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Floor Debate
March 12, 2014

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SENATOR COASH PRESIDING

SENATOR COASH: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the forty-second day of the One Hundred Third Legislature, Second Session. Our chaplain today is Chaplain Rebecca Hjelle of the Blair First United Methodist Church in Blair, Senator Brasch's guest. Please rise.

CHAPLAIN HJELLE: (Prayer offered.)

SENATOR COASH: Thank you. I call to order the forty-second day of the One Hundred Third Legislature, Second Session. Senators, please record your presence. Mr. Clerk, please record.

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

SENATOR COASH: Thank you, Mr. Clerk. Any corrections for the Journal?

CLERK: I have no corrections, Mr. President.

SENATOR COASH: Are there any messages, reports, or announcements?

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

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

CLERK: LB560A by Senator Mello. (Read title.) [LB560A]

SENATOR COASH: Senator Mello, you're recognized to open on LB560A. [LB560A]

SENATOR MELLO: Thank you, Mr. President, members of the Legislature. LB560A is the A bill for the underlying bill which the body advanced to Select file last week. As we discussed on General File, because the Department of Labor currently has no authority to enforce the Wage Payment and Collection Act, they would need to hire two labor law specialists to investigate complaints received by the department currently that would allow them to be investigated under the underlying bill. It's roughly \$150,000 a year in General Funds for this biennium, as well as an ongoing expense to hire these two labor law specialists, and I urge the body to adopt and advance LB560A. Thank you, Mr.

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President. [LB560A]

SENATOR COASH: Thank you, Senator Mello. Members, you've heard the opening to LB560A. The floor is now open for discussion. Seeing no members wishing to speak, Senator Mello, you're recognized to close. Senator Mello waives closing. The question before the body is, shall LB560A advance to E&R Initial? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk. [LB560A]

CLERK: 32 ayes, 0 nays, Mr. President, on the advancement of LB560A. [LB560A]

SENATOR COASH: Next item, Mr. Clerk. [LB560A]

CLERK: Mr. President, Senator Hadley has yet to arrive. Senator Mello would offer AM...I'm sorry, LB974A. (Read title.) [LB974A]

SENATOR COASH: Senator Mello, you're recognized to open on LB867A (sic). [LB974A]

SENATOR MELLO: Thank you, Mr. President... [LB974A]

SENATOR COASH: Excuse me, LB974A. [LB974A]

SENATOR MELLO: (Laugh) Thank you, Mr. President, members of the Legislature. LB974A is the A bill for the underlying bill, LB974, which the body advanced to Select File last week. The committee amendment added the provisions of LB837, a bill from the Legislative Performance Audit Committee, to the underlying bill which prohibits state agencies with seven or fewer full-time employees from conducting their own expenditure preaudits. LB974A would appropriate revolving funds, I repeat, revolving funds to the Department of Administrative Services to cover the costs of any additional preaudits that would be needed...that would need to be conducted. With that, I'd urge the body to advance LB974A to Select File. Thank you, Mr. President. [LB974A LB974 LB837]

SENATOR COASH: Thank you, Senator Mello. Members, you've heard the opening to LB974A. The floor is now open for discussion. Seeing no members wishing to speak, Senator Mello, you're recognized to close. Senator Mello waives closing. The question for the body is, shall LB974A advance? All those in favor vote aye; all those opposed vote nay. Have all voted who wish? Record, Mr. Clerk. [LB974A]

CLERK: 34 ayes, 0 nays, Mr. President, on the advancement of LB974A. [LB974A]

SENATOR COASH: LB974A does advance. Next item, Mr. Clerk. [LB974A]

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CLERK: Mr. President, the next bill, Senator Hadley offers LB867A. (Read title.)
[LB867A]

SENATOR COASH: Senator Hadley, you're recognized to open on LB867A. [LB867A]

SENATOR HADLEY: Yes, Mr. President, members of the body, first of all, I apologize for being late, trying to get up the stairs. My fault. This bill is just basically a procedural bill to move the money on the sports arena financing bill. Again, it is strictly a timing bill. This will not mean that the sports arenas get any more money than they're due over the life of that period of time, but it's a bill we need to move that money over to the proper account. So I would appreciate your green vote on this. [LB867A]

SENATOR COASH: Thank you, Senator Hadley. Members, you've heard the opening to LB867A. Mr. Clerk, you have an amendment. [LB867A]

CLERK: Thank you, Mr. President. Senator Hadley would move to amend the bill, Mr. President. (FA246, Legislative Journal page 875.) [LB867A]

SENATOR COASH: Senator Hadley, you're recognized to open on FA246. [LB867A]

SENATOR HADLEY: Yes, Mr. President, thank you, and thank you, Mr. Clerk. All this does is add the E clause to the bill so that we can make sure that the arenas that are covered by this act can get the money without having to wait the normal period of waiting time with the end of the session. So again, first of all, I would ask for your green vote on FA246 in order to add the E clause to this particular bill. Thank you, Mr. President. [LB867A]

SENATOR COASH: Thank you, Senator Hadley. Members, you've heard the opening to FA246. The floor is now open for discussion. Seeing no members wishing to speak, Senator Hadley, you're recognized to close. Senator Hadley waives closing. The question is, shall FA246 be adopted? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk. [LB867A]

CLERK: 37 ayes, 0 nays, Mr. President, on the adoption of Senator Hadley's amendment. [LB867A]

SENATOR COASH: FA246 is adopted. We return to discussion on LB867A. Seeing no members wishing to speak, Senator Hadley, you're recognized to close on LB867A. [LB867A]

SENATOR HADLEY: Mr. President, members of the body, again, this is a technical bill that allows us to make the payments on the sports arena and get the money flowing to the people that it should flow to. So I would ask for your green vote on LB867A.

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[LB867A]

SENATOR COASH: Thank you, Senator Hadley. Members, you've heard the closing to LB867A. The question for the body is, shall LB867A advance to E&R Initial? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk. [LB867A]

CLERK: 38 ayes, 0 nays, Mr. President, on the advancement of LB867A. [LB867A]

SENATOR COASH: LB867A does advance. Next item, Mr. Clerk. [LB867A]

CLERK: Mr. President, LB1092 was a bill originally introduced by Senator Dubas and others. (Read title.) Introduced on January 22 of this year; at that time referred to the Revenue Committee for public hearing; the bill was advanced to General File; there are Revenue Committee amendments, Mr. President. (AM2067, Legislative Journal page 629.) [LB1092]

SENATOR COASH: Thank you, Mr. Clerk. Senator Dubas, you're recognized to open on LB1092. [LB1092]

SENATOR DUBAS: Thank you, Mr. President, and good morning, colleagues. In 2009, the Transportation and Telecommunications Committee conducted a series of interim hearings across the state to analyze the existing funding structure and examine alternative methods for highway financing. Those hearings demonstrated nearly unanimous support for some type of tax or fee increase to support our highway infrastructure. From those hearings and a transportation summit held in Omaha, the Build Nebraska Act, commonly known as LB84, was ultimately passed by the Nebraska Legislature in 2011, diverting a quarter cent of sales tax revenue to specific capital improvement projects. While this new funding stream has allowed the state to begin more highway projects, we still have not fully addressed our roads funding needs. Nebraska's highway system plays a critical role in our citizens' quality of life and our potential for economic development. Nebraska's economy is ag-based and we are a transportation hub, both of which rely heavily on safe and sound roads. Prior to LB84, we were in a maintenance-only mode with few opportunities for capital improvements. We have operated as a pay-as-you-go state for many decades. The last time the state issued bonds for highway construction was in 1968 to make up for delayed federal dollars which would allow us to complete the interstate. The bulk of roads funding, approximately 65 percent, comes from our state fuel tax. Because of changes in travel and more fuel-efficient vehicles, fuel tax revenues are now steadily declining. As many other states have done, Nebraska now uses sales tax revenues. LB1092, and I'll speak probably more to the amendment than I will to the original copy because that's what we'll be spending our time on, and I know Senator Hadley will get up and speak to the amendment as well, but as it was...you know, I modeled LB1092 off of a portion in LB84 that referenced bonding, and that was referred to as a conservative approach. I believe

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that it was a \$500-million cap. My original copy, green copy, put in a \$400-million cap on bonding. It allowed for six years to issue those bonds. And, you know, I believe that was a pretty conservative approach as well, and the Revenue Committee has even taken it further to really put some pretty tight parameters around the use of bonding because it is, you know, it's a serious obligation when you're borrowing money. So, as I said, I'll speak more to the amendment than I will to the actual green copy. And so the amendment ratchets it down from \$400 million to \$200 million. Those bonds need to be issued over the next three years with conservative debt service limits and fixed interest rates not to exceed 5 percent. And these bonds will only be used for specific projects already identified under the Build Nebraska Act. The bonds will be repaid out of the State Highway Capital Improvement Fund which consists of the state's share of that quarter cent of sales tax. These are not general obligation bonds. While the state Highway Cash Fund is pledged, the money will be paid back from the State Highway Capital Improvement Fund. The Highway Cash Fund acts as our collateral and only--only--in extreme cases of an emergency would these funds ever be used to pay back bonds. Under normal circumstances, only the State Highway Capital Improvement Fund will be used to pay back those bonds. And, again, that's the fund that the Build Nebraska Act money goes into. I want to be very clear that the gas tax is unaffected by this approach. Our existing Nebraska Highway Bond Act already allows the Highway Commission to issue bonds up to \$50 million. But this approach would automatically invoke an increase in the variable gas tax, which is why this bill is so important. Also, the local portion of the Build Nebraska Act, that 15 percent of the revenues which is deposited in the Highway Allocation Fund, goes specifically to cities and counties is not affected by this bill and it will not be touched. The intent language in LB1092 clearly states the importance of a safe and modern highway system. It's good for our economy and for our future economic growth. The language further points out the advantage of leveraging historically low interests rates which will help offset construction inflation and the uncertainty of federal funding. In the "2013 State Highway Needs Assessment" compiled by the Department of Roads, current needs for the next 20 years are estimated to cost \$9.8 billion in today's dollars. Over the next 20 years the total cost of 2013 needs are estimated at \$14.1 billion. As these numbers show, Nebraska's existing funding structure is inadequate for our transportation infrastructure. Currently, MAP-21, the federal transportation program, will expire in October of this year. We currently receive 45 percent of our roads funding from this federal program. At the annual Transportation and Telecommunications and Appropriations Committee briefing with the Department of Roads, they were very clear stating the financing of our 20-year needs is critically--and I quote--critically dependent on Congress' success in authorizing a new, stable, and adequately-funded federal transportation bill. It is a very real risk if Congress does not fix funding beginning in fiscal year 2015. We, meaning the state, could have a substantial reduction. Our contingency plan since we are a pay-as-you-go state would be to defer projects, unquote. The federal Highway Trust Fund, just like our state Highway Trust Fund, is seeing declining revenues because of gas tax and our more fuel-efficient cars, and the federal government hasn't raised the gas tax for several

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decades. The state Constitution does allow for highway construction bonds with three-fifths vote of the Legislature. And the resources that are pledged, and that's what I referred to with the State Highway Capital Improvement Fund, the resources that are pledged for payment must be state revenue source that is closely related to the use of highways. So the question I'm sure we are going to be asking and discussing today is why should we bond. I believe there are several very compelling reasons. First, we now have a stable, dedicated funding stream from the Build Nebraska Act. And by capping the total allowed for bonding, as sales tax revenues grow, our pay-as-you-go power grows. The projected revenue growth is not promised to debt service or new bonds. As I previously stated, federal funds are neither adequate nor dependable. And another reason is that interest rates are at historic lows. Nebraska has a very favorable credit rating which will enable us to capture those low rates. But I believe the most important reason is that our constituents deserve safe roads. Accelerating projects means less time with orange cones on the road and more time getting us where we need to be. Bonding also means jobs for those in construction and related industries. States who invest in their infrastructure have strong economies. In today's global economy, first-class jobs gravitate to first-class infrastructure. When you visit with businesses and ask what are they looking for when either planning to expand or locate a new business, they are looking for states that place an importance on modern, safe, and sound transportation infrastructure as their top priorities. And going back to the number of jobs, one of the more recent reports I read, over 44,000 jobs in the state of Nebraska are either directly or indirectly related to construction. So there is a significant... [LB1092]

SENATOR COASH: One minute. [LB1092]

SENATOR DUBAS: ...opportunity for jobs in that area. Thank you, Mr. President. Colleagues, I know we are very proud to be a state that maintains a balanced budget and we don't spend money we don't have. We have also been very proud of funding our infrastructure projects with a pay-as-you-go mind-set. But when circumstances change that don't allow you to achieve the same result under the existing operations, then you have to begin to look at other options. Bonding is not a new concept. We bond at the local level on a regular basis. Over 40 states across our nation use bonding for roads. LB1092 will allow us to leverage Build Nebraska Act monies and wisely invest in our infrastructure. I believe this is a very conservative approach and one with the best interests of Nebraskans at heart. Thank you. [LB1092]

SENATOR COASH: Thank you, Senator Dubas. (Visitors introduced.) As the Clerk has stated, there is an amendment from the Revenue Committee. Senator Hadley, as Chair of the committee, you are recognized to open on the committee amendment. [LB1092]

SENATOR HADLEY: Mr. President, members of the body, the Revenue Committee did attach AM2067. AM2067 I believe makes the bill a better bill, and that was the reason that it was voted...approved by the Revenue Committee. It basically does three things.

