anything else. But just to try to accomplish what I think you're trying to accomplish with this bill, and I applaud I think what you're trying to get at with the pilot program here. I just...as I look at this and I read through this trying to envision how this would work out in practice, these seem to be some issues of just...that are going to maybe cause some problems down the road if we advance this bill and didn't change this. So maybe you could look into that, Senator, and try to determine what...and have some definitions in there so that going forward we kind of know what we're talking about here with the bill. And I think that would conclude my questions. Thank you, Senator, and thank you, Mr. President. [LB556]

SENATOR CARLSON: Thank you, Senator McCoy and Senator McGill. And Senator McGill, you are recognized. [LB556]

SENATOR MCGILL: Well, thank you, Mr. President. I had turned on my light to clarify the psychologist-psychiatrist end of things and address what Senator Adams spoke of in terms of what will this solve; will this solve anything. And I said in my opening this doesn't solve the entire problem. In my mind one of the most significant problems that we have, after all the research I've done, is the lack of behavioral health work force that is specifically educated in children's needs. And I did in one of my original drafts of amendments to my bill put in a fellowship plan to try to keep more of these trained professionals in our state. But since it wasn't in the green copy of the bill, the committee felt that it wasn't...we didn't have a public hearing on that aspect of my idea; so it's why I

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plan to do an interim study looking at that. Telehealth should help with some access to those professionals. Although, you know, what we're seeing in many rural areas is maybe they can get an appointment with a psychologist but they have to wait a month and a half. And so the school is still, you know...and the family is still burdened by those problems. And, I mean, we have great trainers in our state at UNMC. They accept ten young people into their program every year for these high levels of professions, but then the vast majority of them are going to other states where they're being paid more. And so we need to create some sort of incentives to keep more of them here in our state and live in our rural areas so that access is better. And I'm very committed to continuing to explore that problem over the next year. What we have seen as being effective since safe haven was the increase in funding to Professional Partners, which was also part of my original bill. But due to fiscal note concerns, I had cut that out. Professional Partners has been very successful in making changes or seeing successful results in some of these youth and the changes in their behavior. But we're seeing in many of our rural areas and even our urban areas that they're just stretched too thin. Maybe you're out in the Panhandle and your town is just too far away from where these Professional Partners professionals are located, and they can't afford to send that help, that triage team out, those wraparound services out to that location. Or, you know, Region III has a great Professional Partners program, but they're full. And so we do need to look at investing more dollars into those services to help meet needs. And I'm hoping, again with Senator Ashford's plan on juvenile justice and behavioral health there, that that will help encourage the growth of some of these services; and hopefully, we can continue to train more professionals and keep them here in our state. The CSG published a nice article on mental health systems reform in their February 2003 issue of Stateline Midwest. And, you know, in comparison to the other, say, 10 or 12 states around us, we actually spend the least per capita on mental health services. So at a certain point the buck stops here and we have to be willing to invest in those services in order to make true deep changes. But I believe these screenings and catching the kids even younger, and their problems, even younger...like I said in my opening, one in five kids have a behavioral health mental health problem, but only 20 percent of those are actually being treated and identified. And on average, just of adults or anyone with a mental illness, it usually takes 7-10 years from onset before they actually get help. So if we're getting them help earlier in the process, I think it...or it will be more cost-effective for our system and have less negative outcomes. So that screening and encouraging that screening and trying to eat at the stigma and the fears around getting mental health services and fighting that stigma by putting it there in the doctor's office where people already have a relationship that they feel good about. BHECN, through UNMC, has done a great job of going around the state and training our primary care physicians on these mental health screenings. So we have some of that infrastructure there right now, and they're continuing to do that. [LB556]

SENATOR CARLSON: One minute. [LB556]

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SENATOR MCGILL: They've trained over 100 primary care physicians currently. The other thing I want to clarify real quick, dealing with telehealth, is that the T1 lines are what is being used now. So those antiquated lines are what is currently there and covered by Medicaid. This opens it up to other opportunities, other services. And I'd love to work with Senator Schumacher and Magellan and try to figure out what other options there are in terms of that. Right now, the language we're changing it to is just anything covered by, you know, federal statute, or that is within the federal law, instead of it being that T1 line, which is incredibly antiquated and very expensive. That's why it costs \$10,000 to set it up whereas taking a wireless or another route is only a couple hundred bucks. Thank you, Mr. President. [LB556]

SENATOR CARLSON: Thank you, Senator McGill. Those still wishing to speak include Gloor and Kintner. Senator Gloor, you're recognized. [LB556]

SENATOR GLOOR: Good morning, and thank you, Mr. President. I'm going to relate a personal experience with a school-based clinic, and then ask Senator McGill a question. I think at this microphone before I have related to the body...I know I've related to the body in our discussions on school-based clinics that when we started ours in Grand Island back in the late '90s, it was established initially as a primary care clinic, a nurse practitioner, to take care of what we consider physical ailments. We quickly changed that because of the number of children that presented to us at the high school level with behavioral health issues, including substance abuse problems. And so it went from having a nurse practitioner to also adding several therapists and a drug abuse counselor. When we expanded it to the junior high, the requirement or the expectation of needs of the school district in Grand Island was just for the behavioral health piece; interestingly enough, not for the physical health but for the mental health-behavioral health piece. So that speaks to the challenges that our schools are faced with and I believe part of what Senator McGill is trying to address with her bill. But I do have some questions if Senator McGill would yield. [LB556]

SENATOR CARLSON: Senator McGill, would you yield? [LB556]

SENATOR MCGILL: Yes. [LB556]

SENATOR GLOOR: Senator McGill, I've been trying to go through my notes from the hearing, because I know I asked questions that had to do with reimbursement for those practitioners who were contacted and how they were going to be paid. And I've come up with the testimony of Director Chaumont who says in her questions as she was testifying: If behavioral health consultations mean a therapy session between a Medicaid patient and a practitioner, Medicaid covers that service. If it means consultations between professionals that do not involve face-to-face consultations or examinations between that Medicaid patient and practitioner, Medicaid does not cover that and such consultations are not coverable by Medicaid. And so my question here is,

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how are we addressing how those therapists or how those physicians are going to be paid either by Medicaid or by other third-party payers, health insurers specifically? And I know that soon we'll be talking about parity between plans that will probably address that. But I think for the record it's worth talking about how are the people who are on the receiving end of these calls going to get paid. [LB556]

SENATOR MCGILL: I'm going to try to answer that question to the best of my ability, because there are several different elements. And let me know if I'm not answering it entirely. Like you mentioned, mental health parity on the federal level I think is going to take care of most of the problems or potential problems in terms of private insurance. And in terms of just...well, okay, the screenings, yeah, those don't take up a lot of time. The consultations or the therapy time, really we're just replacing face-to-face therapy but speeding up the waiting list, I guess. So it would be more accessible more quickly than having to wait to go see that face-to-face person who has a waiting time of a month and a half. But I think there shouldn't really be an increase or a greater burden. Does that make sense? [LB556]

SENATOR GLOOR: It does. Although I still wonder with a primary care practice that is contacted as a result of something that's picked up during the screening or the physical, is there an expectation that that's going to be an involved telehealth discussion that would be like an office visit and could be (inaudible)? [LB556]

SENATOR MCGILL: No, only in the pilot program areas; and even then, they would try to work within the office and the other behavioral health specialists we'd be putting in the office. And it's only if they can't really come up with a good plan or the case is so serious that they would go and use telehealth. [LB556]

SENATOR GLOOR: And that would be not just for behavioral health but also for phone calls to a primary care physician... [LB556]

SENATOR CARLSON: One minute. [LB556]

SENATOR GLOOR: ...as an example. [LB556]

SENATOR MCGILL: I'm sorry, can you repeat that? [LB556]

SENATOR GLOOR: That would be a phone call not just to a behavioral health therapist but also to a primary care physician or a nurse practitioner? [LB556]

SENATOR MCGILL: I think that the changes we've been making, let me go back and look, are specific to behavior, mental health, and substance abuse issues. [LB556]

SENATOR GLOOR: Okay. We can continue the discussion off mike also. [LB556]

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SENATOR MCGILL: Okay. [LB556]

SENATOR GLOOR: I appreciate the opportunity to ask some questions and try and get a little more information on that piece of it, just by way of making sure that the program is successful. Thank you. [LB556]

SENATOR MCGILL: Thank you, Senator Gloor. [LB556]

SENATOR CARLSON: Thank you, Senator Gloor and Senator McGill. Senator Kintner, you are recognized. [LB556]

SENATOR KINTNER: Well, thank you, Mr. President. Senator McGill, will you yield to a few questions? [LB556]

SENATOR CARLSON: Senator McGill, would you yield? [LB556]

SENATOR MCGILL: Yes. [LB556]

SENATOR KINTNER: Thank you. We were talking about psychologists. How many psychologists are in the state right now? [LB556]

SENATOR MCGILL: How many psychologists are in the state? [LB556]

SENATOR KINTNER: Yes. [LB556]

SENATOR MCGILL: I don't know, the children's psychologists, I don't know the specific answer to that. I know psychiatrists is only seven or eight. [LB556]

SENATOR KINTNER: Thank you. [LB556]

SENATOR MCGILL: And those are the ones who can prescribe the medicine. [LB556]

SENATOR KINTNER: In the amendment it talks about data being collected on children that were referred to and served by UNMC. So I guess my question would be, will children be referred for treatment to providers other than UNMC? [LB556]

SENATOR MCGILL: They will be tracking the data in the pilot sites regardless of who is serving them. And so, if there is a provider that they feel is adequate that's near their site, then, yes, they could have a different mental health provider working with them. The UNMC folks are there for some of the higher levels or if there isn't someone within that community that can be serving that youth's problems. [LB556]

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SENATOR KINTNER: Is UNMC like a preferred provider? [LB556]

SENATOR MCGILL: They're who we're working with. They do have the Munroe-Meyer Institute. They do a lot of work there on these issues. They're who we've been working with as the state and the training that they're doing for behavioral health within primary care doctors' offices already. They wouldn't after the pilot program is over, they wouldn't be the ones that would necessarily be the telehealth providers. There are private organizations, too, that provide these services. [LB556]

SENATOR KINTNER: Also we talk about treatment and medications paid by private insurance and Medicaid shall not be included. I think that's on page 5. [LB556]

SENATOR MCGILL: Yeah, if you could show me the line just so I can get where I'm... [LB556]

SENATOR KINTNER: Why exclude the cost of treatment and medications when evaluating the financial impact of the pilots? [LB556]

SENATOR MCGILL: Let me read it over real quick, hold on. I think they're trying to look at additional costs from the pilot program and not just costs that may already exist as they're working with these youth. If you give me a chance to read the whole paragraph then I can come back up and address that. [LB556]

SENATOR KINTNER: Okay, yeah, sure. That would be great. Because it seems like we ought to include all the cost on this and try to be as accurate as we can with these costs. [LB556]

SENATOR MCGILL: I mean, I think, like I said, the replication of this particular program so it's those additional costs of having behavioral health specialists in the office. So, doctors' offices already are prescribing some medications and doing some of those initial things. And so what are the costs above and beyond what may already be happening in the average primary care doctor's office. [LB556]

SENATOR KINTNER: Well, I know if it was something we were doing with your money or my money, boy, we would know where every penny is going, where we spent it. [LB556]

SENATOR MCGILL: Yeah, I understand. [LB556]

SENATOR KINTNER: So I think we need to be that way with taxpayer money. On page 6, you know this includes mental health and substance abuse services as mandatory services in Medicaid. Mental health and substance abuse services are currently optional in state law. That's right, correct? [LB556]

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SENATOR MCGILL: Optional in state law in terms... [LB556]

SENATOR KINTNER: Right now. [LB556]

SENATOR MCGILL: Oh, right now. [LB556]

SENATOR KINTNER: Yes. [LB556]

SENATOR MCGILL: Yes, that is not specifically defined in state law. [LB556]

SENATOR KINTNER: Yeah. But it's amazing I had to learn all this. This is not my area of expertise, believe me. [LB556]

SENATOR MCGILL: It wasn't mine either when I started. [LB556]

SENATOR KINTNER: What is the impact of changing these services from optional to mandatory? [LB556]

SENATOR MCGILL: Well, we're making sure that consultations and therapy are covered and... [LB556]

SENATOR CARLSON: One minute. [LB556]

SENATOR MCGILL: ...in these services and taking away the vagueness that's currently in statute. [LB556]

SENATOR KINTNER: What's the long-term financial impact of doing that? Is there one? [LB556]

SENATOR MCGILL: There hasn't been in the fiscal note yet. I know between now and Select File we will receive a new fiscal note. Right now the fiscal note really only shows the pilot program, which is \$450,000 in each year, so about \$900,000 over the biennium. We've been told that we're only talking about a couple more thousand dollars, so not a significant amount that would be added on. But we'll see what that fiscal note looks like officially once we advance this bill to Select File, if we advance it. [LB556]

SENATOR KINTNER: Senator McGill, thank you very much for answering these questions. Appreciate it. Thank you, Mr. President. [LB556]