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The first thing it does is reduce the amount available for bonding from \$400 million to \$200 million. The committee felt that \$400 million just left...it was too large of an amount to be bonding, and if there were concerns later it could have had a significant impact on the yearly payments required under bonding. Secondly, it reduced the time period that the commission, Highway Commission, may issue bonds to two years. In essence, LB84 is...has a sunset on it, so what we didn't want to do is to end up having a bonding period that was longer than the LB84 could conceivably be in position. So it has to be done the first two years of...after the passage of the bill. And the third, and this was Senator Schumacher was very concerned and I think rightly so, is that we didn't want to get caught in a position where we had potential significant higher interest rates. So the bill basically says that the bonds will carry a fixed interest rate so we know what the interest rate is, and that rate will be...will not be higher than 5 percent; in essence, to keep us from getting caught in a larger interest rate. And with that, I would yield the remaining time to the Vice Chair of the committee, Senator Schumacher, if wanted to explain further the concerns about the interest rate. [LB1092]

SENATOR COASH: Thank you, Senator Hadley. Senator Schumacher, you've been yielded eight minutes. [LB1092]

SENATOR SCHUMACHER: Thank you, Mr. President, members of the body. I don't know if I've ever talked for eight minutes on anything. My basic concerns with...as are the concerns of anyone who looks to bonding or any kind of debt financing is that interest eats you alive. And historically other states who have started down the road of bonding have made a mistake. They become addicted to it and have gotten themselves in some binds, made promises they couldn't keep. But since 2008, we've had an unusual situation in this country. And the unusual situation is that the Federal Reserve in an effort to save the economy has engaged in a policy of quantitative easing that has artificially suppressed interest rates. They are just literally a really, really good deal in the short term. And that artificial suppression of interest rates means that we can borrow money at really very little cost. Conversely, our savers get really very little interest if they choose to invest in certificates of deposit or other cash denominated assets. However, when we were presented with Senator Dubas' bill, I felt that we needed to protect ourselves from getting carried away with debt. We needed to be sure that if we were going to borrow money, we did it in that window of opportunity in which it is a really smart thing to do. And, thus, suggested and the Revenue Committee agreed that we should limit the possible interest rate that can be paid on these bonds to no more than 5 percent. We simply don't know at what point if we see reemergence of inflation in the economy that those interest rates may begin to escalate up very high. We do not want to pay more than 5 percent, period. No variable interest rates. No ability to play the market. No ability to figure in inflation factors. Very arbitrary. Very conservative. No more than 5 percent. And since in this very uncertain economic times it appears that the Federal Reserve will be suppressing interest rates at least for the next 18 months to three years, putting a limit, we do this borrowing during that window. It's not something

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that we leave the door open to do 15 or 20 years from now. So this is an attempt to make sure that this very good deal is a good deal and that we do not get taken up in an idea of debt financing of much of anything in this state. Perhaps our cities and our local governments do a little bit too much of it as it is. But at least in this body we do not get on a path that goes down that road. So I would encourage the body to accept the Revenue Committee suggestions to in a very conservative and prudent way take advantage of this historic and unique opportunity of extraordinarily low interest rates. Let's get some roads built. Let's get some programs accelerated while our contractors still have ample ability to do it, and while the labor force is looking for work nationally. And this is a very moderated, very conservative thing, and it probably is a smart thing provided we do it at less than 5 percent interest rate and in the next three years. Thank you. [LB1092]

SENATOR COASH: Thank you, Senator Schumacher. Members, you've heard the opening to LB1092 and the committee amendment. The floor is now open for discussion. Those wishing to speak: Senators Campbell, Hadley, McCoy, Gloor, Hansen, and others. Senator Campbell, you are recognized. [LB1092]

SENATOR CAMPBELL: Thank you, Mr. President and members of the Legislature. I stand in support of the bill and certainly of the amendment from the Revenue Committee. I think it's a good example where two committees have looked at an issue and brought forth a really good piece of legislation with both the bill and the amendment. I told Senator Dubas that I would get up and...you know, I just do not have the history that Senator Chambers does. I mean, that's just unbelievable. He can recall a lot. But I thought that a little history from my perspective might be helpful in the discussion today. When I first came to the Legislature I served on the Health and Human Services Committee, but I also served on the Transportation Committee. And prior to LB84 coming to the floor for discussion, I think it might have been the year before, Senator Tim Gay and I spent the summer and developed a bonding bill to put forth to the Transportation Committee. And in it we cobbled together and really I do mean cobbled together a series of fee increases almost all across the board to even get close to the amount needed to bond. But we felt that it was a concept that the Legislature needed to look at because of the interest rates, and fortuitous that Senator Schumacher should explain that issue prior to my speaking about the history. And in that, not only did we increase fees almost all across the board, but we required cities and counties to put forth money if they were going to use any of the bonding. We got the bill before the Transportation Committee and had a hearing and basically the Transportation Committee at that point was beginning, Senator Fischer was beginning to think about how do we look at this, and perhaps LB84 was formulating. So we held the bonding bill at that point to try to do not only our hearings across the state but to do the seminar and workshop that Senator Dubas talked about in Omaha in which a number of us attended. And LB84 came about from that process. One other piece of history that might be helpful to give you some idea of if you choose not to do bonding,

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what would be your other alternative. And a lot of people say, well, let's just go and use the user fee. That's what we've lived off the gas tax for a number of years. I put in a companion bill that year to LB84 to show what would happen if we did not enact LB84. But we were going to try to raise about the same amount of money. So I put in a companion bill that required a 10-cent increase in the gas tax. I can't even begin to tell you how my e-mail lit up and the calls began to flow in saying how can you even think about a 10-cent increase. But the point being, and, no, we never even brought that bill to the floor, we brought LB84, but it was an illustrative point of what you would have to do to be able to raise that kind of money. I think Senator Dubas' bill and the Revenue amendment is a logical next step to saying the projects that are there are very needed. And in a disclaimer and all truth here, Lincoln and Lancaster County have a very prominent project on that list. [LB1092]

SENATOR COASH: One minute. [LB1092]

SENATOR CAMPBELL: But it's far down that list. Thank you, Mr. President. It's far down that list, and that is the South Beltway. This would afford us to get to those projects a little bit faster. And for Lincoln it is truly a safety issue given the number of deaths that we have had on Highway 2. And with that little bit of history, thank you, Mr. President. [LB1092]

SENATOR COASH: Thank you, Senator Campbell. Senator Hadley, you are recognized. [LB1092]

SENATOR HADLEY: Mr. President, I stand in favor of AM2067 because I do believe it makes it a better bill if LB1092 is passed. But I did vote against LB1092 and I wanted to give you the reasons. I'm not going to stand up all morning and harangue it but I'm going to give you the reasons that I voted against it. I remember back to the very contentious battle on LB84. As you remember, that was filibustered. Worked hard to get it passed and it's finally beginning to work. It is a dedicated source for road construction. The concern I have is the state of Nebraska going into debt. And I have to say I can't turn to my right and look at the first seat in the next to last row and not see my good friend Dennis Utter who used to sit there and his concern about going into debt. And I think a little of that rubbed off on me. I know that a lot of states do it. Some states have had problems with it; others haven't. The concern I have is that when you bond, you do obligate the state to make the payments. You can't default. You have to find a source. Right now that source is LB84 with a transfer to the cash fund in the roads. But those of you that were around in the excruciating times a few years ago when we were looking at cutting budgets, you remember that we had I believe it was in the hundreds of millions of dollars that was going to be cut out of the school aid formula because we did not have the funds. And we were saved by the federal government that year. They stepped in. But if they don't step in the next time we face that kind of budget crunch and another group of 49 senators are sitting here, does that LB84 money become a very tempting

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target to solve potential budget problems? Remember, LB84 we cannot bind future Legislatures. All it takes is the Appropriations Committee in their budget process to do away with LB84. I know that's a what-if. But it was certainly a question those people that were filibustering LB84 brought up consistently, concrete versus kids. That's what they brought up. And I stood at this very podium and said I would never vote concrete over kids. But I'm worried right now that we potentially, and I say potentially, could set that up, because if for some reason we have a drastic cut in funds like we had in the last recession and LB84 money is used for health problems, education concerns, and then the payment of bonds falls back to the cash fund. Cash fund, if I'm...I can stand...be corrected, but I believe it's primarily used for maintenance. So we would be setting up a situation where the Roads Department could either say we have two choices. We defer maintenance on our roads or we have to raise the gas tax. We have to find another source of... [LB1092]

SENATOR COASH: One minute. [LB1092]

SENATOR HADLEY: ...money. I realize that's a what-if. But after living through the heart-wrenching discussions on the last budget cuts that we had to do. That was no fun, absolutely no fun. So I just put that out as a cautionary item and maybe it won't happen. To exacerbate that we're doing more highways now which means we're going to be doing more maintenance. These highways aren't going to last. We'll be doing more maintenance. We have to look to see how that's going to be funded. So I just hope people...am I going to fall on the sword on this one? No, but I just think you need to think this through as to what is the best approach for Nebraska now and in the future. We've got a dedicated source right now. It was a hard fight to get that dedicated source. [LB1092]

SENATOR COASH: Time, Senator. [LB1092]

SENATOR HADLEY: Thank you, Mr. President. [LB1092]

SENATOR COASH: Thank you, Senator Hadley. Senator Gloor, you are recognized. [LB1092]

SENATOR GLOOR: Thank you, Mr. President. Good morning, members. This is so far shaping up to be a good discussion and good debate, that being one filled with options, potential opportunities, potential challenges, but one that merits paying close attention to. And I have and will continue to do so because I was here for the last round of debate and the decision that was made which I would hope those of you who are listening in can't be ignored as we make decisions. I, at this point in time, am in favor of AM2067 but not sure about the underlying bill. When we were having the last round of debate, when we made the decision about LB84, I got a phone call from several highway engineers within my district who offered me an opportunity to go out for a day and travel

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around the district, the highway district that I'm in to take a look at roads. That included putting on work boots and jeans and climbing under bridges, looking at the underside of bridges, getting down on your hands and knees and taking a look at the spalling on roads. And like anything, and I'm a bicyclist, I love to ride my bicycle, and I've had a chance to look at roads going something other than 60 or 75 miles an hour and note challenges in the road. And this gave me an opportunity to ask some highway engineers and learn terms like spalling, look at the underside of bridges and see exposed rebar because of chunks of concrete that have fallen off on bridges that are still considered safe to cross yet clearly need some work. So there was no doubt in my mind we needed to do something about funding, and I was a supporter and still am. But the devil is in the details and Senator Hadley brings up excellent points. I don't have a basic concern on borrowing or even the state to borrow. The issue of a long-term obligation for infrastructure doesn't strike me as something that's inappropriate. But the challenge, as has been pointed out, is the fact that we've already set a course of action. We've already set up a funding stream to help address the problems that I saw and that will be related I'm sure by others. And therein lies I believe our challenge. We have a funding stream, a funding stream that might be compromised if we in fact get comfortable with the opportunity to do bonding. And so I've got to think through that and get comfortable with my decision one way or another. But I, again, appreciate the level of information and the options that are being put out there, the reminders and the review of history that has us where we're at right now. And I would encourage my counterparts to also pay close attention. This will be an important decision we make. Thank you, Mr. President. [LB1092]

SENATOR COASH: Thank you, Senator Gloor. Senator Hansen, you are recognized. Excuse me, Senator Hansen, we have some announcements first. [LB1092]

ASSISTANT CLERK: Thank you, Mr. President. One item. Judiciary Committee will hold an Executive Session at 10:00 in Room 2102.