SENATOR CARLSON: Thank you, Senator Kintner and McGill. And Senator Kintner, you're recognized again. [LB556]

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SENATOR KINTNER: Oh, fantastic. Thank you, Mr. President. Senator McGill, will you yield to a question? [LB556]

SENATOR MCGILL: I'm here, yes, thanks. [LB556]

SENATOR KINTNER: Why are we listing these services as both mandatory and optional...mandatory, optional services. Shouldn't the reference to optional services be deleted from the law? Shouldn't we just say it's mandatory, it's no more optional? [LB556]

SENATOR MCGILL: I'm trying to find where you're seeing it list the optional language. [LB556]

SENATOR KINTNER: If you're on page 6? [LB556]

SENATOR MCGILL: Yes. [LB556]

SENATOR KINTNER: And we're down on the 21, 22 lines down there. [LB556]

SENATOR MCGILL: Early and periodic screenings...I see where we're making sure that those screenings and diagnosis and treatment are covered. Where are you seeing that it says optional? [LB556]

SENATOR KINTNER: Well, I scratched it on this page here... [LB556]

SENATOR MCGILL: (Laugh) Well, maybe we can talk off mike and look at that to see if there is something that needs to be... [LB556]

SENATOR KINTNER: That would be fantastic. I guess, my last question is, what could go wrong? Could we make this worse? Could we waste a lot of money? Is there a downside to a pilot program like this, that you see, that you can think of? [LB556]

SENATOR MCGILL: Is there a downside, sir? I don't personally...I don't see a downside. We're just trying to study the effectiveness of what...very few organizations have gone so far...states or entities have gone so far as to try to truly do this integrated care. I know talking to Senator Howard they're trying to do some at OneWorld up there, but in terms of just the average, you know, non-Medicaid recipient office, no one has really been doing this yet. And so we're trying to be innovative in terms of the country and push forward and really study how effective it would be to have an integrated model where you can get all of your services in one location. I think it's a chance for us to be leaders in this movement. [LB556]

SENATOR KINTNER: Thank you very much, Senator McGill. I think that my biggest

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concern...I'm not seeing here, I don't think I'm going to oppose this bill. I don't think I will at this point, but my biggest concern is that we start a pilot program, it never goes away. You know, if for some reason it doesn't work like we think it will, my guess is we're going to tinker with it, we're going to tinker with it, we're going to tinker with it, and we'll be tinkering with it probably when I'm in the grave because I don't think once we start these pilot programs, that we get rid of them that often. And there may be an example or two. That's always my concern is that when the camel gets his nose under the tent, it's there. The rest of him is coming in, he's not leaving. So now he's staying for dinner, but he's staying for life, and folks that's my concern. And I think it will always be a concern. Mr. President, thank you very much. [LB556]

SENATOR CARLSON: Thank you, Senator Kintner and Senator McGill. Seeing no other senators wishing to speak, Senator McGill, you're recognized to close on AM1398. [LB556]

SENATOR MCGILL: Thank you, Senator Carlson or Mr. President. This is the amendment that clarifies the language for Magellan about safety plans and then making sure that the state is not covering doctors' offices Internet connections. Real quick, I will just address the pilot program. We did put in the statute that it will be a two-year plan. Yes, theoretically, a Legislature two years from now can come back and say we want to do this for another couple of years, but we did put within this language that it's a two-year plan or pilot. That's the status quo of the bill. With that, I would ask for your advancement of this amendment. Thank you. [LB556]

SENATOR CARLSON: Thank you, Senator McGill. Members, you've heard the closing on AM1398. The question is, shall the amendment be adopted? All those in favor vote yea; all opposed vote nay. Record, Mr. Clerk. [LB556]

CLERK: 34 ayes, 0 nays, Mr. President, on adoption of the amendment to the committee amendments. [LB556]

SENATOR CARLSON: The amendment is adopted. We return to debate on AM991 and the underlying bill. Senator Krist, you're recognized. [LB556]

SENATOR KRIST: Good morning, Mr. President, colleagues, and good morning, Nebraska. I was not going to speak on this bill. I did enough speaking in committee. We spent an inordinate amount of time trying to make sure that this was put together and it was quality time and it was well deserved. The bill is in the best shape that it has been in and I think the kind of shape that it is, needs to be in. But sitting and listening to the debate this morning, I have to take exception to something that Senator Kintner said, just said. This camel's nose under the tent. I'm going to tell you, Senator, we are sorely short of the kind of specialists across this state that can handle the issues that are there, those specialists in psychology, child psychology, primary care physicians, and

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we have a challenge, a challenge that part of the Medicaid expansion would actually solve in terms of cranking up the flow of primary physicians and psychologists across the state. This is a proven way to put specialties in the right neighborhoods where they are required and identify and treat problems at the beginning of the problem rather than allowing them to fester to the end. There aren't enough child psychologists to go around. That's United States wide. We can't manufacture them. We can use their capabilities and expand their availability with programs like this. And I challenge you, if you have a better opportunity or a better suggestion to come forward. Come see the Health and Human Services Committee next year and we will hear whatever you bring to us. But this is...I don't want to call it a Band-Aid, I want to call it a baby step to get to where we need to get to because Senator Harms in Scottsbluff does not have access to the hundreds of specialties that we have access to in the metropolitan area. But in the case of some of these services, we can make those people in Omaha and Lincoln available to Scottsbluff in a cheap, efficient, effective way as long as both ends of the spectrum, both ends of the transmission and reception are monitored professionally within the medical profession. I support AM991 and LB556. Please vote green on both. Thank you. [LB556]

SENATOR CARLSON: Thank you, Senator Krist. Seeing no other senators wishing to speak, Senator Campbell, you're recognized to close on AM991. [LB556]

SENATOR CAMPBELL: Thank you, Mr. President and members of the Legislature. Just a couple of quick points about this. I think we will learn quite a bit from...the committee amendment does become the bill, but I think we will come to know whether this form of therapy can truly identify and help those children and youth with mental health problems. I also do want to answer, and I'm sorry, I don't...Senator McCoy is way in the back. Hopefully he can lend an ear to this. The paper that I have in front of me are all the rules and regs to telehealth and the language that's used in the bill...the question that Senator McCoy asked about the language in the bill is specifically taken word for word from those rules and regs. And in the rules and regs they then go on to give more definition. So we pass a bill, becomes a statute, and then we ask for the rules and regs. A lot of the refinement then comes in that. And I wanted Senator McCoy to know where we had gotten the language for that piece. I would certainly encourage your green vote on this amendment and lead a path to find out exactly how we can best help young people with mental health problems. Thank you, Mr. President. [LB556]

SENATOR CARLSON: Thank you, Senator Campbell. Members, you've heard the closing on AM991. The question is, shall the amendment be adopted? All those in favor vote yea; all opposed vote nay. Record, Mr. Clerk. [LB556]

CLERK: 39 ayes, 0 nays on adoption of committee amendments. [LB556]

SENATOR CARLSON: The committee amendments are adopted. We return to debate

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on the underlying bill, LB556. Those wishing to speak include Watermeier and Kintner. Senator Watermeier, you're recognized. [LB556]

SENATOR WATERMEIER: Thank you, Mr. President. Good morning, body. I rise in support of LB556. And as Senator Krist mentioned, there was extensive debate and extensive discussion during the hearing and after the hearing during Executive Session as well. And I had some concerns. The opposition spoke and Senator McGill actually addressed those issues about parental concerns and different issues. I don't think she really highlighted them as what I had heard the passion behind the scenes, but I do believe that these amendments take care of some of those concerns that were parental concerns. But some of the concerns that the department had raised about fiscal, I still had concerns that day and even though I was supportive of the bill. But one of the things that I decided to go ahead and support this bill was, it's very clear in language that is put in the bill, it's a two-year pilot, and then also the understanding that we'll see what the fiscal note actually reads after these amendments take place and we see it on Select File. So I do stand in support of the bill, and things that we can do in regards to helping these children, I'm going to be in favor of. Thank you, Mr. President. [LB556]

SENATOR CARLSON: Thank you, Senator Watermeier. Senator Kintner, you're recognized. [LB556]

SENATOR KINTNER: Thank you, Mr. President. Senator Krist, will you yield to a question? [LB556]

SENATOR CARLSON: Senator Krist, would you yield? [LB556]

SENATOR KRIST: Absolutely. [LB556]

SENATOR KINTNER: I think you said that we do have somewhat of a crisis in behavioral health that we don't have enough people working in it, that I heard you right, is that correct? [LB556]

SENATOR KRIST: I said there was a shortage of critical specialties in our outstate areas, that those specialties existed in some of our metropolitan areas. [LB556]

SENATOR KINTNER: Well, we, in our budget this year, we just cut behavioral...next year cut behavioral health \$5 million and we took \$10 million savings from it and we didn't put it back into it. Is that something...did you say anything about that when that happened? [LB556]

SENATOR KRIST: Senator, I think you're on the Appropriations Committee and I think you know well that with the changes in the ACA currently, there's more money because behavioral health and mental health is now within a parity of physical health, some of

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that money is going to replace those funds. So we didn't defund the program. They are obtaining the funds from, mandatorily, from the ACA and funds that are being provided because of the parity of the two areas now. [LB556]

SENATOR KINTNER: All right. Thank you, Senator Krist. Now I was just thinking that we had some savings and we took some money from behavioral health and I didn't hear anyone saying, that such a big problem, we should plow that money back in, at the point I was just wondering if I missed something on that. Thank you, Mr. President. [LB556]

SENATOR CARLSON: Thank you, Senator Kintner and Senator Krist. Senator Kolowski, you're recognized. [LB556]

SENATOR KOLOWSKI: Thank you, Mr. President. Good morning, Senators. I want to thank Senator McGill for bringing this bill forward and give a little school perspective to this. At the beginning of my career in the late '60s and 1970 area, in the Omaha area, we had many different resources available, especially in the mental health area, that we could turn to and seek assistance and receive that assistance in the schools. Over the years, almost all of those in the Omaha area dried up, went away. And the shortage that has been addressed has persisted and continues to be an issue in not only the metropolitan areas but also outstate areas that we know of. And I hope that this direction with this bill will be a model for replication and bring those needed services back to the communities that are in dire need of this help. And again, I thank Senator McGill for her insight and perseverance in bringing this forward and I'll yield the remainder of my time to Senator McGill. Thank you. [LB556]

SENATOR CARLSON: Thank you, Senator Kolowski. Senator McGill, 3 minutes 40 seconds. [LB556]

SENATOR MCGILL: Thank you, Mr. President. I just will take this opportunity to thank the Health and Human Services Committee for their tireless work and multiple Executive Sessions to work on this bill and to make sure that the language was as fine-tuned as possible. I mean that committee is the model for all of us in terms of making sure a bill is in the best condition possible before coming to the floor and that every word is well thought out. And so, I want to thank all the members for their patience with me and willingness to work with me and for all the schools across the state that I'd worked with over the last year. And, you know, frankly I wish my bill did have more that directly impacted the schools and that there was more money in it for Professional Partners program to be expanded or other programming. But we wanted to be mindful of the fiscal note as well and make sure that over the biennium we were spending under a million dollars. And so, you know, I will continue to work on the work force issues and the issues with our schools in finding good partnerships to relieve that burden. Thank you, Mr. President. [LB556]

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SENATOR CARLSON: Thank you, Senator McGill. Senator Nordquist, you're recognized. [LB556]

SENATOR NORDQUIST: Thank you, Mr. President and members. I just wanted to clarify on the discussion that just happened on the appropriation...the discussion of cutting \$5 million out of behavioral health services. Just to make sure the body is aware, Director Scot Adams communicated to the Legislative Fiscal Office at the beginning of the year, he's estimating that because of the expansion of private health insurance through the exchanges that will be coming and mental health parity in that coverage, both in the exchanges but across all healthcare, the services that we are providing through the Division of Behavioral Health will not be needed to the extent that they are now. He is saying that...estimating that out of the \$75 million General Funds we spend a year, \$29 million would be replaced. Services would no longer need to be paid for by the state but paid for by private insurance. So the Appropriations Committee took a very conservative approach taking nothing in the first year of the next biennium, \$5 million in the second year of that \$29 million, and then gradually we can make those adjustments down the road. But in future bienniums, estimatings take potentially up to \$20 million if those savings do come about, but that would still keep us under what his estimate is. And I think the Appropriations Committee as a whole thinks that that additional money, if there are really \$29 million of savings and we capture \$20 million of that back to our bottom line, that that additional \$9 million should be reinvested in enhancing behavioral health capacity around the state. So as this transition takes place, we're going to have the opportunity to make that decision down the road to reorient our healthcare system and reinvest those dollars. No one's services are going away, just that private health coverage is now getting more expansive in covering more services that the state is paying for right now. So I just want to make sure that the body is clear on that point. Thank you. [LB556]

SENATOR CARLSON: Thank you, Senator Nordquist. Seeing no other senators wishing to speak, Senator McGill, you're recognized to close on LB556. [LB556]

SENATOR MCGILL: Thank you, Mr. President. I just stand once again to thank the Health and Human Services Committee and all the partners that I've been working with over the last couple of years to develop this bill. I think it's an important step in the right direction to normalizing mental health services for our families with young children and taking that first step to making a real difference and so we can come back next year and maybe add a few pieces to this so that it can be even more effective. Thank you, Mr. President. [LB556]

SENATOR CARLSON: Thank you, Senator McGill. Members, you've heard the closing on LB556. The question is, shall the bill advance to E&R Initial? All those in favor vote yea; all opposed vote nay. Have all voted who wish to vote? Record, Mr. Clerk. [LB556]

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CLERK: 35 ayes, 0 nays on the advancement of LB556. [LB556]

SENATOR CARLSON: LB556 does advance. Mr. Clerk, next item. [LB556]

CLERK: LB556A by Senator McGill. (Read title.) [LB556A]

SENATOR CARLSON: Thank you, Mr. Clerk. Senator McGill, you're recognized to open on LB556A. [LB556A]

SENATOR MCGILL: Mr. President, this, of course, is the appropriation to go along with the pilot program. It's \$450,000 in each year. We do expect there to be an amendment on Select File to address some of the Medicaid and transmission costs, but we don't expect it to be much more than a couple thousand dollars. Knock on wood. Hopefully, it stays that way but I ask for your advancement. [LB556A]

SENATOR CARLSON: Thank you, Senator McGill. You've heard the opening on LB556A. Are there senators wishing to speak? Seeing none, Senator McGill, you're recognized to close. She waives closing. The question is, shall LB556A be advanced? All those in favor vote yea; all opposed vote nay. Have all voted who wish to vote? Record, Mr. Clerk. [LB556A]

CLERK: 33 ayes, 0 nays, Mr. President, on the advancement of LB556A. [LB556A]

SENATOR CARLSON: The bill does advance. Mr. Clerk, are there announcements or items for the record? [LB556A]

CLERK: There are, Mr. President. Enrollment and Review reports LB216A, LB561A and LB583A, all to Select File. I have a series of resolutions, Mr. President: LR215, Senator Gloor, and LR216, are study resolutions; LR217 by Senator Nordquist, resolution will be laid over and considered at another time; LR218 is by Senator Campbell. That calls for an interim study; LR219 interim study by Senator Nordquist; LR220, Senator Janssen, resolution, that will be laid over at this time and considered at another day; LR221, LR222, and LR223 all study resolutions. All of the study resolutions will be referred to the Executive Board. Senator Chambers would like to print an amendment to LB195; Senator Lathrop to LB517, Mr. President. That's all that I have. (Legislative Journal pages 1403-1412.) [LB216A LB561A LB583A LR215 LR216 LR217 LR218 LR219 LR220 LR221 LR222 LR223 LB195 LB517]

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

CLERK: Mr. President, the next bill, Senator Schumacher's LB308. (Read title.) Introduced on January 17, referred to the Revenue Committee. The bill was advanced to General File. There are Revenue Committee amendments pending. (AM583,

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Legislative Journal page 711.) [LB308]

SENATOR CARLSON: Thank you, Mr. Clerk. Senator Schumacher, you're recognized to open on LB308. [LB308]

SENATOR SCHUMACHER: Thank you, Mr. President and members of the body. I'd like to begin by thanking Senator Watermeier for his prioritization of this particular measure. It, along with Senator Krist's bill which is incorporated into the Revenue Committee's proposal, will become the bill. I'll address the proposal with regard to the calculations of the minimum tax here, and Senator Hadley will talk about the Revenue Department's changes to the initial bill. This is one of those simple complicated issues. We begin by having to ask what is the alternative minimum tax computation? Because LB308, as amended, deals with how you compute your income tax. The alternative minimum tax computation is really quite simple. You figure your tax using the regular rules, and then you figure your tax using different rules. And if the second way of figuring your tax comes up with a bigger number, you send it in to the government. Who is impacted by this tax? The great bulk of the people impacted by this tax are not the ones originally intended to be impacted. It was intended to impact the super wealthy in practice in Nebraska today, as well as for the most part the federal government level, it impacts hardworking, productive people who under the new classification for wealthy Americans, according to the latest federal code, I think that's at \$400,000, who are under that level and who are over about \$75,000. A sharp accountant will tell you if you're at \$75,000, you better start computing your taxes two ways to see if you get clipped by this. To kind of understand the picture, we need to have some history overview that will, I think, provide a compelling argument why it's time for this dinosaur to be put out to pasture. It was back in the 1960s, we were fighting the Vietnam War. In those days we believed that if you fought a war, you had to pay for it. The theory hadn't emerged yet that you could put some wars on the credit card. And one of the ways we were paying for that war is we had a 70...a 70 percent bracket on top wage earners or income earners. That went into effect at \$200,000. In today's money, that would be \$1.4 million. When you had that kind of money, you're in a position to hire the best politicians, the best lobbyists, the best attorneys, and the best accountants to try to get you out of having to pay 70 percent tax, and they did. And they developed a thing called tax shelters. Big business, it was a highly successful business, and it was working pretty darn good because in 1967 the Senate Committee heard that there were 155 returns of folks making the equivalent of \$1.4 million a year today, who paid no tax. And that lit a fire under the Congress. The result was two moves. One, they tried to decrease the incentive to do squirrely things in tax shelters by reducing the top rate to 50 percent. And the second thing is they cooked up a thing called the alternative minimum tax calculation. And essentially what they did is they said, okay, figure your taxes the regular way. Now, refigure it. This time you add back in your income that was in that tax shelter, you add back in the benefits of our capital gains deduction, you add back in your medical expenses, you add back in your charitable donations, you add back in

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your second mortgage interest, you add back in your state and local taxes, and you add back in a whole lot of other things that appear on that form 6251 which I had circulated among the body. Then you figure your taxes after that add-in, and if that's more, send it in. It was designed to clip the people who were extremely wealthy who had found squirrely ways to get out. In 1986, President Reagan revisited taxes in a reform act. And by that time the folks who were supposed to get clipped by the alternative minimum tax already were figuring out ways to get out from it. So what they did is something straightforward. They eliminated the two biggest things that were put into that alternate minimum tax, they eliminated tax shelters. By now they are virtually gone. They also took capital gains largely out of the computation leaving those other things like state and local taxes, charitable deductions, employer-employee stock options, and medical expenses, and that list of things that are on that list, to be re-added into the computation. It effectively became a nuisance tax in that it didn't generate a tremendous amount of revenue. It was complicated to do and it was taxing people who weren't intended to be taxed because they already had squirreled out in other ways. In fact, so much of a nuisance tax that today it's one of the few things that President Obama and the Republicans in Washington agree on. It needs to be retired and Obama's budget message suggested retiring the tax. It's been a high measure of controversy. In that same period of time, Nebraska was doing its implementation of its first income tax. It began to do things very simply. And it said, let's just multiply by the federal tax and piggyback on to that, and that's how you figure your Nebraska tax. And thus, it kind of incorporated the alternative minimum calculation. Well, that didn't work so well because when the federal government fiddled with its tax rules, it fiddled with our rules and our revenue wasn't stable and it was dependent on federal rules. So we decoupled from the federal tax and wrote some rules of our own. We weren't entirely creative or thinking when we did that. That's not unusual. But what we did, is we dittoed a bunch of stuff into our rules and one of the things that came along with the ditto was the alternative minimum tax computation, and it's been with us ever since. And we are one of the very few states that still has it. There were, I think, nine states that had it. We're one of them. Most of the states are on the coast. And in 2013, one of the final states that has it, Maine, eliminated it and also made a net operating loss adjustment much like the entirety of LB308 does. And if you believe in the Tax Foundation's rankings, I know some of you do and some of you don't, but Maine jumped from 37 to 30th. It is one of the best bang for your buck acts that we can do if that tax ranking means anything to you at all. Who is it that is affected? It is the exact kind of hardworking, educated, productive people that we would like to attract to the state. Fairly looking at and applying tax evaluation standard, it is not fair. It is not competitive with other states that don't have it. It is certainly not simple to calculate or to comply with. It is fraught with mistakes. A simple mistake, for example, of a farmer putting his taxes on the wrong form triggers a tax. Making too big a charitable contribution in a specific year rather than spreading it out over two or three years trigger the tax. Having to take out a second mortgage in order to pay for extraordinary bills or college expenses triggers the tax. Having large medical bills triggers the tax. It is not doing what it was intended to do.

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[LB308]

SENATOR CARLSON: One minute. [LB308]

SENATOR SCHUMACHER: As it applies in Nebraska, it focuses on either individuals and families who had the misfortune to have relatively high, itemized deductions for some combination of medical expenses, property taxes, unreimbursed employee business expenses, or perhaps other itemized deductions. An employee whose purchase of stock in their employer business under the qualified investment incentive plans triggered the limitations in the alternative calculation. In conclusion, the Nebraska alternative minimum tax calculation no longer serves the original purpose of taxing extremely wealthy tax dodgers, taxes mostly families who have already encountered some extraordinary financial situation, or who have been compensated by their employers with an opportunity to buy shares in the business should it become successful. It is technically complicated to compute and appears to be a source of frequent, honest error and unnecessary penalty of taxpayers. It is time that we retire it. Thank you, Mr. President. [LB308]

SENATOR CARLSON: Thank you, Senator Schumacher. (Visitors introduced.) As the Clerk mentioned, there are committee amendments. Senator Hadley, you're recognized to open on AM583. [LB308]

SENATOR HADLEY: Mr. President, fellow members, I am going to open on AM583 to LB308. First, I would like to thank Senator Watermeier for prioritizing LB308, and I'd like to thank Senator Krist for bringing us LB457 which is really the amendment to LB308. Net operating loss carried forward policy. Let me explain this. Let's say you're a small businessperson and you make \$100...I'm sorry, you lose \$100 this year in your business, and you fill out your tax return and you owe no taxes, zero. You didn't make any money. Next year, let's say you make \$100. You fill out your tax return and the state of Nebraska says, you owe us tax on that \$100. But you say, I lost \$100 last year, so don't I get to offset that \$100 I lost last year against the \$100 I made this year? Well, starting in 1918 our federal tax code has made a provision for this and it's called net operating loss carried forward. From a theory standpoint, the easiest way to figure out net income for a business is to count the cash when the business starts, make adjustments for capital that is put into the business and taken out of the business, and when the business stops many years later, you count the cash that's left, and that's the profit. You do it over the life of the business. But our system can't operate that year...that way. We have to take what are called test readings. We have to take test readings to find out how much profit it makes as it goes through its life cycle. One of the main reasons is because as the state government, we would like our share of that profit in taxes. Now, we come up with the year as the test reading we make for figuring the profit or loss for individuals, businesses, and corporations. The reason we use a year, it goes back to the harvest tradition of income. Ag people used to plant in the spring, tend

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their crops in the summer, harvest in the fall, and count their money in winter. So it was a year. So that has become our test period. The difficulty is in business cycles, a year does not give a business a long enough time sometimes to work out the swings of the cycle between years with profits and years with losses. This is especially true with start-up new businesses. Entrepreneurs who are starting, it's not uncommon that they go through a number of years of losses before they finally make a profit. The problem in Nebraska is we only allow five years of losses to accumulate. The sixth year you drop off the first year and pick up the sixth year of losses. The federal government and 26 states give a longer period of time. The most common is a 20-year period of time to allow businesses to carry forward losses to offset income, 20 years. The federal government has been doing that for years and there are 26 states that do the same. I believe there are only five states like Nebraska that have a shorter period. So we're penalizing, especially start-up businesses in Nebraska, the very businesses that we want to come to Nebraska, stay in Nebraska, become successful in Nebraska, pay taxes in Nebraska, hire Nebraska workers. So the purpose of this bill is to align the Nebraska income tax law with the federal law, and the law of 26 other states, and allow a tax loss carry forward for up to 20 years to offset profits in the future. I think it's a good bill. I think it makes us more competitive in trying to get these start-up businesses. It also means companies that invest in Nebraska, that have plants here, they know this is an appropriate place to make the investment. I would appreciate your voting the amendment with a green vote. It is a good bill that updates Nebraska tax policy. Thank you, Mr. President. [LB308 LB457]

SENATOR CARLSON: Thank you, Senator Hadley. Now heard the opening on AM583, Mr. Clerk, for an amendment to the committee amendment. [LB308]

CLERK: Mr. President, Senator Chambers would move to amend the committee amendment with AM1413. (Legislative Journal page 1386.) [LB308]

SENATOR CARLSON: Senator Chambers, you're recognized to open on your amendment. [LB308]

SENATOR CHAMBERS: Thank you. Mr. President, members of the Legislature, in keeping with my practice, I want to lay forthrightly on the record what this is about. My amendment is the text of LB266 which is my bill to repeal of the local option sales tax. It is locked up in the Revenue Committee. It was not killed so this amendment can be adopted with 25 votes as any other amendment could. While they were giving thanks--by them, it's Senator Schumacher and Senator Hadley--Senator Hadley and I have a little inside understandings. Senator Schumacher thanked Senator Watermeier for prioritizing. Senator Hadley thanked Senator Schumacher for bringing the bill, and Senator Watermeier for prioritizing, and I thank all of them for providing a vehicle which I could use to try to resolve a matter that I've been bringing up repeatedly on the floor of this Legislature; namely, trying to get my bill before the body. We are engaged in