SENATOR COASH: Thank you, Mr. Clerk. Now, Senator Hansen, you are recognized. [LB1092]

SENATOR HANSEN: Thank you, Mr. President, members of the Legislature. This bill was heard in Revenue. I certainly did not cosign the original bill, and now we're talking about the amendment. The amendment does help, but it's still...there's two rules in road building. Only two rules: (1) pay as you go; (2) refer back to Rule 1. This is a pay-as-you-go state. And through the debate of LB84 which certainly was contentious, we figured out, we assumed, we negotiated a level of a quarter-cent sales tax to be used for roads. The highway department came up with a list of priorities. That was handed out at the hearing, and if you don't have it I would suggest that your staff get it for you. It's nothing new. It's their priorities for building roads with LB84 money. It's a ten-year plan. Some roads have been on the ten-year plan for probably 20 years. I

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know that Highway 77 to Wahoo has been there for a long time. We go up that road to see some of our family members. When Randy Peters did testify at the hearing and the amount was \$400 million, he said, well, we don't have enough stuff designed for that. We don't have enough engineers to design it. We don't have the right of ways bought for it. And that's why we've always been a pay-as-you-go state for one thing. When Randy Peters came this year to Revenue, he used a term that I thought was appropriate rather than expressways. We still have one expressway listed on the ten-year plan, and that's the Heartland Expressway out west between Alliance to...I'm not sure where it goes. I'm not sure where the Heartland Express goes, but the Kimball Expressway, the Wahoo Expressway, have been changed to bypasses. And now when you go to Fremont if they get this portion of that ten-year plan built, you won't go on a...you won't go through Wahoo. You won't go to the Casey's. You won't go to...probably won't stay in a motel there. It's a bypass and that's what at least Randy Peters is calling it now are bypasses. Someone said this is a prudent way; this amendment is going to be a prudent way to accelerate road building. We talked earlier this week about the cash reserve that we have, and that is a cash reserve, and Senator Mello said over and over and over it was for one-time spending. If this is important, if it's this important, rather than borrow the money in any type of business or any private-sector position, if they need to infuse money, they go to a bank and borrow. And the state doesn't get a loan but they get a bond. It's the same thing. Why in the world would this state at this time with the cash reserve the way it is bond for additional interest payments, other than those interest payments will be paid for by LB84. I believe that the LB84 discussion was good and it was thorough, it was filibustered. We talked and talked about it. And that's what we decided to do. We didn't decide to use... [LB1092]

SENATOR WATERMEIER PRESIDING

SENATOR WATERMEIER: One minute. [LB1092]

SENATOR HANSEN: ...we didn't decide to use LB funds for debt service. I think that there's a...in two places in there we talk about a fixed rate or a variable rate, and it's not decided yet, not entirely anyway. And then we also...there's a place in the amendment where funds of other sources can be used for debt service. And that gets the petroleum dealers really nervous when we talk about paying off debt service with gas tax. If we want to improve roads at a faster rate, there are ways to do it other than bonding. Thank you, Mr. President. [LB1092]

SENATOR WATERMEIER: Thank you, Senator Hansen. Senator Bolz, you are up next. [LB1092]

SENATOR BOLZ: Thank you, Mr. President. I guess I have a couple of questions for Senator Dubas if she'll yield. [LB1092]

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SENATOR WATERMEIER: Senator Dubas, would you yield? [LB1092]

SENATOR DUBAS: Yes, I will. [LB1092]

SENATOR BOLZ: First, just a pragmatic question. My understanding is that if we were to proceed with this we might be able to do things like purchase right of ways. So even if we're not particularly in a place to start building, there are other preparatory things we could do with this new resource stream. Is that correct? [LB1092]

SENATOR DUBAS: That's correct. [LB1092]

SENATOR BOLZ: Okay. That's helpful. And then the other thing I was hoping you would speak to is, is I'm just looking to the future and just this week we've moved forward on legislation that has revenue impact in the out-years. And we moved forward a budget that has provided some additional funding in an ongoing way for water resources, for taking care of this historical building, for other ongoing purposes. And I would like to yield the remainder of my time to you, Senator Dubas, and I was hoping that you would speak to how you see this particular opportunity fitting into the bigger context of our fiscal picture. Thank you, Mr. President. [LB1092]

SENATOR WATERMEIER: Senator Dubas, 3 minutes 45 seconds. [LB1092]

SENATOR DUBAS: Thank you, Senator Bolz, for that question and for this opportunity. I think I'll go back to some of the comments that Senator Campbell made as far as if we are going to continue to move our roads infrastructure forward, it's going to take funding so that the discussion we're having here today is what type of funding will that be. And we know that there's just not a political will to raise the gas tax. It would have to be a significant increase, and even with that increase, is that going to get us where we need to go. So by the structure that's put in place through LB1092, taking those existing Build Nebraska Act funds and then maximizing the use of those by using that dedicated funding source as a way to pay back those bonds will allow us to move projects forward, will allow us to speed up some of the projects, will allow us to take advantage of historically very low interest rates. You know, even with the passage of LB84, we still have roads funding challenges, maintenance and preservation, as well as the completion of projects that are in the queue right now. So the question is, if it's not bonding, then what is it? And I believe again through this very conservative approach we've ratcheted down that total amount. None of the bond repayments can exceed 50 percent of the revenues that come in to the Highway Cash Fund. So we...you know, we're making sure that we're not overextending ourselves that way and we're protecting that. We already have existing language for bonding, but that would absolutely require an increase in the gas tax to be paid. So I'm not exactly sure if I'm answering all of your question, Senator Bolz, but I think what we're trying to achieve through LB1092 is maximizing the resources that are at our...that are available to us right now, to take

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advantage of those low interest rates and move projects forward. The department has that ability, as you said, to purchase easements. The department has the ability to hire outside consultants to help if they don't have the staffing or the capacity to take care of those issues, so. Infrastructure is one of the most important things that we as a state do. It's one of our primary duties as a state is to provide infrastructure. And I believe LB1092 allows us to maximize what we have and move forward in that respect. There's always going to be a question about what-ifs. You know, what if the economy turns down. But I think we've built in... [LB1092]

SENATOR WATERMEIER: One minute. [LB1092]

SENATOR DUBAS: Thank you. I think we've built in appropriate safeguards into this legislation and especially with the amendment capping those interest rates, so. You know, I...you can always go worst-case scenario, but the way everything looks right now with revenues coming in the way they are, this will take us to where we need to go, another step where we need to go as far as taking care of our infrastructure needs. [LB1092]

SENATOR WATERMEIER: Thank you, Senator Dubas and Senator Bolz. Next in the queue is Senator Mello, followed by Senator Davis and Senator Chambers. [LB1092]

SENATOR MELLO: Thank you, Mr. President, members of the Legislature. I rise in support of AM2067, the Revenue Committee amendment. As you heard both Senator Hadley and Senator Hansen and others mentioned this is a more cautious approach to what the underlying bill does and still allows and gives the Department of Roads the authority, I will repeat that, it gives them the authority if they so choose to utilize bonding authority up to \$200 million if it meets the parameters of the committee amendment of the 5 percent interest rate and has to be done within two years. But I want to draw the body to a couple other I think very global issues as we discuss the premise behind LB1092. For the senators who were here in 2011, I was one of those three senators who actively fought the passage of LB84. I did everything I felt in my ability to try to stop that bill from passing because I felt it was a dangerous fiscal policy for us to set. Unfortunately, I lost that battle. I've come to accept that and I have moved on. The same reason the Appropriations Committee appropriated LB84 funds in our mainline budget last year with little debate or little fanfare because it was state law. And it's our obligation to fulfill when state law asks us to appropriate money based on a current law. That's the first item. In respect to that history, I now stand in front of all of you suggesting that we essentially lock in LB84 for 20 years. Because I interpret LB1092, and I had to come to this realization in talking with Senator Dubas and Senator Harms and other members of the Appropriations and Transportation and Telecommunications Committees over the interim after we had our roads needs assessment that we have a \$9.8 billion needs assessment right now in 2013 dollars. And with inflation, we'll see that rise to \$14.1 billion. LB84 funding helps start to address some of that. But we know we

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are losing roughly \$4 billion simply due to inflation. And that's why you heard Senator Schumacher and others say utilizing low interest rates now is good fiscal policy. I'll respectfully disagree with Senator Hansen that we just don't bond, we pay as we go regardless of interest rates, because Senator Hansen brought a bill to the Appropriations Committee in 2012 that built a new vet diagnostic lab at the University of Nebraska in which the Appropriations Committee and the Legislature at large decided instead of appropriating \$5 million for that project, we instead would work with the university to bond the entire \$55 million project and the state would pick up all costs of that bonding project as part of our budget. So the state does do bonding. We did it in last year's budget as well in regards to the state colleges and the university's nursing college in Lincoln. So the concept that we don't bond, colleagues, I think we need to take a step back. We're cautious about bonding. That is true. And I think the committee amendment makes sure that we remain cautious in that perspective. But the concerns that have been raised that we may someday eliminate LB84 funding and we don't want the state on the hook for bonding because of that, as I mentioned, I think we take a different tack with LB1092, and I'm okay with that because I think that's the will of the Legislature of putting General Funds towards road infrastructure. And by bonding a portion of that LB84 funding, that locks in that LB84 funding till that bond is paid because, colleagues, the only other real option available to the Legislature if they wanted to get rid of the LB84 funding would be to raise taxes. And I don't think this body or any future Legislature will want to raise the gas tax or raise taxes to cover a bond. Instead, they'll leave the LB84 funding alone as it's intended to be... [LB1092]

SENATOR WATERMEIER: One minute. [LB1092]

SENATOR MELLO: ...as it's intended to be in state law for 20 years and let that money flow to road infrastructure. It's taken me three years, colleagues, to get to this point of realizing that I may have felt at the time LB84 was not a good fiscal policy, but the reality is as I said then and I will say today, we have to put funding towards road infrastructure. It's needed. And where LB1092 really I think benefits more than anything else is that ability for parts of the state that have expressways, because we know you can't do an expressway over a ten-year period because it may not get done. But if you were to bond \$200 million over the next two years to knock out two expressway projects right off the bat and use that portion of LB84 funding to pay off those bonds, that saves us a considerable amount of money long term, colleagues, in respects to inflation. That is good fiscal policy whether you're in business or in government is to borrow cheaply if you borrow. And that's what LB1092 does. It borrows cheaply. And I appreciate the Revenue Committee's amendment to ensure that in statute that we will borrow cheaply. [LB1092]