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preparing for a comprehensive study of the tax system. There's a resolution which I authored and...oh, it was our Executive Board which advanced it to the floor. It ought to have Senator Schumacher's name on it because it parallels with some modifications and streamlining of language, his bill, LB613, which right now is kind of languishing in limbo where it will remain until some other things may be worked out. That provision...by that, I meant, LB266, should be taken into consideration and the bill should be enacted into law. That would hold status quo where it is as far as the sales tax is concerned. There might be two, maybe three small subdivisions which have implemented a sales tax under the existing law. They could be grandfathered in very easily or dealt with in any way that the body sees fit. I attended that hearing, naturally, and the rationale for those small areas was that they're on highways or in locations where people pass through and those are the people who will be paying the bulk of the sales tax in their area. So it's easy for them to support a sales tax because the people who live in those areas are not the ones who will be basically paying it. I am extremely concerned about those labeled "the poor." But this sales tax affects not just the poor, it affects those who are nearly poor, those who think they're middle class and some who know that the term "middle class" kind of merges into that class which is supposed to be the underclass or poor people. Practically all that a person who is working earns is taxed by way of the sales tax. There's not discretionary income to put into savings, certificates of deposit, or gambling in the stock market. It is a regressive tax meaning that the richest person who purchases anything pays no higher rate than the poorest person. And to put it a different way to indicate what I'm concerned about, the poorest person pays the high rate that the richest person would pay. If this tax should be implemented, it would add a half percent to the existing sales tax that people are paying. If after that tax study or for any other reason the state needed additional revenue and a half percent sales tax were added, that would equal an entire percentage point of sales tax that people are going to have to pay who are poor. And I think that is unconscionable. This has been my position ever since I've been in the Legislature. The one time that I voted for an increase in the sales tax was when the state had a genuine revenue-flow problem. And I explained to people that since my title is state senator, the concerns for those in my district and people similarly situated throughout the state who would be negatively affected by an increase in the sales tax, I, being convinced that the state needed more money, voted to increase the sales tax. So there are times when I can declare something to be of principle, but I will not be unmovably rigid. In this instance, I am. And let me be blunt. With the few days we have left in the session, this is the kind of bill I would have attacked and it probably would not have come on the agenda, I'm speculating. Senator Schumacher and I have had discussions. He would have nothing to lose if the bill didn't come on the agenda because it would be around for next year. But if there was some way to get it onto the agenda, then those who are interested in this bill would gain. If you look at the committee statement, the Chambers...I'll make it plural. The Chamber of Commerce, but more than one, the Chambers of Commerce appeared in support of LB308. The Chamber of Chambers, who works in the Chambers, will become a supporter of LB308. It's a quid pro quo. The quid is LB308. The pro quo is the addition

Transcript Prepared By the Clerk of the Legislature
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of LB266. I am willing to give in order to get, but if I don't get, then I'm not going to give anything. And everybody involved in this, I believe, understands that. We will have 11 days to go. I know the League of Municipalities lobbyists or "lobbyess" are working assiduously against my amendment being adopted. And they feel that the same way they were successful in locking LB266 in the Revenue Committee, they can push people away from supporting this bill. Politics is not the only thing that makes strange bedfellows. Back in the old days, and "Parson" knows this, but he can't speak on it, Pilate, a Roman official, and Herod, a king, were at odds. And guess what brought them together? Jesus. Both of them had problems with Him. And to make a long story short, it said that they became friends because before trying to figure out what to do with Jesus, they were at enmity with each other. I will be put in a position of collaborating with the Chamber of Commerce, collaborating, indirectly at least, with the Governor... [LB308 LB266 LB613]

SENATOR CARLSON: One minute. [LB308]

SENATOR CHAMBERS: ...who vetoed that local option sales tax and his veto was overridden. So I will see how the debate goes on this proposal and I will see what the ultimate outcome is. I hope that you will vote to add this amendment. It's in the same chapter as LB308, it's in the same article as LB308, and that article is labeled, sales and income taxes, so it's appropriate as an addition to this bill. Thank you, Mr. President. [LB308]

SENATOR CARLSON: Thank you, Senator Chambers. You've heard the opening on AM1413. (Visitors introduced.) The floor is now open for debate. Those wishing to speak include Krist, Nelson, Ashford, Johnson, and others. Senator Krist, you're recognized. [LB308]

SENATOR KRIST: Thank you, Mr. President. Good morning, colleagues, and good morning, Nebraska, again. I'll be very brief. LB457 was a bill that I took to the Revenue Committee, presented. It is, as Senator Hadley said, the amendment to...the AM583 to LB308. I fully support LB308 and AM583. I will wait to hear the discussion on Senator Chambers' amendment. Some things have changed since I voted for the sales tax option to go to our municipalities. I'm open to listen to the discussion. But I would like to just reemphasize the content of AM583 which was LB457. It does one thing and one thing only. In a macro sense, it makes this state as competitive as it can be with other states in terms of harmonizing our tax code to the federal tax code. If you remember nothing else from that, that's the bottom line. If we're not harmonized with the federal code and another state is, there will be advantage to go to the other state. So in the efforts that we have all made over the last few years to make this state competitive to bring businesses in, to make the playing field level, and even give us in some cases with the states around us a competitive edge, this is one of those options. Thank you, Mr. President. [LB308 LB457]

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SENATOR CARLSON: Thank you, Senator Krist. Senator Ashford, you're recognized.
[LB308]

SENATOR ASHFORD: Thank you, Mr. President. I stand in support of AM1413 and let me give you my reasons. One reason is I made a commitment at the beginning of the session to Senator Chambers that I would support his bill, which is now AM1413. There are several reasons why. One reason is, and has been stated here I think by Senator Krist, certainly, and that is that we are in a place today for the first time in the years I've been here when we are on the verge, I think, of making significant tax reform in the state, whether it's in Senator Schumacher's initiative and it probably will be the study that's done, and bills that are introduced next year. But we really do need to make our...and Senator Krist is absolutely correct. We do need to make our state more competitive. In my view, the only realistic way to do that is to remove many of the loopholes and exemptions that we've created in our tax code since 1967, 1968, when Governor Tiemann was here, to remove those exemptions. Many of them are business exemptions, and I'm not suggesting that all of them need to be removed but some of them do; and we need to spread that relief to the average taxpayer in our state and we need to reduce other taxes, in my view. And I believe we can do that. I believe we can reduce other taxes whether they be sales taxes that are paid by the average citizen in Senator Chambers' district and all of our districts, or income tax which, in my view, especially at the middle-class level are too high at 5.8 percent. And I think we can reduce that rate. I know we've made some strides in doing that, but I think we can do more of that. But as we remove some of these exemptions that are really...were created by special interests, and we know that, we all know that, we don't have to reiterate that. They were created from year after year after year after year by special interests. And we wonder why our property taxes are so high and we had this discussion the other day, our property taxes...Senator Davis said it well. Our property taxes in rural Nebraska are too high. Well, part of the reason that is, is because we exempt most everything that we sell throughout the state except for retail sales and some other sales. So we have \$5.8 billion worth of exemptions out there and we have over...not counting services, because we don't tax any services really or those that we do are very narrowly done. So we're on the verge, in my view, of doing something very real here, very important, that will benefit the cities because as we remove those exemptions...and I don't know how else we have meaningful tax reform unless we remove those loopholes that we've been susceptible to all of us, maybe not Senator Chambers, but me, (laugh) over the years putting in the tax code. As we remove those exemptions, the cities will benefit from that obviously because as their sales tax base enlarges, the local sales tax will generate revenue for those cities. And I think it's an important initiative. So from a macro perspective, a statewide tax perspective, we're at a place that we weren't at, as Senator Krist is absolutely right. Two years ago or three years ago when we started talking about this additional sales tax for cities, we weren't at that place in our journey for tax reform that we are in now. And I give Senator Schumacher a great deal of credit for doing this. This

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is big stuff. This is big stuff. [LB308]

SENATOR CARLSON: One minute. [LB308]

SENATOR ASHFORD: Lastly, if we raise our sales tax in Omaha above our restaurant tax by a half a percent, we're over 10 percent sales tax on restaurants. And yes, that's a choice, but there are many low-income people in our city that access McDonald's and other restaurants that are paying 10 percent. That's a lot of tax especially when we have the alternatives that are being suggested. And I give the Governor credit. I know I...some of my friends think I shouldn't do this, but I do. I give him credit. He had the temerity to say, look at these exemptions, \$2.3 billion worth of exemptions. We should not be afraid to look at those. That was an important piece of public policy, in my view, that he put on the table and we should pursue some of that. So it's for that reason that I support Senator Chambers' amendment. Thank you. [LB308]

SENATOR CARLSON: Thank you, Senator Ashford. Senator Johnson, you're recognized. [LB308]

SENATOR JOHNSON: Thank you, Mr. Speaker and members of the body. I'm going to speak to Senator Chambers' AM1413. What he's asked us to do is part of a process. A committee that voted 4-4. When you have eight on the committee, that's the risk you take that you do not have majority. I sat in that position at least twice when I was mayor. We have a council of six people and it was a 3-3 vote and I was put in the position immediately following the discussion of that bill to make a decision. I did that when I was a councilmember, but I was forced into it as a mayor. And I voted up and down...up or down. I think I had one each way. What this amendment is asking us as the body is to be...make that majority one way or the other. By putting it on here, we will probably have to vote it up and down unless this bill goes on and the LB308 does not get any vote at all. And I'm going to talk a little bit then about LB357. I did not participate because I was not in the Legislature last year, but I was sitting as mayor and I looked at the effects that the state government had done to cities with the support to city cutting off some support there. I looked then at the bill and I think it's a good bill that was passed last year. It identifies...of course the council has to approve it, but it identifies the use of the funds. A lot of it is infrastructure which all people within the city use, whether it's water lines, sewer lines, streets, whatever it might be. It could be used to reduce other taxes. It does have a timetable to it and call it a sunset, and it has to occur at a primary election or a general election. So there is a proper process. So I think the bill is good. I have to also emphasize that this is a local option, so it's the people of that municipality that are going to make that decision. Now, should this bill stay as a bill or as a law? With the pending study that's out there, we could take it away. Then the new study, would they put it back in? I don't know, but I think it's a decent bill because there's been five cities, I understand, that have taken it to a vote, three have approved it, Waterloo, Alma and Sidney, the other two did not. So I think the process is working.

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So I believe we should leave it on the books and see what the study says and if...and everything is subject to change, I think, with that study. But I think taking it away right now is premature, it's not had a long history. I don't think it's had a bad history in its probably one-year run. But what this AM1413 is asking us to do is to be that deciding vote so it can move forward or fail. My feeling is that we do not support AM1413 and we let it set as a state law... [LB308]

SENATOR CARLSON: One minute. [LB308]

SENATOR JOHNSON: ...and let the study look at all phases of this, and let the study correct any issues we have with sales tax, property tax, income tax, and all of the other taxes that we seem to figure out how...occupation tax and whatever else that we seem to figure out to tax our people. Thank you. [LB308]

SENATOR CARLSON: Thank you, Senator Johnson. Those wishing to speak include Kintner, Pirsch, Chambers, Hansen, and others. Senator Kintner, you're recognized. [LB308]

SENATOR KINTNER: Well, thank you, Mr. President. You know, if we did get rid of this tax, you know our cumulative tax score, tax ranking will improve immediately. But, you know, that doesn't mean that cities still don't have funding problems and still don't have things that they want to do. So will Senator Chambers yield to a question? [LB308]

SENATOR CARLSON: Senator Chambers, would you yield? [LB308]

SENATOR CHAMBERS: Yes. [LB308]

SENATOR KINTNER: If we got rid of this tax, what would you suggest cities do? Cities that are growing, they need more infrastructure, they need to expand their services because they're growing cities. What should they do when they need to generate revenue? [LB308]

SENATOR CHAMBERS: Senator Kintner, not to be evasive, that is an issue for those who are elected by the people in a city to manage the affairs including the finances. My role in this instance is to indicate what they should not do. They should not be allowed to put another half percent or half cent sales tax, which is something after that study the state may need to do. Now, when Senator Johnson said that everything is all right and it can be solved after the study, let's say that a city like Omaha puts the half cent sales tax on and the study determines that that shouldn't have happened. Well, that is not going to be taken off. It's better to prevent than try to cure what you can't cure. So if the cities are faced with finding the wherewithal to obtain additional revenue, if that's what they need, or live more within their budget by making reductions here and there, that is a decision, that is an area of decisionmaking for them and not for me. [LB308]

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SENATOR KINTNER: Thank you, Senator Chambers. Yeah, I think that's something that the Tax Commission should study is what tools will we give cities so that they can manage their growth and manage the things that they want to do that their citizens are asking to do. So I think that's something the Tax Commission should do. And with that, I will yield the remainder of my time to Senator Chambers. [LB308]

SENATOR CARLSON: Thank you, Senator Kintner. Senator Chambers, 2:30. [LB308]

SENATOR CHAMBERS: Thank you, Senator Kintner. Thank you, Mr. President. Members of the Legislature, Senator Schumacher gave a scholarly presentation such as you find a professor giving. He explained very clearly what LB308 does and the only issue might be whether a person supports that or not, but I think if you listened, you can understand it. What I'm constantly talking about is fairness and equity. If Warren Buffett had to have as much of his income taxed, not by way of an income tax because that will never happen, but say he had to spend it and you had 5.5 to 7 percent more tax added, then he wouldn't stand for it and that would never happen. But every time the sales tax is put in place, there is no escape for the poor. A greater percentage of what they have is taken. There is no way to replace it. So in addition to an amount being paid by them that a rich person would have to pay, they have less remaining than what a rich person has, less percentagewise, less, absolutely speaking in terms of numbers. That is unconscionable, it is unfair. And for a country like America, the richest in the world, some people say... [LB308]

SENATOR CARLSON: One minute. [LB308]

SENATOR CHAMBERS: ...this kind of regressive tax should not exist at all, in my opinion. But since it does, I don't want it to become more onerous than it is already. And now that Senator Johnson is here, I want him to hear me say, I don't want other cities to put this in place prior to that study. So should the study determine that that should not happen, you couldn't undo the damage that had been done. Thank you, Mr. President. [LB308]

SENATOR CARLSON: Thank you, Senator Chambers. Senator Pirsch, you're recognized. [LB308]

SENATOR PIRSCH: Thank you, Mr. President and members of the body. First, I'd like to say that as a member of the Revenue Committee voted the underlying bill, LB308, to advance to the floor. And we did spend a goodly amount of time talking about both of the bills that now form the Revenue Committee amendment, I believe that's AM583, the component parts net operating loss carryover and the AMT component. The reason that what they share in common is that they do bring about a closer parity to what the rest of the states are doing. I think we are somewhere around...there's only eight other states

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that have an AMT left and so that's especially difficult for businesses than in our state to deal with. It puts them at a comparative disadvantage. And with respect to the net operating loss carryover where our standard is now five years, I think that there's only five states in the nation that have that level of carryover. And so we'll be moving towards the great majority of the states and that's going to help, especially with start-up companies in the state that we desperately need as well as the ag sector in particular. So that's my position on the underlying bill. With respect to the amendment, AM1413 that Senator Chambers brings today, and that is with respect to the half cent sales tax increase, I did not support that tax increase then, and I continue to not support it. And so I think it's entirely appropriate for Senator Chambers to bring the motion in this manner and for the body to take up the issue. And with respect to the argument or idea that somehow because at some point in the future we may be thinking about taxes, having a tax study, you know, I think that's very nebulous and I think it's poor process or procedure of this body to say, well, then therefore everything is on hold to see what happens in the future regarding taxes and the tax structure in Nebraska. We should continue to act now in the way in which we feel is in the best interest of the people of Nebraska, and I don't think we can take a hiatus from that. I know the people of Nebraska don't want us to do...I don't think we can do that. So I think it's entirely appropriate that we continue to act as we always have when we're in session in the best manner in which we see it now for the people of Nebraska. And as we...if new information comes to light about restructuring our tax system in the future, that's fine, we can integrate it at that time. That is nothing that is irreversible about what we do now, and I think, frankly, it's a cop-out that we're taking with respect to not taking positive actions this year to say that it's... [LB308]

SENATOR CARLSON: One minute. [LB308]

SENATOR PIRSCH: ...some point in the future we may not...we may change our tax structure and so we can't do anything. And I'd point out that our spending, you know, spending is the flip side of taxes. And so, you can't consider the one without the other, so if we really are on frozen lockdown status, then we certainly can't proceed with any appropriations bill because that would have fundamental reverberations, repercussions on what we may do in the future in terms of our tax structure. And so, obviously, that doesn't make any sense and so we have to act now with the best information that we have. And so I think it's entirely appropriate that we move with respect to the underlying bill and that we take up debate on this important amendment. Thank you. [LB308]

SENATOR CARLSON: Thank you, Senator Pirsch. Senator Hansen, you're recognized. [LB308]

SENATOR HANSEN: Thank you, Mr. President and members of the Legislature. I want to stand in support of the amendment, AM1413, that Senator Chambers has brought, came to the Revenue Committee. We talked about it. Almost got it out on the floor but it

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just didn't quite make it. We talked about this for two years prior in LB357 and finally passed it last year and I was against that bill. It just seems to me that we're giving away the ability to the state, taking away some of the possibility anyway, to raise the income taxes in case we have to by giving cities, villages--some of the villages have even done this already--with an idea of increasing taxes on their sales that they have in their community. Omaha has a lot of sales. They are...it would raise a lot of money. Lincoln wants it for schools. The bill was originally intended solely for infrastructure but some of that has already been by the wayside and using it for other things. But we have a...I've talked to our city officials in North Platte. I think...I'm not sure but I think it's the only town in my district that would be interested in this. I called them and asked if they would be in favor of LB357. They said, oh, yeah, we might use it sometime in the future. They don't need it now but they might use it sometime in the future. Sales tax is an easy one to pass for a municipality or a village. People come into the town, they're going to pay it. You pay just a little bit each time and it seems like no one ever figures up how much they spend on sales tax. I agree with Senator Chambers that this should be...that the bill last year with the local option sales tax should be repealed for many, many reasons. And I think we'll probably talk about some of those today. The whole idea of the tax study, it's good. You know, I'll be there at every meeting if I possibly can, but this tax should be repealed before that study. I have no problem repealing this one prior to the study and then we're going to study the rest of all of the rest of the taxes in the state. People will come that came to the Revenue Committee, say a lot of the same things. We couldn't get an income tax for almost everyone in the state that pays taxes. We couldn't get that reduced. People didn't want, you know, this tax and that tax, so that's why we're going to have that study. We're going to go around the state and there will be a difference. There will be a real difference. I had a priority bill to do away with the...of Senator Dubas' to do away with the machinery repair sales tax. No other state around us has that. It's one of the...competitiveness is one of the legs in the tax study. And it's certainly not competitive. It's been years and years and years trying to get that repealed and it's not gone very far in the state of Nebraska, but it needs repealed just because of competitiveness. LB613 as originally written, amended, now it's back in the Exec Committee. Hopefully, it will come out. If not, we'll have the study anyway and go around the state and find out what people think about taxes. What I think about taxes, (laugh) is, you know, it needs to be fair. And the local option sales tax at this time... [LB308 LB613]

SENATOR CARLSON: One minute. [LB308]

SENATOR HANSEN: ...is not fair. Thank you, Mr. President. [LB308]

SENATOR CARLSON: Thank you, Senator Hansen. Senators wishing to speak: McCoy, Scheer, Ashford, Brasch, and others. Senator McCoy, you're recognized. [LB308]

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SENATOR McCOY: Thank you, Mr. President and members. I rise this morning in support of AM1413 and in support of the underlying bill. Senator Chambers knows LB266, which is the genesis of AM1413, I made the motion in Exec Session in Revenue Committee to advance this as Senator Hansen has talked about. We did have four votes. As I recall, I think we may have actually taken two votes on this, I think, in conjunction with Senator Krist to LB457, I believe. And I was not in favor of LB357 last year as many of you know. I don't believe that to be a piece of legislation that was right for our state. There are those who disagree with that and I understand and...but I think, you clearly can see that some sentiments have changed on this issue by the very nature of Senator Ashford's change in his philosophy on this issue. And I think Senator Ashford has been a leader for a long time in the tax structure of our state, and I think it ought to say a lot when you have a senior member who was here during the 1987 Syracuse study and who understands the challenges that face our state in regards to tax structure. When he supports this amendment, that says a lot to me and in conjunction of the support that I already have, I think that hopefully many others support it as well. And with that, I would yield time to Senator Ashford if he would so desire it. [LB308 LB266 LB457]

SENATOR CARLSON: Senator Ashford, 3 minutes. [LB308]

SENATOR ASHFORD: Thank you, Senator McCoy and I was going to...I want to commend Senator McCoy for his leadership on tax issues as well. I absolutely support what Senator McCoy did in introducing the tax LB405, LB406. I support what the Governor did in bringing to this body for the first time since the Syracuse study was issued, a bill that address sales tax exemptions in our state. I don't know how you can cut this any other way when you have \$5.8 billion worth of sales tax exemptions and no tax on any services whatsoever or if there are taxes on services they are very isolated because that's another several billion dollars. And over...for 15 years, over and over again what I have heard and we've all heard and we've said it, property taxes were too high. And we've made efforts to address that by lowering the percentage of valuation that could be taxed on farmland and so forth and so forth and so on, but they're still too high. And that's because of a variety of economic factors and we've talked about many of them today. But we...where my sentiment has not changed, the underlying sentiment that I have on this issue is to provide to the cities a broader tax base so that they can...and the state as well, a broader tax base so we can address the needs of our citizens. If we remove a good chunk of the exemptions that are out there, the state will have more money in which to address its issues. We can reduce sales tax, as Senator Chambers would like to do statewide; and we can substantially, substantially reduce property taxes throughout the state in our cities and in our counties. That's what we can do. I think it is critical that we do that. And once we accomplish that sort of tax reform, we'll walk out of this place and we will say, we have done something significant for our citizens. We have an old system created over 50 years ago that needs to be done, it needs to be changed. It needs to be reformed and it needs to be reformed next year.

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The cities need to be at the table. And whether or not this law...in our city, the city council didn't even support LB357. Our restaurant tax is 9 percent. If we add another half a percent sales tax, it's not going to happen in Omaha because they'll never do it. [LB308 LB405 LB406]

SENATOR CARLSON: One minute. [LB308]

SENATOR ASHFORD: But I think it's time, it's time, it's time to address these exemptions. It's time to broaden the tax base. It's time to reduce property taxes. It's time to reduce income taxes and sales taxes to a competitive level. And I commend Senator McCoy for doing it, for bringing that LB405 to us. And all the criticism, well, this is going to do this and going to do that, you have to start somewhere. And the citizens of our state saw...I still get calls today from people saying, are you going to address our taxes? And the answer is, yes, we're going to do this and this is one peg in that process so that the cities can be at the table when we address tax reform. Thank you, Mr. President. [LB308 LB405]

SENATOR CARLSON: Thank you, Senator Ashford and Senator McCoy. Senator Scheer, you're recognized. [LB308]

SENATOR SCHEER: Thank you, Mr. President. Well, I rise in opposition to AM1413 and I'm guessing I might be in a minority. I'm not really sure but I find it odd, especially Senator Ashford's comments that we have to do this study, but yet this is one peg in that problem so we're going to take care of it now. Well, I thought the study was to determine what the problem was. And we're trying to talk about eliminating a sales tax option for local communities, but let's be honest. Based on the statute, it cannot be enacted before we do that study and can act on that study. I defy anyone to tell me that we are going to have a primary or a general election before April 15 of next year. We will be adjourned by April 15 the next year. The primary is in May. Do the math. We cannot have another community invoke this sales tax before we as a body have the opportunity to adjust our tax structure. If this is part of it, so be it, I would support it at that point. But right now, this is something that is in place. It was passed by this body. It is no different than all the rest of them, our sales tax from a state perspective, our income tax rates, all of those are on the table and so is this. So why are we trying to take this and this alone off the table other than Senator Chambers does not like sales tax. That's what we're talking about. That's what this bill is about. It has nothing to do with the merits of sales tax or income tax or anything else. This bill was passed when Senator Chambers was not on the floor. If we're going to do a tax study, then let's do a tax study. Let's not unilaterally take things off the table to be discussed. Maybe, just maybe, that tax study might find that this additional tax might be of benefit; maybe not to Omaha, Senator Ashford, but it sure as heck might be a benefit to Bayard or Burwell or someplace else. Little communities have very little avenues to create additional dollars. This is one of them. But yet we're willing to take the sword and chop this one off at the

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knees because we think it's the right thing to do and no one can even enact it before we as a body get an opportunity to determine what our tax structure should be from next year going forward when we have that study coming back. This is wrong. The committee was correct when not bringing it out. This is part of that discussion that we will be having on a tax basis throughout next year. But let's let us have that tax study. Let's look at it. Let's not take things away just because we don't need them anymore or our community would never do it. That's wrong policy. Thank you, Mr. President.
[LB308]

SENATOR CARLSON: Thank you, Senator Scheer. Senator Ashford, you're recognized. [LB308]