SENATOR WATERMEIER: Time, Senator. [LB1092]

SENATOR MELLO: Thank you, Mr. President. [LB1092]

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SENATOR WATERMEIER: (Doctor of the day introduced.) Senator Davis, you are next in the queue. [LB1092]

SENATOR DAVIS: Thank you, Mr. President. I rise in support of AM2067 and the underlying bill, LB1092. I just sent out some things on your gadget to talk a little bit about the economic impact of some of these expressways and particularly the Heartland Expressway in my district and the debt per capita information which I had visited with Senator Carlson about earlier. Currently, Nebraska has a \$21 per capita debt. We're at the bottom in the nation on that. If we put this \$200 million out for road projects, we'll still be second from the last. Wyoming will be bottom and we'll be 49th in debt per capita. At the same time, we can take this investment and incentivize that into economic development for a lot of our communities. And I'll talk a little bit about Alliance, Nebraska, my largest community, which is situated on the Burlington Northern Railroad and also because it was an air base back in World War II. Has the third largest runway in the state of Nebraska and could be a tremendous transportation hub and distribution center because of those two aspects of transportation if we had a completed expressway system to get to Alliance. The Heartland Expressway has been on the books for 30 years. It's completed to Minatare, Nebraska, and from then on it's empty. The connecting point with the Heartland Expressway is Rapid City, South Dakota. And South Dakota has finished their part of that expressway down to the state line. So we need to step up and finish our part of the Heartland Expressway. This is a way that we can get that done. And the economic development benefits are huge for rural Nebraska. If people want to see a change in the west, this is one way to get it done. We've got a tremendous amount of transportation going north to the oil fields and they're going to be using the Heartland Expressway, and that's going to bring dollars into our communities. I think the other aspect of the bill that I think is really important to talk about is what's happened here in the last few years, and you'll remember that we had additional road projects in Omaha, Lincoln, and some other places because we had revenue left over because projects came in underbid. And that's because nationwide we aren't seeing the kind of construction that people normally see, so our contractors are hungry for business and they're able to cut some of their costs. And we're going to see that benefit still for the next couple of years also with the benefit of these low interest rates. So it's a win-win-win situation for all of us. This is a really good idea and a really good bill. And I commend Senator Dubas for bringing it and I hope the body will support it. Thank you, Mr. President. [LB1092]

SENATOR WATERMEIER: Thank you, Senator Davis. Senator Chambers, you are next. [LB1092]

SENATOR CHAMBERS: Mr. President, members of the Legislature, I'm not going to support this bill but I'll support the amendment because it does make a bad thing somewhat not better, somewhat less bad and objectionable. I've listened to "Professor"

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Schumacher and he was going along very well, and then he said words to the effect, this is not a quote, we need to get busy building roads. And that made me think of a song in an animated feature where these guys were travelling. I don't know if they called them the three caballeros, but they were singing: We're going, we're going, we're going, we're going; we're merrily on our way to nowhere in particular. Where are these roads going to be built? From where to where? When you talk about building roads in Nebraska, there are not that many destinations where people are going to go which they cannot get to right now. A lot of times, roads that are built give a person a quicker more efficient way to get out of Dodge, to leave places in Nebraska. And to say that you will bend the knee to the road-building industry, and that's what I think this bill is about. I don't say that's the motivation for its being brought by Senator Dubas. That's where the pressure comes from. I have observed some roads that were built in Omaha and some parts of the interstate system, the freeway system, as it may be called when it branches off, that are in disrepair and they haven't been built that long ago. I think there is shabby, shoddy work being done. And in the same way that in the old days various large appliances were built based on a system known then as planned obsolescence. The product would last for a certain amount of time. Then it would break down to encourage you to purchase more items of the same. When competition altered and some products would argue that my product labeled A will last longer than his or her product labeled B, the notion of planned obsolescence went the way of all pink elephants. And now people want to tell you how long the product will last. How many miles per gallon you will get in a vehicle in city driving and highway driving, how many miles total you can expect at a minimum that you will get during the life of the car or the period of time that you'll ordinarily own it. So when people talk about building roads and there is no need, there are no destinations, and they added that half percent or dedicated that portion of the sales tax which I thought was the worst thing done, and I wasn't here. The person who was here in my place voted to override. I don't think anybody who is concerned about the poor and those people who have difficulty making it from paycheck to paycheck will do anything that might directly or indirectly lead to an increase in the sales tax whether it's at the state level or the city level. The state's ability to raise revenue is through the income tax or the sales tax basically. Then all those other little taxes... [LB1092]

SENATOR WATERMEIER: One minute. [LB1092]

SENATOR CHAMBERS: ...called different things. You said time? [LB1092]

SENATOR WATERMEIER: One minute. [LB1092]

SENATOR CHAMBERS: Oh, thank you. Had I been here, we wouldn't have that dedicated money to the road building. Those are schemes in my opinion. This is another one. And I believe the Legislature would make a mistake passing a bill like this at this time. And the strongest argument you can make is that you can get the money

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cheaper. And we've got people on this floor who don't want to accept free money from the federal government. Free money, because they say after a certain period of time that amount won't be available; 90 percent of it, but that's not 100 percent of it, so we will not accept that to help the citizens. But here going after a chimera, which is something that doesn't exist, you're going to put a piece of bad, unwise legislation on the books. Thank you, Mr. President. [LB1092]

SENATOR WATERMEIER: Thank you, Senator Chambers. Next to speak in the queue is Senator Bloomfield, Senator Avery, and Senator Johnson. Senator Bloomfield, you're recognized. [LB1092]

SENATOR BLOOMFIELD: Thank you, Mr. President. Good morning, colleagues. I stand in support of AM2067, but I cannot support the underlying bill. In my former life, I drove a truck for a living. There's nobody appreciates good roads more than a truck driver. We put 100,000 miles a year, a little over that, on driving over our roads, and we'd kind of like them to be smooth. But I don't believe this is the way to get there. I think we'd be building a nice road paved to the poorhouse for the state of Nebraska if we'd do this. Look at the \$200 million that we're seeking to bond at 5 percent is \$10 million a year just in interest. Not to go back to the property tax, but I'm going to just briefly. We refused as a body to pass \$20 million property tax relief to Nebraska ag people, yet with this bill we're willing to spend that same \$20 million in interest in two years. I don't believe this is a good idea. We are a pay-as-you-go state. I believe we need to stay that way. Thank you, Mr. President. [LB1092]

SENATOR WATERMEIER: Thank you, Senator Bloomfield. Senator Avery. [LB1092]

SENATOR AVERY: Thank you, Mr. President. Good morning, colleagues. Two hundred million dollars, not a lot of money really. It's a pretty modest proposal. I looked at some statistics just a few minutes ago. I think it was Minnesota that approved bonding for \$4.5 billion and Missouri approved bonding for roads at \$1 billion. So what we're proposing here seems to me to be very cautious and a quite prudent use of the quarter-cent sales tax that we dedicated to road construction under the Build Nebraska Act. I voted for that bill and I've taken some heat for doing so. But I thought it was the right thing then and I still think it was. This quarter-cent sales tax is a stable, reliable source of financing in order to service these bonds. And, again, we're not talking about a lot of money. Even at \$400 million in the green copy, that was not a whole lot of money when you're talking about road construction, and this seems to be the right time to do it. Passage of this bill will allow us to jump-start building of some high-priority, high-value road projects, because I think the evidence is pretty clear that roads can contribute to and usually do contribute to economic development. I know there is some debate among economists as to whether or not economic development follows roads or whether roads follow economic development. I can tell you though here in Lincoln, we need this. This is the right time to do it. Interest rates are low. The Build Nebraska Act in hindsight was even

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more clever than I thought it was at the time because it does allow us to use some of the money generated by that law to finance these bonds. The Build Nebraska Act I believe is expected to bring in about \$65 million a year. That's enough to service these bonds. At \$200 million, it's more than enough. And that will allow the Build Nebraska Act and the money generated by that to continue to be used for other road projects. Bonds with this amendment could not exceed a very modest amount. I keep saying that because it is very modest. There is, however, one cautionary note that I think needs to be made, and that is tying Build Nebraska funds to repaying bonds could reduce the road department's flexibility if certain things happen in the economy. If, for example, the federal government were to drastically reduce the amount of funding it provides for roads or if it were to discontinue funding of roads, then that would really be a problem for us. And I don't expect that to happen, but it is a possibility. It is my hope and expectation that this bill will make possible the acceleration and completion of the South Beltway around Lincoln which now has been delayed until 2020. Most cities around the country the size of Lincoln have had beltways constructed long ago, I mean, many, many years ago and they're in the process of additional beltway construction. We need that for Lincoln and we don't need to wait until 2020. [LB1092]

SENATOR WATERMEIER: One minute. [LB1092]

SENATOR AVERY: This is important to the residents of this county and it's important to the economic development of this city, and I am pleased, very pleased to see Senator Dubas come forward with this proposal. I'm going to vote for the amendment even though I think \$200 million is not enough, but that's better than nothing. The underlying bill in my mind was prudent and this amendment really scales it back probably more than I'd like to see. With that, I urge you to join me in supporting the amendment and then the underlying bill. Thank you. [LB1092]

SENATOR WATERMEIER: Thank you, Senator Avery. Senator Johnson, you are in the queue. [LB1092]

SENATOR JOHNSON: Thank you, Mr. President. I'll go back in history a little bit, mostly my history and my support of road funding. When I was in business living in Polk County, I was part of the Highway 81 Expressway, trying to get that moved through York, get it to connect with Norfolk. It's still on the waiting list. Senator Hansen talked about the Wahoo project. And all of you probably know I'm from Wahoo. I go back 50 years when my father-in-law said we're going to get a new road that's going to help Wahoo. Well, his thought was that that road was going to go through town. Well, it became an expressway and the expressway did not fit within the scope of downtown, and so it became part of the expressway system and it was going to go around Wahoo. And so people asked, what do the people of Wahoo think of this project, that it's going to go around town? Well, they've been waiting 50 years for an improvement of Highway 92 that goes through town. In the last 50 years, we've probably had some upswings in

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the economy. We've had some downswings. But we've never had a funding project that goes back 50 years until LB84 came in place. As a council member and then mayor of Wahoo, I attended that workshop in Omaha. I came down and testified a couple of times in support of LB84. Some people might say, well, Wahoo, you're getting your project now. I'm in a...Wahoo is in a group of statewide supporters of the expressway system and I still support that. Now as a senator that represents a larger district, there are other projects within the district that are part of the expressway system. I look at the northeast corridor and there's a lot of projects there. But I know there's projects out west because I've lived in several communities in central and western Nebraska. So this is a statewide effort. I do support AM2067. I believe the \$200 million is the right level for a lot of reasons. I think it matches up well with the time table of LB84 funding. I think it matches up better with the projects that the Department of Roads can accomplish in the time period. I think it allows them to plan ahead a little better. It takes several years in order to get a project ready to go. That includes design, permits, acquisition of property and the like. And I think this whole package matches up pretty well. I think we leverage, and that's sometimes good or bad, but I think we are able to accomplish projects that have been sitting out there for many years. I go through Missouri a lot and I've seen in the last 15 years how what I would call their expressway system has created economic development for Missouri. And I don't think they are probably as financially sound maybe as we are, and I don't know those facts. But I know our debt ratio is very, very low. And I believe the right process is bonding, and I will support AM2067 and I will also support LB1092. Thank you, Mr. President. [LB1092]

SENATOR WATERMEIER: Thank you, Senator Johnson. Senator Wallman, you are next to speak. [LB1092]