SENATOR ASHFORD: Are there quite a few lights on? Okay. I'm going to give the rest of my time to Senator Chambers, but I just wanted to amplify and clarify and make absolutely clear why I am taking the position that I am taking. And I suppose to some degree it does relate back to the fact that I have been here, other than Senator Chambers, longer than anybody else, but most importantly that I go back to a time when we in the Legislature adjusted sales and income tax, mostly sales tax, up and down to meet the needs of our state. It was not an uncommon practice in those times to adjust sales tax, or probably more than that income tax, to meet the needs of the state. I've...to be very, very clear here: Number one, no city...there is no election between now and 2014. No city is going to be able to put this on the ballot, number one. Number two, we have to have a level playing field in this tax study in my view. The cities, and quite frankly the counties who did not benefit from LB357, need to be at the table to express their needs to the committee, to the commission on their needs and their issues. Back when we did reform of school finance in LB1059, we actually had a local option or an income tax rebate as part of that bill, which helped fund school districts; and that has been depleted over the years. I realize I supported LB357 because it seemed to me to be the only option that we had to address the needs of the cities, especially coming out of a difficult economic time. It isn't going to be used in Omaha, but that's not why I'm suggesting that we accept AM1413. It's not going to be used in Omaha in my view, at least not in the near future. But what we have now at this...we are at a place that is in so historic that it's hard to even express it in words. It is so incredibly historic. We are in a place that we have not been in since 1967 since Governor Tiemann was here and he had the guts really to develop a new system to help fund our state. We didn't have state roads funding sufficient to complete the interstate highway system in 1967. The university was terribly underfunded. We didn't have the money, the funds to address the needs of our state statewide. So we adopted the sales and income tax. That's 1967. This is 2013. Next year it will be 2014. This has to be the year of tax reform. This must be the year of tax reform. We cannot leave this body in 2014 without doing tax reform. The cities need to be part of that process, and they will be part of that process. The counties need to be part of that process. When Senator McCoy and I started working on LB405, we knew...I knew, I think Senator McCoy knew, and I think the Governor knew

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that we were not going to exempt...remove \$2 billion worth of tax exemptions. But what I knew and Senator McCoy knew and the Governor knew is that we had to put those exemptions on the table. [LB308 LB405]

SENATOR CARLSON: One minute. [LB308]

SENATOR ASHFORD: We had to put those exemptions on the table. How we spend those exemptions is up to this body, but we had to put those exemptions on the table. We have an opportunity in my view, if we level the playing field, we have an opportunity we have never had before. Maybe the closest to it is LB1059 when we did school finance. And Senator Scheer probably was a school board member in those days because he's been a school board member for his entire adult life. Thank you very much for your service. But we have that kind of opportunity for cities and our state now. This will work. We need to take this off the table right now. We need to have a level playing field. And next year we need to have a robust debate that rises above politics, that raises to the level that Governor Tiemann, who did not win reelection because that he had the guts to stand up and change our tax code when he lost to J.J. Exon, almost lost in the primary to Senator Batchelder. [LB308]

SENATOR CARLSON: Time. [LB308]

SENATOR ASHFORD: Thank you. [LB308]

SENATOR CARLSON: Thank you, Senator Ashford. Senator Brasch, you're recognized. [LB308]

SENATOR BRASCH: Thank you, Mr. President, and thank you, colleagues. I rise in support of LB308 and the AM583 and also AM1413 to be consistent with my firm stand last year against LB357. I do believe that our cities have a challenge, but so do our citizens, making ends meet day in and day out. The problem is a challenge. Cities, like many of our taxpayers, they are in true need of looking on how to be resourceful, how to bring in more income. But I think that it would be by growing businesses and not taking money out of the pockets of taxpayers. Sales taxes do directly impact individuals and their families by leaving them with less of their own hard money to see what their family needs, to apply directly to those needs. And we have seen what the impact of the drought had done last year. Things are looking better, but we still have a challenge with our water resources and need for water, which could affect and will impact our ag production. We see every day, especially this coming up weekend, where gas prices continue to go up. Food prices continue to go up. And this optional tax as an option last year, many states or cities did choose to join in and immediately put the question to taxpayers and raise those taxes. Like last year, I don't see that the increase will help people on...in the neighborhoods and the people in their schools and in the communities. The businesses, you know, they struggled on Main Street in our rural

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areas competing with other areas. But the increase that happened last year, before it even happened Nebraska was the 27th highest combined state and local option sales tax rate in the nation. We were already battling competition. In Omaha, the rate of the tax on food in the restaurants, excuse me, I was very interested to read that 9.5 percent of their bill in taxes on the restaurants makes it the sixth highest meal tax. And the rate is even higher than the taxes in New York, Boston, and Los Angeles. There is something wrong with that. Several cities did jump on and immediately raise that tax. I do believe that the tax study is very, very important. We must proceed with the tax study. But at this point, if there is a way to bring money back into taxpayers' pockets and not wait for the outcome of that, that this would benefit many people who would spend more money for necessities that they really need. Our taxes need to be evaluated. You know, we are ranked the 18th and 19th highest on individual and corporate taxes. [LB308]

SENATOR CARLSON: One minute. [LB308]

SENATOR BRASCH: Our surrounding states, we're higher than all of them except for Iowa. And so cities, just like the states and the countries, we compete for people and businesses. And cities that have raised their sales tax, that, you know, that is not as competitive as it could be. Thank you, Mr. Speaker. [LB308]

SENATOR CARLSON: Thank you, Senator Brasch. Senators still wishing to speak: Nelson, Janssen, Chambers, Bloomfield, Karpisek, and others. Senator Nelson, you're recognized. [LB308]

SENATOR NELSON: Thank you, Mr. President, members of the body. I stand in support of LB308. I have some questions of AM583, but basically I support that. But I do stand in opposition to AM1413. I've heard Senator Ashford's remarks, but I harken back to last year when we had the debate on LB357 where he fought tooth and nail, and had on previous times, to get LB357 through for the benefit primarily of the city of Omaha. And he stated that the city council was not in favor of that at that time, but nevertheless, we pushed it forward. And we did it as an option only. It was the local option sales tax. And Senator Ashford has said that it hasn't been implemented and it's not going to be implemented. But it has in some of our other small towns, and a supermajority of their governing body had to approve it and then the citizens had to approve it. And those citizens included probably wealthy and middle class and poor people, but they voted and they decided to do it. And I know one instance in another town where they have raised revenue and they have used it for various improvements that needed to be done. So I ask in light of our experience this year before the Revenue Committee where we talked about exemptions and literally hundreds of people came through and testified to the committee, that's an overexaggeration, but I wasn't on the committee. But they came and it was very clear that there was a lot of difficulty with exemptions unless we took a close look at it. And that's what we're going to do with LB613. And I wonder why

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we're getting the cart in front of the horse here. Why, if we're going to be dealing with exemptions and all sorts of things with the tax review next year, why in the world we're bothering with AM1413 today and taking away a local sales option that hasn't been exercised and won't. Nobody's tax has been increased in Omaha, and it's not going to be. This is an authorization bill that we have in the LB357, wasn't raising taxes. This should be part of the entire package, the conversations that are had by the committee when they exercise their study under LB613. It makes no sense to me to take out this local option at this time when it's only one of a lot of factors that have to be considered by that committee. It's not being used. It's there for possible use. But as Senator Scheer said, it can't possibly be used apparently before we study this next year. So I...as I said, I think we're getting the cart before the horse. Taxes have not been raised. We have all sorts of specters here about how terrible the sales tax is. Well, we've got to consider the whole ball of wax next year. One thing about sales tax, as far as I'm concerned, yes, it's regressive; but it does...it's fair in the sense that everybody pays. If the wealthy person can go out and pay \$75,000 for an automobile, they're paying a very substantial tax. I'm not so sure that the middle class, you know, and even the poor Senator Chambers said that if we're exempting food and that sort of thing it's a matter of what you purchase. And in my mind it perhaps is a fair tax, but it is regressive. On the other hand, a lot of us and many people in the state of Nebraska have problems with the property tax. Well, what are we going to give up? [LB308 LB613]

SENATOR CARLSON: One minute. [LB308]

SENATOR NELSON: I mean, if we're going to reduce property taxes, if we're going to do away with income tax and we're also going to deal with exemptions, which are going to hurt a lot of people, we've got a real problem. This is not the time to pass AM1413. So I do stand opposed to that for the reasons I've given. I urge you not to approve the amendment, and let's move on to AM583 and LB308. Thank you, Mr. President. [LB308]

SENATOR CARLSON: Thank you, Senator Nelson. Senator Janssen, you're recognized. [LB308]

SENATOR JANSSEN: Thank you, Mr. President, members. Speaking to LB308 and I heard Senator Schumacher in the lounge earlier explaining this bill to somebody, one of our colleagues. And he was going over it and over it and over it and over it, and I'd seen this look before because it's usually me when Senator Schumacher explains something to me, and the best way I could probably summarize it is it's an...and I came up with this this morning, it's like watching a busted play in football. Your quarterback is running around, everybody went the wrong way. It didn't work out. But the next thing you know, they're off and they're in the end zone. You don't know how they did it, you don't understand how they did it, but you cheer when they go across the goal line. So that's what I'm saying to LB308. To the amendment, I'm not even certain why any of us are on

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the Revenue Committee this year because it appears that everything has to be studied before we kick it out. We must not have studied in the past. Nobody was asking for a study when this bill was originally put in place last year, what enacted...the repeal of AM1413. And I believe that was Senator Ashford's bill, who signed on to get rid of his bill. So we have a bill that the person that introduced it less than a year ago when it was reintroduced to repeal it, was on board and still is on board with repealing it. We probably all agree, maybe we don't, but it's a regressive tax; and that's why we see AM1413. It was a split committee decision when we voted on this. But the cry for a study, a study, it's funny that we want to study stuff that we don't like--guilty as charged. But let's don't act like it's anything else other than wanting to keep a tax in place that should have never been put into place, was vetoed by the Governor, fought by myself and others on this floor, and now brought back essentially with the cosponsorship, well, actually with the cosponsorship I believe of the person that put it forward. If you're watching this on TV right now, you're trying to figure out this busted play on offense. How does that make any sense? The person introduced it wants to get rid of it. We have somebody else that wants to get rid of it. It doesn't get out of committee because we need to study it, and nothing else gets out of the committee because we need to study it before it gets out of the committee, except we have other bills that get out of the committee that don't need to be studied all of a sudden because it's urgent. Does that make any sense to anybody? If so, come talk to me on the side later and make it make sense to me. It doesn't. I support AM1413 and I support LB308. And with that, somewhat reluctantly, I'll yield the balance of my time to Senator Krist. [LB308]

SENATOR KRIST: Thank you, Senator. [LB308]

SENATOR CARLSON: Thank you, Senator Janssen. Senator Krist, 1:50. [LB308]

SENATOR KRIST: Thank you, Senator Janssen, for the time. I just wanted to inject some caution. There's misinformation going around that no one has exercised this right and no one will. In the November election, Bellevue and Nebraska City both tried to put it in place and it failed on the ballot. And I believe that that is indicative of what we talked about last year, which was put it to the vote of the people. Let them decide. Sidney, Waterloo, and Alma all succeeded during the November election of putting it in place. La Vista is currently planning an expansion, and it will be put on the ballot very, very soon. So here's some real information for you. It was a tool that was voted out. Two cities in Nebraska voted and the people said nope, don't do that to me; three of them said, yep, we've got to have it because we lost state aid and we need that money; and one of them isn't projected to do it. My point is, we're going to have a study done. And I had an amendment on LB613 that would have simply said, you know, let's just wait on everything. [LB308 LB613]

SENATOR CARLSON: One minute. [LB308]

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SENATOR KRIST: Let's just wait on everything. Let's just take it slow and take a breath and not put a moratorium on putting any of these taxes on until after we do the study. So I guess I find myself for the first time this year agreeing with Senator Janssen somewhat. But I thought it would be interesting that you had some actual facts about those cities that exercised the option and used it--three. Thank you. [LB308]

SENATOR CARLSON: Thank you, Senator Krist. Senator Bloomfield, you're recognized. [LB308]

SENATOR BLOOMFIELD: Question. [LB308]

SENATOR CARLSON: The question has been called. Do I see five hands? I do. The question is, shall debate cease? The question is, shall debate cease? All those in favor vote yea; all opposed vote nay. There's been a request for a...place the house under call. The question is, shall the house go under call? All in favor vote yea; all opposed vote nay. Record, Mr. Clerk. [LB308]

CLERK: 33 ayes, 0 nays, Mr. President, to place the house under call. [LB308]

SENATOR CARLSON: Thank you, Mr. Clerk. The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber return to the Chamber and record your presence. All unauthorized personnel please leave the floor. The house is under call. Senators Wightman, Nordquist, Dubas, Smith, Schilz, and Price, the house is under call. Senators Schilz, Smith, and Nordquist, the house is under call. Senator Smith, Senator Schilz, the house is under call. All senators are present and accounted for. Senator Bloomfield, how would you like to proceed? The question is, shall debate cease? [LB308]

SENATOR BLOOMFIELD: Let's do a roll call vote, regular order. [LB308]

SENATOR CARLSON: Roll call vote. Mr. Clerk, please proceed. [LB308]

CLERK: Did you say regular order, Senator? Thank you. (Roll call vote taken, Legislative Journal page 1412.) 26 ayes, 19 nays on the motion to cease debate. [LB308]

SENATOR CARLSON: Thank you, Mr. Clerk. Debate does cease. Senator Chambers, you're recognized to close. [LB308]

SENATOR CHAMBERS: Thank you. Mr. President, members of the Legislature, for those who may not have followed what is going on, this amendment that will be voted on would add to this bill a repealer of the local option sales tax. There has been discussion supporting the amendment. There were a couple of, at least, opponents to

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the repeal. I know that the League of Municipalities has been trying to persuade people not to adopt this amendment. Senator Scheer was very forceful in saying that since no city or municipality of any size or village can attempt to put one of these increases in the sales tax in place before we come into session again, therefore, we should not do this. Well, if none can do it before then, what harm is done by us taking away this option? As far as those cities that have done it already, they can be grandfathered in without any problem whatsoever. I don't know if Senator Scheer is on that committee or not. But if he is, he heard those people say that the sales tax for them, they're small entities, will be paid by people passing through and tourists, and it would not be a burden on the people who live there. And I made the comment during my close that they are in favor of this sales tax because their people won't have to pay it and nobody could counter that. If it is true that this is not going to be done in Omaha, and I continue to talk about my constituency, why should it make me any difference? Why should I care? How many times will I have to say it before certain people understand it? And in goodwill and good nature, I'm addressing this to Senator Nelson. My title is state senator, not Omaha city councilmember. If I know how harmful it is to the people who live in the district that I represent, should I be blind to the fact that there are people situated similarly to the people in my district who will feel that same harm and I should say because it's not the people in my district I shouldn't care? There have to be people on this floor who can take something more than a parochial view and look beyond our individual district. I voted on things in a way that people in my district didn't like. A lot of people in my district don't like even the idea of same sex marriage, protecting the rights of gay and lesbian people. But I let them know I believe in that as a principle and that's what I'm going to do. And your remedy is when I run for reelection, don't vote for me. But I never tell people that I'm going to alter and not say and do what I think ought to be done because of how somebody may or may not vote for me. There is a higher standard that I have to meet than that which is put on me by fickle voters. But I'll tell you this much. What we're doing today is establishing a policy. We are declaring that this idea of a local option sales tax is not consistent with what the ultimate tax scheme in this state is likely to become. Since these three small entities have put in place by way of the vote... [LB308]

SENATOR CARLSON: One minute. [LB308]

SENATOR CHAMBERS: ...an additional half cent sales tax, we can grandfather them in, as is done in so many different ways. There was no rush before the committee to say don't do this. In fact, the one person who voted...who spoke for the bill is a member of a conservative tax, antitax group or whatever they do in Omaha, who wouldn't agree with me on anything. But there we were taking a position in opposition to that local option sales tax. If people have more things they want to say, we can put it on the bill. Then that discussion about the principle along with LB308 can be considered. Thank you, Mr. President. [LB308]

SENATOR CARLSON: Thank you, Senator Chambers. Members, you've heard the

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closing on AM1413. 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? Senator Chambers. [LB308]

SENATOR CHAMBERS: Roll call vote. [LB308]

SENATOR CARLSON: Request has been made for roll call vote. Mr. Clerk, please proceed. [LB308]

CLERK: (Roll call vote taken, Legislative Journal page 1413.) 24 ayes...Senator McCoy. [LB308]

SENATOR McCOY: I would ask to change my vote to present, not voting. [LB308]

CLERK: Senator McCoy changing from yes to not voting. 23 ayes, 14 nays, excuse me, 23 ayes, 16 nays, Mr. President, on the amendment. [LB308]

SENATOR CARLSON: The amendment is not adopted. We return to discussion of AM583 and LB308. Raise the call. Senators wishing to speak include Karpisek, Kintner, Mello, Hansen, and others. Senator Karpisek, you're recognized. [LB308]

SENATOR KARPISEK: Thank you, Mr. President and members of the body. I voted no on the question because I just wanted to talk, and Senator Bloomfield got in right in front of me. I didn't support the increased sales tax when we passed it. I spoke against it. I gave my reasons why. And I think it's come up quite a few times already this year. These towns want to get the money out of people coming through to use for themselves. Those of us in smaller towns that have to go to a bigger town to get some of the things that we get have to pay more to those bigger towns, leaving us less money to use back home. That is my whole argument against that. I know it helps towns, even small ones it can help. But I think they need to find a way to tax their own people to do the things that they want to do. Just because I drive to Lincoln or Omaha to buy a suit because I can't in my district doesn't mean that I should have to help fund their parks or whatever they want to do. That is why I don't like it. And I know that we've been round and round and some of the...most of the cities in my district do want it, probably for the same reason--to fleece the poor sucker driving through town to build something else for them. I don't agree with that mentality--get people into town, get their money. That's why we do that, but don't increase that on them more. I do have a hard time voting for this, though, because Senator Chambers has thrown a legislative tantrum all year about not getting his bill out of committee. But yet he is one of the main reasons I can't get mine out of committee. Where's the logic there? Because it's okay for him, that's all it is. And it's okay for him to get his way, but it's not okay for me to get my way; and I'm not supposed to get up and be upset about it. I'm supposed to swallow spit, but I won't. And I remembered the other day he said, I'll do everything possible to get my bill on the floor.

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Well, I have done the same thing, but yet for me it's wrong. I think it's a double standard, and I don't think it's right. We've talked about Senator Chambers' bill not coming out of committee probably more than any other bill that we've had on the floor. Think that we need to look at things, and if you're so scared to put a bill out here that might or might not pass, I think that is not the right way to go about it. Get the bills out here, let's look at them, let's get a vote on them. Thank you, Mr. President. [LB308]

SENATOR CARLSON: Thank you, Senator Karpisek. Mr. Clerk for a motion. [LB308]

CLERK: Mr. President, Senator McCoy would move to reconsider the vote just taken with respect to AM1413. [LB308]

SENATOR CARLSON: Senator McCoy, you're recognized to open on your motion. [LB308]

SENATOR McCOY: Thank you, Mr. President, members. I bring this motion to you because I think some additional time and so I did not support calling the question. I think some additional time is needed on this discussion. As Senator Ashford stated, quite a bit more eloquently than probably what I am able to do, we have spent a tremendous amount of time at the beginning of this session on LB405 and LB406 on income tax reform in our state. Now those bills aren't before us here, but this amendment, which is LB266, is. And as Senator Ashford stated and I believe to be the case, this has the ability to help level the playing field in advance of a more thorough tax study that will be under the auspices of the combination, it appears at this point, of LB613 and LR155. And I think there's a lot of Nebraskans, I think, that are looking at watching what we're doing down here and that value reform of our tax structure--hasn't happened in my lifetime. Hasn't happened in the lifetimes of a number of members of this body. It's been almost 50 years. This legislation, while it was only passed a year ago, was passed over the Governor's objections and over the objections of a number of us in the body, and I believe it to be ill-advised. And I think this amendment is in order, as is this reconsider motion. And with that, I would yield the remainder of my time to Senator Chambers if he would desire it. [LB308 LB405 LB406 LB266 LB613 LR155]

SENATOR CARLSON: Thank you, Senator McCoy. Senator Chambers 7:50. [LB308]

SENATOR CHAMBERS: Thank you. Mr. President, members of the Legislature, I'll be honest. Some people surprise me with their vote and their nonvoting. Now they've come to me, some of them, with issues that meant something to them and I gave ground. And you talk about quid pro quo, that's what I'm talking about. You played hardball with me, then I'm going to play hardball with you. And there is another person who has said he will vote for the bill. So we may very well get the number of votes needed. But I've got my list and I'm looking at people who have come to me this session and tell me how much something means to them, but it's not a one-way street with me. We have 11 days

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left and that's not a lot of time, and there are bills that people want. I think Senator Hadley has a bill that he wants, and his bill is complicated so that might be eight hours on General File, which might be a whole day and maybe not; four hours on Select File. You all set the rules and I learn what they are and I play by them. This issue is very important to me, the tax repealer. But there are some deeper, more significant issues that that vote revealed to me, especially about some of the people and they know who they are. And I won't call them by name on the floor, but I want them to hear me say it. And for the rest of the session, I don't want them to bring anything to me. That doesn't mean I'll vote against everything that they vote for, but I don't want any of them to bring anything to me and try to influence my vote one way or the other. I think with them I've been too nice and they misunderstood. But on this particular issue, I believe that when we come back Monday we can get the votes to add this amendment, and that's the way it should be. Now if I take my lumps because the votes are not there, that's one thing. But I'm telling you that I'm looking at who did what they did, and it makes a difference to me. And you should never put trust in people is something that I always say. But you know how we will establish what we say is a principle and then we ourselves will go contrary to it. When they kept talking about these three little places, they can be grandfathered in. I'd like to ask Senator Scheer a question. [LB308]

SENATOR CARLSON: Senator Scheer, will you yield? [LB308]

SENATOR SCHEER: Certainly. [LB308]

SENATOR CHAMBERS: Senator Scheer, are you on the Revenue Committee? [LB308]

SENATOR SCHEER: No, I am not. [LB308]

SENATOR CHAMBERS: Okay, then you didn't hear then. That was all I was going to ask you. [LB308]

SENATOR SCHEER: Okay. [LB308]

SENATOR CHAMBERS: They said and not one member on the Revenue Committee has said that I'm not telling the truth that other people coming through their area will pay that sales tax. That's why they voted for it. Senator Avery voted against my amendment. You know why? Because his city of Lincoln can use this tax money for nonpublic purposes. Is that what you all voted for when you voted to allow this increase in tax, that the tax money can be used for private purposes? Is that why Senator Coash voted the way he did for his city? Senator McGill is from Lincoln. How many of you all knew that this tax money could be used for private purposes? And sometimes what looked a certain way can wind up being gone with the wind if you know what I'm talking about. Now I know what to do in the last days of a session. You took something from me and I can reciprocate. We have 11 days. When I was in the Army and we'd be near the end of

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the day, and when we first got there we didn't know that they could keep us in training only a certain time by the clock and not any longer, but they'd tell us what they were going to do. And so it reached the point when the sergeant would tell me something, because I knew that they couldn't keep us there longer than a certain amount of time, I'd say, sergeant, I can stand in a corner on my head and stack BBs for more time than you can keep me here. So that's what I'm saying. I can stand on my head and stack BBs for 11 legislative days. You going to sit out and you don't want me to sit out. I need you, you need me. Then we've got things we can talk about. And in politics, that's the way the game is played. We're not friends. We're not associates. We don't live with each other. We don't go out to eat. You don't eat dinner at my house. I don't eat dinner at your house. The only time we come together is when we're in this context, and I'm a quick learner. I catch on very quickly. And it causes me to reevaluate, which is something that must be done. I'm appreciative of those who voted the way they did. But what I'm saying now goes much deeper than just that vote. [LB308]

SENATOR CARLSON: One minute. [LB308]

SENATOR CHAMBERS: I could come back next year if the bill is killed. There's always another alternative. I let some bills go through this session all the way across the board, and I believe I could have upset the applecart on some of them, but I didn't. And I think now it was a mistake. But even I cannot tell the future. And I can misjudge the character of individuals. But once their conduct shows me what they are, then I know how to deal with them. Thank you, Mr. President. [LB308]

SENATOR CARLSON: Thank you, Senator Chambers. Those still wishing to speak include Kintner, Hansen, Krist, McCoy, and others. Senator Kintner, you're recognized. [LB308]

SENATOR KINTNER: Well, thank you, Mr. President. You know, I stand up here. I guess sometimes I talk about freedom and liberty. I'm sure people are rolling their eyes if I mention that one more time, but these are things that I live by and how I examine things. But there's another rule that I live by and Milton Friedman said, I will cut any tax any time, any place. I agree. Bill Kintner will do that also. We get so many...so few chances, so few opportunities to actually reduce a tax, get rid of a tax that when we get that rare opportunity on this floor we sure better take it. It just doesn't happen very much. So this is an opportunity for us to actually improve our state's tax ranking. We can make our state more competitive. We don't need to be one of the highest tax states in the country. And this is a small step toward moving us in the right direction. Now for cities, I understand your problems. I understand your need to generate revenue, especially as you're growing and you're trying to provide infrastructure and amenities for your citizens that they want. I've heard you. I understand that. And Senator Ashford laid that out very well how that can be addressed, and I think it will be addressed. I think the Tax Commission has that in their sights. I think they will look at it. And I think it's much

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better to broaden the tax base. It's much better to have a lower sales tax but have less things exempted than to have a higher tax rate and more things exempted. So I think that's the way that we're actually going to go. And I appreciate how tenacious Senator Chambers has been on this. I can't thank him enough for doing what he's doing. And I also want to say that I campaigned, that I said last year when I was campaigning, if I'd been in the Legislature, the sales tax would never has passed. I would not have been the 30th vote to override the Governor's veto. So now that I'm here, I'm not going to change my mind. I'm going to do exactly what I promised I would do. And with that, I would like to yield the remainder of my time to Senator Ashford. [LB308]

SENATOR CARLSON: Thank you, Senator Kintner. Senator Ashford, 2:30. [LB308]