SENATOR WALLMAN: Thank you, Mr. President, members of the body. This troubles me somewhat. LB84, as you realize, I was on the losing end of that thing because we passed things down the road, we kicked the can because we didn't want to fund things then. And so if we actually needed that money we should have tacked a half percent sales tax on, but we chose not to do that. And so this here, how are you going to pay this off if revenue goes flat or goes down? You're expecting quite a bit out of LB84 I think because as I looked at the revenue forecast, we're pretty good times right now but expenses keep climbing, fuel keeps climbing, state expenses keep climbing, all these things as a state it costs us more to operate, as well as farming, anything. So expressways, I live on one, the Homestead Expressway. And it took Beatrice a long time to get one, so it's hard for me to vote against somebody else's expressway. But I have to agree with Senator Hansen here. We're used to paying as you go, whether it be...my constituents, I've talked to quite a few, a little sales tax increase on the gas wouldn't bother me because then we should have a different formula I think to fund this bond indebtedness to make sure we have something in place. So it's with a heavy heart I come against anything, but this here I'm definitely going to listen to what's going on and I'll definitely vote for the amendment. Thank you, Mr. President. [LB1092]

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SENATOR WATERMEIER: Thank you, Senator Wallman. Senator Harms, you're next to speak. [LB1092]

SENATOR HARMS: Thank you, Mr. President, colleagues. Senator Dubas, would you yield just to a couple questions, please? [LB1092]

SENATOR WATERMEIER: Senator Dubas? [LB1092]

SENATOR DUBAS: Yes. [LB1092]

SENATOR HARMS: Senator Dubas, as I looked at the committee statement, I noticed that the Department of Roads and the Nebraska Farm Bureau were not supporting this. Okay, let's start with Department of Roads. Could you kind of explain to us what happened there and why they're not supporting it, something that would be very helpful to them and they can move all their projects forward. Could you help me better understand where they're coming from? [LB1092]

SENATOR DUBAS: I think the main reason they came in, and testifying in opposition, was they felt like they didn't have the projects in the queue to be able to use bonding. And so they felt with the funding sources that were coming in under BNA that they were able to move things along in that fashion; also believed that maybe they didn't have enough staff on board. But again, with this option they'd be able to go out, get easements bought, which would help them move some of those projects up the queue. So I guess I'm not in complete agreement as to why they are opposed. [LB1092]

SENATOR HARMS: Okay. Now what about the Farm Bureau, because I would think that when you look at the Farm Bureau and where I live, for example, all the heavy trucks in harvest time really destroys those roads and they're just not able to keep up with them--why would they take that position? [LB1092]

SENATOR DUBAS: They have had a longstanding policy against bonding. It's pay as you go. I know they came in and testified in support of LB84. But they did say that they were not in support of the bonding component of LB84 either just because of that longstanding policy. [LB1092]

SENATOR HARMS: Okay. Also, when I look at the priority list by year by the Department of Roads, I...you know, the 2014 through 2015 and 2016 through 2019 and 2020 through '23, I see very little that is going to rural Nebraska. And that really does concern me because, at least where I live, there's a lot of need for the roads. And you know, our expressway between Kimball and Scottsbluff took 20 years to finish and after we finished it we needed to start repairing the rest of the road again. I mean, how...is there going to be any hope at all here for rural Nebraska with these issues? I know that

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we have the expressway, the Heartland Expressway, from Alliance to Scottsbluff in that mix, which is important, but that whole highway needs to be completed from there to Colorado because that's the key to what happens to rural Nebraska. And as times change and more shipping is going to take place, it's going to go up and down that corridor and it's really critical for what happens long term for where I live. I guess that's my concern is I don't see what should be here to help rural Nebraska, you see most of it back here in Lincoln and Omaha and I can understand after being here, the population and the use of the traffic. But what are your thoughts about this? [LB1092]

SENATOR DUBAS: Well, these are the projects that have already been identified by the department for the Build Nebraska Act, and this bill allows bonding that will be used for those specific projects as well. So I'm not going to disagree with your comments at all about making sure we have the proper infrastructure across all of Nebraska, rural as well as urban, but the way the projects have been prioritized right now, that's something that's been done previously. We didn't look to change any of that, so I wouldn't see these priority projects changing. Although, if we can move projects up, maybe we can get some of those other projects in the queue quicker. [LB1092]

SENATOR HARMS: Well, I'm in hopes of that because, you know, originally I supported this and I supported it on the basis that there would be at least a little bit of a glimmer of hope for rural Nebraska, and I don't see it here. And so... [LB1092]

SENATOR WATERMEIER: One minute. [LB1092]

SENATOR HARMS: Thank you, Mr. President. So I'm hoping that we can move the projects forward and hopefully fund this. I am going to support the amendment because I think the amendment is a good amendment. And I'm also going to support the underlying bill. But I'm doing this with some reservations, okay? And I just want to make sure that rural Nebraska gets a fair treatment in this because they need help with their roads. There are bridges that need to be repaired. You know, we're an agricultural community. We haul our cattle and we have heavy loads with our beets and beans and everything, taking it to market. That needs to be taken into consideration. I can also tell you that it's important for the economic development side of rural Nebraska because most companies want to have access to transportation, either the airlines, good roads, and also telecommunication. Thank you, Mr. President. [LB1092]

SENATOR WATERMEIER: Time, Senator. Thank you, Senator Harms and Senator Dubas. Mr. Clerk for an announcement. [LB1092]

ASSISTANT CLERK: Thank you, Mr. President. Revenue will hold an Executive Session at 10:30 in Room 2022.

SENATOR WATERMEIER: Thank you, Mr. Clerk. Next in the queue is Senator Brasch,

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Senator Dubas, and Senator Smith. Senator Brasch, you are recognized. [LB1092]

SENATOR BRASCH: Thank you, Mr. President, and good morning, colleagues, friends all, and Nebraskans. Eyes have been upon the roads for many years. This is not the first discussion about our roads nor will it be our last. My concern was when the director of the Department of Roads did not support this and showed up as an opponent. And I have since then heard dialogue on the floor. I have personally visited with him one on one about his concerns. But I do remember in the year 2010, I was not elected then, but I did attend a conference on funding of roads. It was held in Omaha and I believe it was called the Nebraska Transportation Funding Conference. Senator Fischer was on board then taking a leadership role in that, as well as LB84, and there were various transportation interests statewide attending this. That conference included diligence and research from surrounding states, many roads options, and I do clearly remember that bonding was a concern then. And I don't have a transcript of that meeting. I did e-mail Roads momentarily ago. But they did see a definite downside and perhaps someone who attended it can clarify what that is. All that glitters is not gold. Put it simply, that we do need to take a look at bonding is a debt. It is a responsibility that we will need to account for and bear the burden of that. LB84 took many years in the making and is now just starting to work. Are there guarantees that bonding will get to our rural roads? I have been with the Roads Department, with the crew members day in...every year, one day, and from morning until dusk, looking at our roads. Work is to be done and funding is there and I believe that it would not be prudent to put that long work that was done on LB84, to take that lightly, to put that on the back burner, because it is working, it will work. I also wanted to make note that as we look at our roads and we see the progress that is being made, what are the guarantees that this bonding will get on Highway 275? Are there any? And perhaps those questions can be asked. When the Roads Director, whose heart and hard work is in on the roads and the completion of the roads, I believe that we should listen carefully to his testimony. That is his role. We talked yesterday about the Appropriations Committee and their role, that we needed to trust their decisions and their direction and move forward by their recommendations. Well, Director Peters made the recommendation that we should not bond, that we should take time and let LB84 do its job. And so as a safety mechanism AM2067 is prudent, but I cannot support LB1092 because I don't believe that this is the magic bullet to getting to many of our roadways. Highway 75, you know, Highway...you know, it goes on and on. [LB1092]

SENATOR WATERMEIER: One minute. [LB1092]

SENATOR BRASCH: But we need to realize that bonding is a debt. We're looking for property tax relief and I believe that would put that at risk. So thank you, colleagues, and thank you, Mr. President. [LB1092]

SENATOR WATERMEIER: Thank you, Senator Brasch. Senator Dubas, you're

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recognized. [LB1092]

SENATOR DUBAS: Thank you, Mr. President. And I just would like to thank my colleagues this morning, this is a great discussion, a great debate, because this is a very important policy decision and it's a decision that carries a huge amount of responsibility with it, as with most of the decisions we make here. But we're looking to go down a road, so to speak, that we just have not been real willing to go down in the past. And as I stated in one of my introductory comments, it's time for us possibly to look at other alternatives to roads funding because our existing structure just isn't quite getting us where we need to be. You know, the last time that the state looked at authorizing bonds was in 1980, and that's when the Nebraska Highway Bond Act was passed, because they were looking at a 20-year overhaul and rebuilding our state expressway system. But those bonds would have required repayment by the gas tax, and there was not the political will then, nor do I believe there is the political will now, to raise the gas tax to the level that it would need to be to take care of these funding issues. And so again that's why I believe LB1092 provides that alternative. I want to remind the body that just because this bill says that you can bond to \$200 million does not mean the Department of Roads will. That means that this is a tool available to them. This is something they have available to them to use, whether it's simply to buy right of way, whether it's to begin that preliminary planning to get roads moving, whatever it takes to go that direction. And while the Department of Roads came in, in opposition to the bill, the Highway Commission came in, in support. In fact, one of our hearings that we had in the Transportation Committee for confirmation for the Highway Commission, one of the Highway Commissioners even said, you know, we really hope that you can get LB1092 passed. Again, they're viewing this bill as a tool in their toolbox. They're not saying that they believe that they'll use it right away--maybe they will, maybe they won't--but having this available to them as they continue to do their planning and look at roads. And I certainly agree with what Senator Harms and Senator Brasch said about making sure that we're looking at our rural roads and our needs out there. Getting those north-south expressways completed are an important part to the economy. So again, I want to emphasize the fact that just because this says \$200 million does not mean that the state is automatically going to go out and sign a note for \$200 million and be on the hook because the feeling that is in this legislative body about being conservative and being very careful when it comes to borrowing money certainly extends over into those other agencies as well. I also wanted to talk about some of the safeguards that are built into the bill so that we don't overextend ourselves, and that's the portion of the bill that says that the bond repayments can't exceed 50 percent of the money that's deposited in the Highway Cash Fund. So there is another check and balance. I know, even though the bill caps the interest rates at 5 percent, we are certainly not at 5 percent interest rates right now. We are in the 3 percent range. And I know with our favorable credit rating we would very likely receive the lowest interest rates that are available out there. Someone mentioned the fact that this bill references funds of other sources. You know, that's original language. That's not new language. I referenced that the Highway Cash

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Fund is pledged. That's the collateral. That's the money that gas tax and motor vehicle registrations and all those other things go into. That's the money that is pledged.
[LB1092]

SENATOR WATERMEIER: One minute. [LB1092]

SENATOR DUBAS: But only under dire circumstances would that money have to be tapped into to pay bonds. So, you know, again, I think that these are really good conversations that we're having. It's a policy discussion and decision that will have to be made. Roads funding, financing, is going to be an ongoing discussion as we move forward, making sure of preservation and maintenance but also making sure that we're getting capital improvement projects completed. You know, Senator Mello mentioned some projects that we have already committed ourselves to, the vet diagnostic lab, the nursing school. When you look across the state--excuse me--across the country in looking at what other states have done, capital improvement types of projects just tend to lend themselves towards this type of an approach because of the cost and the amount of time that it needs to get them completed. And so, you know, waiting until you have all of the money in the bank before finishing those projects more often than not will end up costing you more money. [LB1092]

SENATOR WATERMEIER: Time, Senator. [LB1092]

SENATOR DUBAS: Thank you. [LB1092]

SENATOR WATERMEIER: Senator Smith, you are recognized. [LB1092]

SENATOR SMITH: Thank you, Mr. President, and good morning, colleagues. As a member of the Transportation and Telecommunications Committee, I did want to stand and speak on this particular bill and be on record as to my thoughts and my opinions. I am not opposed to bonding in concept. I do believe that it's an acceptable funding method. But I do rise in opposition to LB1092. And LB1092, though well-intentioned, I believe has more risks than it does benefits. With LB84 we were provided a dedicated source of road construction funding. My concern is that with the passage of LB1092, if LB84 resources were cut in the future and that's the ability of a future Legislature to do, then that Legislature would have no choice but to either cut other critical spending or to increase the motor fuel tax. And I believe if faced with some of those tough choices, there could be an interest in increasing the motor fuel tax which, frankly, would have an effect on businesses and families in this state going forward. There would be unintended consequences, in my opinion. I do not believe that we are able to or that we should be able to obligate future Legislatures. And so in my opinion, colleagues, I rise in support of AM2067 and stand in opposition to the passage of LB1092 and ask for your no vote on that bill. Thank you. [LB1092]

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SENATOR WATERMEIER: Thank you, Senator Smith. (Visitors introduced.) Senator Hansen, you are recognized. [LB1092]

SENATOR HANSEN: Thank you, Mr. President and members of the Legislature. I want to get Senator Mello's ear for just a moment and remind him that my rules of the road and road construction had nothing to do with UNL because they bond fairly regularly. This is rules of the road. This is bonding for road construction. Rule number one: Pay as you go. Rule number two: Refer to rule number one. This is a pay-as-you-go state. I'd like to ask somebody but I'm not sure who to ask. I have a series of questions. But does anyone in here happen to know the average household credit card debt? The average household credit card debt across the nation: \$17,000. Do we want to look like America? We don't want to look like America in that sense. Once you get into bonding, I mean, it's a loan. I think it's going to be an ongoing thing. We're going to wish to bond more and more projects. And once you get those bonds, they're stretched out for so long, you're paying on them for so long, by the time you get the bond paid off it's time to get another bond to complete the project that you started. Would Senator Johnson yield, please? [LB1092]

SENATOR WATERMEIER: Senator Johnson, would you yield to a question? [LB1092]

SENATOR JOHNSON: Yes, I will. [LB1092]

SENATOR HANSEN: Thank you, Senator Johnson. I know you've been around the state, lived in various places around the state. I don't know if that's a credit problem or what, but I do know you've lived in several different places. You mentioned Highway 92 and Highway 77 and the junction north...or south and west of...mostly west of Wahoo. Can you tell us what happened with Highway 92 at some time in the past? [LB1092]

SENATOR JOHNSON: Well, Highway 92 goes through Wahoo. It goes, well, of course, way across the state, and it comes right through the west edge of the downtown district and right through residential. And the original plan was to try and follow that through town. But then when it became an expressway plan or now sometimes called bypass, but it was originally planned to go right through town, it got moved out to the edge of town. So what's going to happen when the expressway/bypass is completed probably sometime next year? The state will turn back to the city the route that is the Highway 92 through the city limits of Wahoo, and then it becomes a city street again and the city then will refurbish or do whatever they want to do to it in order to bring it back to what we may call a very wide city street. [LB1092]

SENATOR HANSEN: Thank you. And then Highway 77 will be the main route of the now...Randy...with... [LB1092]

SENATOR JOHNSON: Right, yes. [LB1092]

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SENATOR HANSEN: ...what the Department of Roads calls this the Highway 77 Wahoo Bypass. I mean, that's...those are his words. That's what... And now when I go to Valley to see our kids we won't have to go through Wahoo, we won't have to stop at that darn stoplight, and we'll just keep going around the lake and on to Valley and up Highway 77. But just...what do you think of the bypass idea? I mean, you're affected directly with it. [LB1092]

SENATOR JOHNSON: Well, and I think most of the people are aware that we have our niche businesses in town, if you're familiar with some of them. [LB1092]

SENATOR HANSEN: I am. [LB1092]

SENATOR JOHNSON: There's not a lot of retail in Wahoo. We don't have... [LB1092]

SENATOR WATERMEIER: One minute. [LB1092]

SENATOR JOHNSON: We don't have people stopping there. We're too close to Lincoln, Omaha, and Fremont, and too many people work in those other three towns. And so we don't have a big retail presence. We've got to focus a little bit different. And I believe that with the lake north of town and this bypass going right over the dam we're going to see new development in Wahoo. At some point in time they'll be able to call Wahoo "Old Town" Wahoo and people will go there just because of its uniqueness. [LB1092]

SENATOR HANSEN: (Laugh) You hope. Thank you, Senator Johnson. [LB1092]

SENATOR JOHNSON: Thank you. [LB1092]

SENATOR HANSEN: Senator Harms, would he yield, please? [LB1092]

SENATOR WATERMEIER: Senator Harms, would you yield? You have 20 seconds left, Senator Hansen. [LB1092]

SENATOR HANSEN: Oops. I'm sorry. I'll get to Senator Harms later. I made him stand up, but it's exercise, it's okay. Thank you, Mr. President. [LB1092]

SENATOR WATERMEIER: Thank you, Senator Hansen and Senator Johnson. Next in the queue to speak is Senator Scheer, Senator Christensen, and Senator Chambers. (Visitors introduced.) Senator Scheer, you are recognized. [LB1092]

SENATOR SCHEER: Thank you, Mr. President. I almost forgot what I was going to be saying. We've had a lot of conversation in regards to this. But I just wanted to talk about

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one point to the extent that we have sort of a circle of life for the state of Nebraska. And as a state government, we have an interest in providing schools; we have an interest in providing social services; we have an interest in providing public safety; we have an interest in providing infrastructure, including roads. And if you can envision it, it really is a circle because if you don't have good schools, you won't attract people. If you don't have good roads, you probably won't have commerce in your area, which means if you don't have commerce you won't have population so you won't have schools. And if you don't have schools and you don't have commerce and you don't have the population, you sure won't have an infrastructure. So they all sort of go together. One is not necessarily more important than the other, but they're all dependent upon each other. Roads are an important part of that circle. And as we look forward, trying to implement a high-quality infrastructure in the state of Nebraska and especially in rural Nebraska because some of these are in rural Nebraska...and I've got to tell you, I don't have a lot of skin in the game because these projects, at least the first 10 or 12 of them, really don't come too close to my district. But they're still worthwhile; they still bring people and industry and commerce and tourism to all parts of the state of Nebraska. They bring mobility to the larger communities in the state of Nebraska because we can move traffic in a more efficient, effective, and safe manner. We really need to look at how the advantages of putting more improvements in our roads in a much more accelerated manner can help not just a certain area of the state, but it truly helps the entire part of the state. There's been a lot of conversation about what are we going to do if we have a significant downturn. Well, Senators, we take a leap of faith every day with every bill that we pass that has an A bill on it. There's no guarantee that next year we'll have the funds needed that we've obligated ourselves to. There's no guarantee in life that, come October of this year, that our revenue stream will not be what it's needed to be in order for us just to meet this year's obligations. Every day, every time we take a vote, we take a leap of faith that what we are doing is in the best interest of the constituents and the population in the state of Nebraska. This is one of those times, just like any other. It is a leap of faith. You have to believe in our state, you have to believe in the people, and I do. [LB1092]

SENATOR COASH PRESIDING

SENATOR COASH: One minute. [LB1092]

SENATOR SCHEER: And for that matter, I will be supporting AM2067 and LB1092 because they truly are the right thing to do. They promote what we need to do in Nebraska. And it's not just roads. It's social services, it's public safety, it's infrastructure, it's Nebraska. Thank you, Mr. President. [LB1092]

SENATOR COASH: Thank you, Senator Scheer. Senator Christensen, you are recognized. Senator Chambers, you are recognized. [LB1092]

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SENATOR CHAMBERS: Thank you. Mr. President, members of the Legislature, this is one of those bills that I feel like going to the mat on. But I'm going to support the amendment and I haven't decided how much I'll fight the bill. I think it's bad public policy. I think it's politicizing even more road building. And for people who are naive enough to think that you get wise people who are going to sit down and say, these are the best roads that would be in the best interest of the most people and the state, they are living in la-la land. These people are politicians and that's why some roads get built and others don't. It's why some areas of the city get roads and a lot of money and others don't. Politics governs everything. And that bill that you all foolishly, those of you who were here and voted for it, that Senator Fischer pushed through and rode to a seat in the U.S. Senate, was the first big step toward politicizing road building and it's going to forever be that. This is not needed at this time. I have yet to have somebody show me where there is not enough wherewithal to build a road which is on the drawing board to the point where construction can begin within a reasonable amount of time. It's like saying, I know that such and such an agency is going to need so much and so much money because their work is based on population and I believe in ten years this is the population, therefore, we're going to appropriate this money and earmark it and put it someplace so it's there for them ten years from now when they might need it. And that sounds preposterous, but that's the way I view this, and I think it ought not to be done. I would like to ask Senator Dubas a question, and I'm not going to engage her in a lot of back-and-forth. Senator Dubas, which project is the impetus for this bill? [LB1092]

SENATOR DUBAS: There's no particular project from my perspective. [LB1092]

SENATOR CHAMBERS: Has anybody who has supported the bill mentioned a project which provides impetus for a bill like this which is opposed by the ones mentioned by I think maybe Senator Brasch or whoever mentioned the opponents? [LB1092]

SENATOR DUBAS: Oftentimes the Heartland Expressway is referenced as something that they want to see get going. The Lincoln South Beltway is a project that people would like to see going. But from my perspective and from me working on this bill, no project has... [LB1092]

SENATOR CHAMBERS: Thank you. Members of the Legislature, you don't need this. When times seem to be flush, people are foolish. Before Senator Hansen mentioned about the credit cards, I showed to Senator Adams and Senator Avery, who was here, where I wrote the word "plastic." Then I put a dash and "not money." People get in trouble with the plastic because they don't see it as money. You don't put cash down and get a product or a service. You get the service and then you think, well, later on I'll pay for it and I'll be able to pay for it. But when you have to spend money, a lot of things that you do with a credit card you will not do. A state is presided over by people. And if the people who are supposed to be wise are going to put in place something which, by analogy, is like a credit card and it's not even needed, why are you doing it? If I'm the

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credit card company, then I'd want you to get the credit card; and just for having it you give me so much money for the privilege of having the card whether you use it or not. This is not anything in the interest of the public. Is Senator Avery in the house? By that I mean in the Chamber. [LB1092]

SENATOR COASH: Senator Avery, are you in the house? Would you yield? [LB1092]

SENATOR CHAMBERS: If he would yield...Senator Avery, when you were speaking you had mentioned Minneapolis but you had... [LB1092]

SENATOR COASH: One minute. [LB1092]

SENATOR CHAMBERS: Oh. Is it...may I go on? [LB1092]

SENATOR COASH: One minute. [LB1092]

SENATOR CHAMBERS: Are you going to take from me the seconds that it took for you to clarify? Thank you. Senator Avery, you meant to say, I'm sure, the state of Minnesota and the state of Missouri, and the amount you mentioned for Minnesota was \$4.5 billion. [LB1092]

SENATOR AVERY: That is correct. [LB1092]

SENATOR CHAMBERS: And that... [LB1092]

SENATOR AVERY: And you're right. I think I said Minneapolis... [LB1092]

SENATOR CHAMBERS: Right, but I corrected. I said... [LB1092]

SENATOR AVERY: ...instead of Minnesota. [LB1092]

SENATOR CHAMBERS: Right. I said I knew you meant the state of Minnesota... [LB1092]

SENATOR AVERY: Right. [LB1092]

SENATOR CHAMBERS: ...because of the amount. [LB1092]

SENATOR AVERY: That is correct. [LB1092]

SENATOR CHAMBERS: But that makes the record clear. And all of that was for road building, is that what you're saying? [LB1092]

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SENATOR AVERY: Yes. [LB1092]