SENATOR ASHFORD: Thank you, Senator Kintner. I think this is an issue where conservatives, progressives, moderates, whatever can come together and that is the issue of broadening the tax base. I worked my behind off to get LB357 passed because the cities had no other option they told us, and I think in some sense that was correct. And in Omaha we had a situation where we have a sewer issue with a significant increase in sewer fees. And we worked with Senator Mello to...on this bill and other bills to try to broaden the tax base so that we could address those sewer issues. Our city chose not to utilize this bill and that's fine. That's their prerogative. But we did work hard to get it passed. We now have before us what we did not have before us last year and that is a concerted effort to broaden the tax base so that we can decrease taxes. We can broaden the tax base so that the state will have more revenue in its coffers; the cities will have more revenue in its coffers. And then we can have a debate between liberals and conservatives and moderates and whomever about how we want to use that revenue. [LB308]

SENATOR CARLSON: One minute. [LB308]

SENATOR ASHFORD: Do we want to reduce taxes, sales tax, as Senator Chambers would like to do; income taxes as the Governor has proposed, did propose in LB405? Those are all very legitimate issues. There has been a dramatic change in circumstances in my view today from when there was when LB357 was going through this body. We are on the verge of doing something significant, thanks to Senator Schumacher and others who have advanced this bill. So I would urge the body to adopt or to approve the reconsideration motion, to vote for the reconsideration and let's get this amendment on and let's move towards tax reform. Thank you. [LB308 LB405]

SENATOR CARLSON: Thank you, Senator Ashford. Senator Hansen, you're recognized. [LB308]

SENATOR HANSEN: Thank you, Mr. President, members of the Legislature. My dog Duke and I were out in the hills, no, that's the wrong story. This is the other story. Due to

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term limits, we don't have a lot of institutional knowledge in here, but we do have one person who does. And I'd like to ask Senator Chambers a question. [LB308]

SENATOR CARLSON: Senator Chambers, would you yield? [LB308]

SENATOR CHAMBERS: Yes, I will. [LB308]

SENATOR HANSEN: Thank you, Senator Chambers. The question I would have about your institutional knowledge on sales taxes, prior to 2007 when we came in here, we instituted a property tax refund act. But at that same time I remember your comments about during the last Great Depression around 2002 that a half a percent sales tax was put on the people of the state with a sunset. Is that correct? [LB308]

SENATOR CHAMBERS: Senator Hansen, I have to be honest. I don't have an actual recollection of that, but I wouldn't deny it since I can't remember. But if your study indicates that's the way it went, then I'll accept that as being the way it was. [LB308]

SENATOR HANSEN: It's certainly not a study, Senator, but I remember you talking about it. And I thought that that was a great idea to get some of that money that was in the surplus back to the people of the state because that half percent sales tax, the last time it went up from 5 to 5.5 percent, it had a sunset on it. I'm not real big on sunsets because sunsets come and go. Every night they come and go. But sometimes in here we just ignore them. So back to the reconsideration motion, I agree we should talk about this a bit more. To Senator Scheer's speech that he was telling about nothing will happen until we meet again, this is the time of year that the trees start budding in my area, the vineyards are starting to bloom and leaf out. And one thing that humans do that nature cannot do is nip things in the bud. Thousands of people are out there now trimming their trees, trimming their bushes to make them right, to make them look right, to make them grow right. I think that's what this local option sales tax is, is something that needs to be nipped in the bud. Thank you, Mr. President. [LB308]

SENATOR CARLSON: Thank you, Senator Hansen. Senator Krist, you're recognized. [LB308]

SENATOR KRIST: I am in favor of the reconsideration motion, and I don't feel coerced or threatened to do such. Senator Chambers has his way, I have mine. But I agree with the amendment, AM1413 to AM583. I obviously believe in AM583, it was my bill; and I believe in LB308. Now let me tell you why I believe in AM1413. What I told you earlier on the mike I'm going to repeat again. There are five cities that actually considered putting this sales tax on. Three were approved in the November election: towns of Sidney, Waterloo, and Alma. Why do you think that is? I think it's because we took away state aid to all the cities and they are in bad shape and they can't do anything else. So they're being forced to do what they're doing. Is that our fault? You bet it is. How are we

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going to fix it? It's called a tax study. This is the part that I disagree with Senator Janssen a little bit. We need to do the study. We've been changing tax code since I've been here one bill at a time, one issue at a time, unrelated to what else is out there. We rob Peter and to pay Paul we put our cities and our towns and our villages in a bad situation. I would suggest in the revenue study that we do...in the tax study that we do that we start looking at these towns and villages and cities like we do with TEEOSA. Do they have the ability to raise taxes in that...to raise the money that they need for the things that they need of essential services? In that TEEOSA situation, we showed cities that had 46 cents levy and then we also showed that that potential income for that family in Hyannis or wherever the county was, I think Perkins County, was \$4,000 less than that in Douglas County. We have an obligation to make sure that those villages and towns and cities of all classes have the opportunity to succeed. And when we stole from them in 2009 and subsequent years, we didn't give them a lot of options. So I feel justified, as Senator Ashford brings up and the situation has changed, to give them that option last year. All bets are off. Everything has changed. We're going to do a tax study and I have told my constituents and constituents all over the state that will listen to me, don't plan on having property tax and real estate go to the local area. Nothing is off the table. The assessment of residential and commercial property falls to 93 county assessors, yet the assessment of ag land falls to the state. The property taxes that you depend upon today may have to be augmented with other things later. It is an intricate woven mosaic that has to be taken apart one step at a time. I had an amendment, and this is the real reason I voted yes on Senator Chambers' amendment, I had an amendment, AM744 onto LB613. I don't know that LB613 is going to see the light of day as we know it because Exec Board is going to present...has presented an LR that replaces it, and I think an LR is a better format because it's not in statute and we can talk about it and we can adjust within the study. Basically it's the same people doing the tax study with the exception of my amendment to that LR was two members at large, two young people--young in this group--freshmen at large that could go on there and have continuity going forward because this is what term limits does. Senator Hansen said it very well. There's no continuity. There's no memory. My amendment to LB613 said: The authority granted to this section, and this is page 3, line 2, The authority granted in this section... [LB308 LB613]

SENATOR CARLSON: One minute. [LB308]

SENATOR KRIST: ...to impose a new occupation tax or increase in occupation tax is suspended. The authority, this is page 4: The authority granted in this subsection to adopt an ordinance imposing a sales tax and use tax is suspended. And then finally the last one: The authority granted in this subsection to change sales tax, use tax rate of one and three-quarters percent, etcetera, is suspended. And the reason I did that was we've got to stop the madness before we can clear the table and start over again. In part, that's what Senator Chambers' amendment does. I've had over two dozen phone calls from municipal leaders, mayors and councilmen, asking me to withdraw that

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amendment because they don't want us to stop their tax issues. Vote green on the reconsider on AM1413 on AM583 and LB308. It's the right thing to do. [LB308]

SENATOR CARLSON: Time. Thank you, Senator Krist. Senator Christensen, you're recognized. [LB308]

SENATOR CHRISTENSEN: Thank you, Mr. President. I just want to stand up and say, you know, I voted to repeal this because I never have supported this. Last year I didn't support it. I didn't support the override a year ago, and I don't think that we have to have this additional authority. And the reason I did that a year ago is I explained if you look at studies, when sales tax get to a certain level, then it tends to make people border bleed, go elsewhere, do more on-line. And when you add on the city sales tax and the occupation tax, everything that comes on this when you go out to eat and things, it's over 10 percent in places. And that's why I did that. At this time, I'd like to yield the balance of my time to Senator Ashford. [LB308]

SENATOR CARLSON: Thank you, Senator Christensen. Senator Ashford, 4 minutes. [LB308]

SENATOR ASHFORD: Thank you, Senator Christensen. I think we are in a...we're going to be finishing at 1:00 today. It would seem to me that this debate ought to go on. We ought to continue to debate this tax issue for a period of time. There are many issues that are going to impact city sales tax in the next year. And obviously, no tax study will be concluded until we address the needs of the cities. And there may be some other ways to deal with AM1413 if we allow the time to go on. I think at this point let's keep the discussion going. If we have to extend it over into next week, so be it. And with that, I would give the remainder of my time back to the Chair. Thank you. [LB308]

SENATOR CARLSON: Thank you, Senator Ashford. Senator Wallman, you're recognized. [LB308]

SENATOR WALLMAN: Thank you, Mr. President, members of the body. I want you to know very reluctantly I voted for this, but I did because of what we did in here. In reality, we said we was going to give property tax relief. We'll give a small amount of money away. And where did we take it away? From the cities, the counties, the villages. So where did their funds come from? Property tax. So all these things we did in here it was our fault. We can blame somebody else. It was our fault that we didn't do the right thing. So then we took the revenue source away from the cities and the counties and the villages, and this won't take place, I understand, until 2014 anyway. So let's let this work out so not everybody is going to use it. It's not easy to plug two-thirds of a board in on today's tax environment. Nobody wants to pay taxes, nobody. Is there a fair way to pay taxes? It's hard to say. As long as Senator Watermeier pays more than I do, that's the feeling out there in the country, folks. And so how are we going to solve this? It's not

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going to be easy. And I do appreciate Senator Chambers' tenacity on this issue. But I voted for it. That's the reason I voted for it in the first place. Thank you, Mr. President. Oh, excuse me, I yield the rest of my time to Senator Lathrop. [LB308]

SPEAKER ADAMS PRESIDING

SPEAKER ADAMS: Three minutes and 35 seconds, Senator. [LB308]

SENATOR LATHROP: Thank you, Mr. President. Colleagues, I'll try to speak quickly. You've heard two senators stand up and give some history, history that happened while Senator Chambers was not here. We took away aid to the cities. We took away aid to the cities. And they have...I worked for three years with Senator Ashford to pass this bill, and it's puzzling that we're here today and he's supporting it to be perfectly honest. We went around after this bill passed and we talked to mayors and to council people across the state on a fly around. And you know what they said? You took away our aid. You took away our aid. By the way, that was supposed to be property tax relief when that aid started, and we took it away. We took it away so we could create a state tax cut. That's what we did with it. And then when they said, jeez, you know what? I've been mandated to do a water project in my city and I got noplac to get the money, nowhere. I have noplac to get the money. What are we supposed to do? They're not frivolously using this. I would much prefer that they have something besides sales tax to do it with. But understand when we took their aid, we gave them no other choice. We didn't say, go ahead and raise some more property tax or you can have an income tax. We said, we're taking your aid. And they said, you know, we have a water project that the feds mandated in this little town south of York. I forget which one. They need...we've left them nowhere to go. And what is it about the tax study that's going to improve the relationship between this body and the cities because it's at an all-time low? We used to have a commission for cooperation between the cities and the state and we got rid of it. Should have been...and then we've taken away their aid and now we've left them one alternative. And Senator Krist is right. Senator Wallman is right. I just disagree that we should get rid of it before the study is done because you know what? What makes us think that we're going to give a lick about the cities when we figure out what our tax policy is going to be? We haven't paid attention to what they need other than this bill and other than this option half-cent sales tax that they have to vote for themselves. And I'll tell you one more thing. When they don't have any options, we're here dealing with state aid and we're trying to run Medicaid... [LB308]

SPEAKER ADAMS: One minute, Senator. [LB308]

SENATOR LATHROP: ...and schools and things like that. They're trying to provide a quality of life to their people. You know, whether they have a pool in the small town you come from or not or that small town in your district is their business. But when we don't...when we take away their aid and they have noplac to go, what are they

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supposed to do? And what if those people want it? What if they say, sure. If you want it, I'll do that. I'll pay that tax so that we can have a library. The quality of life in those communities happens at the city government level. And if we give them no options, we've strangled them. I did not vote to take away the aid to the cities. They are the very people that are supporting this amendment incidentally. They took away the aid; now we're going to take away their ability to raise any revenue to help with their quality of life or to bring a gas line into Norfolk that they need to expand their economic development. There's a reason we did this. [LB308]

SPEAKER ADAMS: Time, Senator. [LB308]

SENATOR LATHROP: It wasn't frivolous. Thank you. [LB308]

SPEAKER ADAMS: While the Legislature is in session and capable of transacting business, I propose to sign and do hereby sign LR172, LR173, LR174. Messages, Mr. Clerk. [LR172 LR173 LR174]

CLERK: Yes, Mr. President, thank you. New resolutions: LR224 is by Senator Haar calling for an interim study. Senator Lathrop offers LR225, that will be laid over. LR226 is Senator Brasch, study resolution. LR227 likewise by Senator Ken Haar. LR228, Senator Crawford, a study resolution. And Senator Smith, LR229, that will be laid over, Mr. President. Senator Hadley, an amendment to be printed to LB104; Senator Mello to LB224. (Legislative Journal pages 1414-1418.) [LR224 LR225 LR226 LR227 LR228 LR229 LB104 LB224]

And Senator Campbell would move to adjourn the body until Monday, May 20, at 10:00 a.m.

SPEAKER ADAMS: You've heard the motion to adjourn. All in favor indicate with aye. Opposed. We are adjourned.