SENATOR CHAMBERS: And how much of it has been expended? [LB1092]

SENATOR AVERY: I think they...first they had to end a program that had started in 2003 and ended in 2007; then they started the new program and I think they committed virtually all of the \$4.5 billion. And that added \$2.2 billion to the \$4.5 that the interest did. [LB1092]

SENATOR COASH: Time, Senators. [LB1092]

SENATOR CHAMBERS: (Laugh) Thank you. [LB1092]

SENATOR COASH: (Visitors introduced.) Senator Carlson, you are recognized. [LB1092]

SENATOR CARLSON: Thank you, Mr. President and members of the Legislature. And we are debating an important bill and an important concept today. Many times I've talked about the importance of roads and bridges in our state. It's important to our citizens and it's tremendously important to commerce because we've got to...we need a healthy, thriving economy with significantly increasing private-sector jobs to provide the services that our citizens need. And along with that, the difficult question to answer is really what services are really needed because we need to fund those and we've got to have the commerce to enable us to do that. I'm looking at a survey that was completed by 24/7 Wall St., and I really don't know much about them. It is an interesting survey and they do it every year trying to determine the states that are best run and those that are worst run. And in their report for 2013 they rate Nebraska near the top. We're the...according to them, we're the fourth best-run state. One of the things they say in there that many of the best-run states in the nation benefit from an abundance of natural resources. And we're not amongst those states that are mentioned but certainly, next to our people, our best natural resource is water. And we need to manage that very carefully and it makes a difference on where we come out in this comparison. According to them, North Dakota is the best-run state and Nebraska is the fourth best. According to them, the worst-run states are California, New Mexico, Illinois, Rhode Island, and Nevada. Now one of the things that they bring out in making the comparison, and it doesn't necessarily indicate where a state ends up, is the per capita debt. And Nebraska is second from the bottom on per capita debt. Actually, we'd like to be the bottom. At one time we were. But second from the bottom is a good place to be in terms of per capita debt. And so we're looking at roads bonding here and what kind of an impact would that have on our position on per capita debt. And I would like to address Senator Dubas if she would yield. [LB1092]

SENATOR COASH: Senator Dubas, will you yield? [LB1092]

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SENATOR DUBAS: Yes, I will. [LB1092]

SENATOR CARLSON: And, Senator Dubas, of course, bonding is borrowing and some borrowing is good and some of it's not so good. What do you think the current inflation is on road construction? [LB1092]

SENATOR DUBAS: The numbers I have are around 5 percent, ranging from 5 to 8 percent over the next several years. [LB1092]

SENATOR CARLSON: All right. If estimates are that currently it's around 5 percent, so next year it would be 5 percent more in order to build a completed project than it would be this year, is that right? [LB1092]

SENATOR DUBAS: Yeah. [LB1092]

SENATOR CARLSON: Or if in the next few years that gets up to 7 percent, it would be 7 percent more in the next year as compared to the current year, and that's the purpose of bonding, isn't it? [LB1092]

SENATOR DUBAS: Correct. [LB1092]

SENATOR CARLSON: To complete projects at the lower cost. But of course, that's got to be compared to the interest rates that you pay on the borrowed money. What's your best belief that current interest rates are on borrowed money for roads projects? [LB1092]

SENATOR DUBAS: Current interest rates on bonds are probably a little over 3 percent, in the 3 percent range. [LB1092]

SENATOR CARLSON: In the 3 percent range, so currently then we'd be comparing borrowing at 3 percent... [LB1092]

SENATOR COASH: One minute. [LB1092]

SENATOR CARLSON: ...to waiting until next year and paying 5 percent more. [LB1092]

SENATOR DUBAS: Correct. [LB1092]

SENATOR CARLSON: And if it gets up to 7 percent, we could look at a bigger discrepancy. [LB1092]

SENATOR DUBAS: Correct. [LB1092]

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SENATOR CARLSON: Okay. Thank you, Senator Dubas. And these are the questions that really need to be answered and that's what we consider in deciding whether or not to support LB1092 and AM2067. Certainly, I support AM2067 and I've got an open mind and I'm interested in listening to the rest of this debate. Thank you, Mr. President. [LB1092]

SENATOR COASH: Thank you, Senator Carlson. Senator Schumacher, you are recognized. Senator Brasch, you are recognized. [LB1092]

SENATOR BRASCH: Thank you, Mr. President, and thank you once again, colleagues, friends all. I want to also go into a little bit more detail. I have received more information from the Roads Department about the Nebraska Transportation Funding Conference. And it was a conference that was a result of LR152 and it was introduced by Senator Fischer who had held an interim study and the study was to examine several factors surrounding the state highways in Nebraska. In this LR, it provided an analysis of how local governments have fared under the state's highway revenue structure; and also within this it's a review of other states' alternative methods of funding highways, including but not limited to: bonding; implementing a vehicle miles traveled, VMT, system; tolling; using other private-public partnerships; and redistributing current state revenue. The conference that was held in August of the year 2010, it had nearly 300 individuals attending this conference. There were 33 state senators from that body. And in that conference that Senator Fischer and Senator Ashford held, they brought together Nebraska's political, business, and community leaders for a one-day session where presenters shared ideas on potential funding sources. They reviewed the state's transportation needs and they discussed economic impact of infrastructure. And during this conference they studied 31 different options very closely. There is a Web site that I'm sure Roads can also send you that outlines what the priorities were, what the ratings were, and what the options were. Although I was not a senator at this conference and I was there as the public, one of the people, the second house, I did take notes and listened to what other states who we mentioned are bonding, the downside of those results. Again, don't confuse all that glitters is gold. Bonding is a financial debt, an obligation. It is not the path to "Easy Street." There is something that we need to do here is respect the Department of Roads in their opposition to this and follow their plan. Let LB84 do its work as it was intended to. I am very confident that we will see the results. I would like to see the 20-year plan become not 20 years but look at things every 5 years out or less. You know, if anything, that is something we can do is reevaluate the plans and move forward with LB84. I do believe that if LB1092 were to move forward, it most definitely needs to have AM2067 within it. Thank you, Mr. President, and thank you, colleagues. [LB1092]

SENATOR COASH: Thank you, Senator Brasch. Senator Nelson, you are recognized. [LB1092]

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SENATOR NELSON: Thank you, Mr. President, members of the body. I guess the Revenue Committee is still in Executive Session. I had hoped to ask Senator Schumacher a question or two, but I guess I'll turn to Senator Dubas. [LB1092]

SENATOR COASH: Senator Dubas, will you yield? [LB1092]

SENATOR DUBAS: Yes, I will. [LB1092]

SENATOR NELSON: As Chair of the Transportation Committee, I'd call your attention to AM2067 and if you go to the top of page 9...well, let's start at the bottom of page 9 where in subsection (3) there the authority is given to issue up to \$200...well, aggregate...issuance of bonds in one or more series in an aggregate principal amount to be determined by the commission but not to exceed \$200 million. You see that there? [LB1092]

SENATOR DUBAS: Yes, I do. [LB1092]

SENATOR NELSON: And then it goes on to say: The outstanding aggregate principal amount of such bonds may exceed such limit--in other words, it'd be more than \$200 million--if and to the extent that they determine that the issuance of advanced refunding bonds under section 39-2226 in a principal amount greater than the bonds to be refunded would reduce the aggregate bond principal and interest requirements. Could you tell me what that means or give us an example of that. [LB1092]

SENATOR DUBAS: This is language working with bond counsel that would...excuse me. I'm having...sorry about that. Bond counsel suggested this language in the case of needing to refinance bonds. It's just...I guess it's pretty standard language in that sense. [LB1092]

SENATOR NELSON: You have to speak into the mike system. [LB1092]

SENATOR DUBAS: Sorry. It's...the bond counsel, in order...in case bonds needed to be refinanced, this is language that would allow them to do that. [LB1092]

SENATOR NELSON: Well, when it says "exceed \$200 million," what are we doing there? We're go along beyond the limits that we specify here. And would that be up to \$250 million then? [LB1092]

SENATOR DUBAS: Okay, going on to page 10 at the top where it talks about...only if it would reduce the aggregate bond principal and interest. [LB1092]

SENATOR NELSON: Okay. And I think... [LB1092]

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SENATOR DUBAS: I can make sure that I get that clarified for you... [LB1092]

SENATOR NELSON: Well,... [LB1092]

SENATOR DUBAS: ...because I know we can't go over the \$200 million, so just making sure that this...that I'm conveying to you clearly what that language means. [LB1092]

SENATOR NELSON: All right. So I think that you've already testified that at the current rate we might be able to borrow at the rate of 3 percent or something like that. [LB1092]

SENATOR DUBAS: In that range, yes. [LB1092]

SENATOR NELSON: And once again, on the inflation figures, your understanding is that it would be 5 percent a year over...and I think you've said over three or four years. Now that could be misinterpreted in...you know, 5 to 8 percent by the end of four years from now. But you're saying that it's an annual percentage increase of 5 to 8 percent. [LB1092]

SENATOR DUBAS: Correct, in that range. They're looking at inflation rates continuing to rise in that range. [LB1092]

SENATOR NELSON: So when you compare that there with the cost of inflation, the additional cost, with what we would be paying at 3 percent, there was a decided advantage here at 3 percent. [LB1092]

SENATOR DUBAS: Yes, there would be. [LB1092]

SENATOR NELSON: All right, thank you very much for answering those questions and... [LB1092]

SENATOR COASH: One minute. [LB1092]

SENATOR NELSON: Thank you very much, Mr. President. [LB1092]

SENATOR COASH: Thank you, Senator Nelson and Senator Dubas. Senator Watermeier, you are recognized. [LB1092]

SENATOR WATERMEIER: Thank you, Mr. President. Good morning, Nebraska. I really feel like I'm in a pickle on this bill. I'm a big person as far as belief in the infrastructure of this state. I'd hate to stand in the way of anything as far as roads, water, anything to do with infrastructure. But in theory, when I hear such concerns from the department, and I actually called some of the other people involved, and the testimony we read, some of

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the testimony, and I struggle with where we're going to go with this. If we were four, five, maybe ten years down the road after LB84 was in place and we really find ourself behind the eight ball, we're not getting things built and we have a waiting list and construction companies are waiting, they're ready to go, I'd probably be in favor of this. But I also have some concerns about how actually LB84 was enacted, and I was hoping maybe Senator Dubas could maybe share with me and the body a little bit of the history on LB84 a little bit. [LB1092]

SENATOR COASH: Senator Dubas, will you yield? [LB1092]

SENATOR DUBAS: Yes, I will. [LB1092]

SENATOR WATERMEIER: Senator, the question I have is in regards to the split in the \$65 million. I realize that's a quarter of a cent dedicated, and the idea was dedicated to the Roads Department. And Senator Mello had touched on this a little bit. But in there, there's a split. Some of it goes strictly to certain projects, and some of it goes to the Department of Roads. And can you help me out on the history of that a little bit? [LB1092]

SENATOR DUBAS: The money that is raised from the Build Nebraska Act goes into...I want to make sure I'm giving you the correct funds here. [LB1092]

SENATOR WATERMEIER: And my question goes to, and you can be thinking about this as you're looking, the question is going to be to the \$200 million that you're looking to bond, and we can't use all \$65 million of that to actually go towards the bonds. I think we're going to be limited to \$30 million or \$35 million. Is that correct? [LB1092]

SENATOR DUBAS: Correct. [LB1092]

SENATOR WATERMEIER: Okay. [LB1092]

SENATOR DUBAS: Correct. [LB1092]

SENATOR WATERMEIER: Expand on that just a little bit. [LB1092]

SENATOR DUBAS: All right. So the money that's generated by Build Nebraska Act, first of all, 15 percent of that is going to the counties and the cities. [LB1092]

SENATOR WATERMEIER: Yeah, yep. [LB1092]

SENATOR DUBAS: So that's off the table. The rest of it is deposited into the State Highway Capital Improvement Fund. And those dollars then are used specifically for the projects that are outlined by the department. [LB1092]

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SENATOR WATERMEIER: I think that's what I wanted to get clear. And maybe you had done that in the opening to the LB or maybe even the amendment from Senator Hadley...or, excuse me, the other way around. But that answered my question. Thank you. The concern I have now then is if we're only going to be limited to \$30 million to potentially pay off a \$200 million debt, and I haven't done the work amortizationwise, but it's just a little bit further than what I'd like to see. But I still struggle with the idea of stopping a roads bill, and I struggle with the whole idea that we're not going to fund these things. I'm going to support the AM but probably still struggle to support the LB. And even Senator Mello, if he's in the building...did he go back to his office? Yeah. [LB1092]

SENATOR COASH: Senator Mello, will you yield? [LB1092]

SENATOR WATERMEIER: How much time do I have left, Mr. President? [LB1092]

SENATOR COASH: 2:20. [LB1092]

SENATOR MELLO: Yes. [LB1092]

SENATOR WATERMEIER: Senator Mello, you brought up an interesting point. I started thinking about what you said earlier there. You did not support LB84 two or four years ago, whatever it was, is that correct? [LB1092]

SENATOR MELLO: Correct. [LB1092]

SENATOR WATERMEIER: You've changed your position today on this bill that you would support the bonding issue, but you would also have supported LB84 if it was up here today. [LB1092]

SENATOR MELLO: At this point in time, in relationship to this component, yes, because this was the one component of LB84 that I actively tried to convince members of the body to keep as part of that bill because it was the most, I thought, fiscally smart thing to do at the time. [LB1092]

SENATOR WATERMEIER: Okay. Well, that justifies, I guess, that. Thank you, Senator Mello. I know last year we had a bill introduced and I'm going to figure out who it was. I kind of forgot to look it up this morning. But I'm pretty sure we had a repeal of LB84 last year, so I think we need to be mindful of that very discussion that we had just in my term already. And so I really do want to get to the bottom of this. But I have two problems with the way the bill would be is we don't want to be limited to \$30 million a year that could go to amortize the payment of the \$200 million. And the other idea is I haven't heard a strong case yet from the department that really says, we're anxious for this. But

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I'm going to be the last person to stand up here and slow down an infrastructure project. Not only does it help rural Nebraska but it's critical to Lincoln and Omaha. I mean, just look what's going on right here in Lincoln, Nebraska. We can't get this beltway built around this city. They've been struggling for pretty much as long as I can remember. So with that I'll end, but I'm going to be against AM2067 and I'm going to be...excuse me. I'm going to be against LB1092 and I'm going to support AM2067. Thank you, Mr. President. [LB1092]

SENATOR COASH: Thank you, Senator Watermeier. Senator Chambers, you are recognized and this is your third time. [LB1092]

SENATOR CHAMBERS: Thank you. Mr. President, members of the Legislature, I am going to fight this bill. I'm looking at some of the language in this AM2067, and it says on page 1, starting in line 7...well, line 6: It is in the interest of Nebraska taxpayers...and I want you to listen to this slippery, undefined language. It is in the interest of Nebraska taxpayers to leverage historically low interest rates to offset the challenges that construction inflation and uncertain federal highway funding pose to adequately finance the state's infrastructure needs. I'd like to...well, I can't ask questions. I don't have enough time. But I'm going to be offering some amendments when we get to the bill that will give me a chance to do that. This language to me means nothing. And if anything, it shows how indefinite, imprecise, and what a castles-in-the-air type of bill and proposal this is. But beyond that, I look at those who supported the bill and those who were opposed to it. Why would the Nebraska chapter of Associated General Contractors support the bill? Obviously, they want the money. They were the ones who wanted that dedicated sales tax money. We may as well be frank, which people were not when that LB84 was before us. It was a boondoggle, it was a hustle, it was a political bill, and the one who brought it gained politically from it. And right now there are not projects needed. The Department of Roads opposed this bill. They are the ones who should benefit if this is necessary to carry out their responsibilities. There is some other language in this amendment that talks about highway projects identified and to be identified for funding under the Build Nebraska Act. By saying "to be identified" means that everything that's in that act right now can be scrapped. Then political interests could come into play and change that Nebraska Act or whatever it's called and substitute different projects that are not contemplated now, that are unknown now. And you're being asked to buy a pig in a poke and you don't even see the poke. You don't even know what's in it. Do you even know what a poke is? I'd like to ask Senator Wallman a question. Because my time is going to run out before I can say everything I want to say anyway, I may as well have a little fun. [LB1092]

SENATOR COASH: Senator Wallman, will you yield? [LB1092]

SENATOR CHAMBERS: Senator Wallman, have you heard the expression "a pig in a poke"? [LB1092]

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SENATOR WALLMAN: Yes, I have, Senator. [LB1092]

SENATOR CHAMBERS: What is a poke, if you know? [LB1092]

SENATOR WALLMAN: I think it's a pen. I'm not sure. [LB1092]

SENATOR CHAMBERS: You think it's a pen. Thank you. I'd like to ask...is Senator Hansen here? I'd like to ask... [LB1092]

SENATOR COASH: Senator Hansen, will you yield? [LB1092]

SENATOR HANSEN: Did you say Janssen or Hansen? [LB1092]

SENATOR CHAMBERS: Senator Hansen. [LB1092]

SENATOR HANSEN: Oh. Yes, I will. [LB1092]

SENATOR CHAMBERS: Senator Hansen, have you heard the expression "a pig in a poke"? [LB1092]

SENATOR HANSEN: Yes, I have. [LB1092]

SENATOR CHAMBERS: Do you know what a poke is? [LB1092]

SENATOR HANSEN: Well, a poke is a bag with all your worldly possessions. [LB1092]

SENATOR CHAMBERS: Would you say it again? [LB1092]

SENATOR HANSEN: It's a bag with all your worldly possessions. [LB1092]

SENATOR CHAMBERS: Thank you very much. It's a bag. And you could conclude almost from the statement what it is that it's some kind of a container. Somebody shows you a poke and say, buy it, there's a pig in there. [LB1092]

SENATOR COASH: One minute. [LB1092]

SENATOR CHAMBERS: And the price for pigs is such and such so you say, good night, I don't have any money but I got a credit card, how much do you want for this pig in the poke? Well, I'll say, about \$3,000. You've got it, because the plastic is not money. This bill is a pig-in-a-poke bill, except you have a chance to open the neck of that bag and look inside. There are no projects needed. The Department of Roads does not need this and, beyond that, is opposed to it. Where are the experts? Where is the

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expertise on road building? All of the aspects of it--letting contracts, laying out the road, getting the engineering done--and they're the ones who say, don't do it. So here is Senator Dubas, and she's a lovely person and I love her, except I shouldn't use that word because she's married. But short of that, I have great affection for her. But despite that, she brings me what she calls a boat. [LB1092]

SENATOR COASH: Time, Senator. [LB1092]

SENATOR CHAMBERS: Okay. Thank you. [LB1092]

SENATOR COASH: Thank you, Senator Chambers. Senator Wightman, you are recognized. [LB1092]

SENATOR WIGHTMAN: Thank you, Mr. President. If Senator Dubas would yield, I have a few questions for her. [LB1092]

SENATOR COASH: Senator Dubas, will you yield? [LB1092]

SENATOR DUBAS: Yes, I will. [LB1092]

SENATOR WIGHTMAN: Senator Dubas--and I know I've talked to you off the mike with regard to this--what is our current state fuel tax? [LB1092]

SENATOR DUBAS: Currently our Nebraska gas tax is at 26.4 percent; 18.4 cents of that is the federal tax. [LB1092]

SENATOR WIGHTMAN: And where does Nebraska on just the state tax rank among the states in the United States? [LB1092]

SENATOR DUBAS: We rank 26th lowest. That's according to the Tax Foundation. [LB1092]

SENATOR WIGHTMAN: And if it's 26th lowest or 26th highest, it'll be about the same place, I guess. [LB1092]

SENATOR DUBAS: We're right about in the middle, yes. [LB1092]

SENATOR WIGHTMAN: How much would a one-cent increase in the state gas tax provide? How many dollars would that provide? [LB1092]

SENATOR DUBAS: A one-cent increase in the state gas tax would raise about \$12 million. [LB1092]

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SENATOR WIGHTMAN: And that would be on an annual basis? [LB1092]

SENATOR DUBAS: Yes. [LB1092]

SENATOR WIGHTMAN: Thank you. You know, this is kind of how I look at this thing, the whole bill. I've calculated that if we have \$1.8 million, which is about the population of the state of Nebraska, the total amount that we would be borrowing if we borrowed the full amount, the \$200 million, would amount to about \$111, actually, \$111.11 per resident of the state of Nebraska. I think if we had to raise money to pay some of this, we could look at a possibility of raising the current state fuel tax by one cent a gallon, which would go a long ways. I think I heard somebody previously testify that...I'm not sure where I was getting with that. But at any rate, I think the \$2 million that we...I think I heard somebody say \$30 million is what it would cost on an annual basis. If Senator Dubas would yield again I might ask her if she knows that. What would the annual amount be if we were to borrow the full \$200 million and it was at 5 percent? [LB1092]

SENATOR DUBAS: When we did the original bill and putting the numbers together on borrowing \$400 million, the annual payment would be a little over \$29 million. We didn't refigure things for the amendment with the \$200 million, but it would be roughly half that. [LB1092]

SENATOR WIGHTMAN: Thank you. With that, you know, for me to look at the entire amount that we might be borrowing, I need to look at it on an annual basis of what it would cost, what are possibilities of raising that much money if we did, and we will, run into financial problems during the next 20 years, I'm sure of that, how much that would amount to if we had to raise one or two years. It would come to about \$10 million a year we might have to raise. That would be approximately the amount of a one-cent increase in the fuel tax. We rank 26th in that at the present time, so we're really relatively low. So it seems to me there is a lot of ways that we could look at to pay this off on not a very... [LB1092]

SENATOR COASH: One minute. [LB1092]

SENATOR WIGHTMAN: ...impossible way of handling it. So right now I'm looking toward supporting the bill. I still want to hear additional discussion, but right now I will look at supporting the bill. [LB1092]

SENATOR COASH: Thank you, Senator Wightman. (Visitors introduced.) Senator Nordquist, would you...you are recognized. [LB1092]

SENATOR NORDQUIST: Question. [LB1092]

SENATOR COASH: The question has been called. Do I see five hands? I do. The

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question is, shall debate cease? All those in favor vote aye; all those opposed vote nay. Senator Nordquist. [LB1092]

SENATOR NORDQUIST: Get a call of the house with call-in votes. [LB1092]

SENATOR COASH: Members, there has been a request for a call of the house. The question is, shall the house go under call? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk. [LB1092]

CLERK: 31 ayes, 0 nays, Mr. President, to place the house under call. [LB1092]

SENATOR COASH: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber, please return to the Chamber and record your presence. All unauthorized personnel please leave the floor. The house is under call. Senators Howard, Pirsch, Ashford, and Conrad, please return to the Chamber and record your presence. Senator Chambers, please check in. Senator Christensen, please return to the Chamber and record your presence. Senator Janssen, please return to your seat and check in. All members are present. The question for the body is, shall debate cease? Senator Nordquist is accepting call-in votes. [LB1092]

CLERK: Senator Murante voting yes. Senator Larson voting yes. Senator Ken Haar voting yes. Senator Howard voting yes. Senator Burke Harr voting yes. Senator Harms voting yes. Senator Ashford voting yes. [LB1092]

SENATOR COASH: Record, Mr. Clerk. [LB1092]

CLERK: 26 ayes, 9 nays to cease debate, Mr. President. [LB1092]

SENATOR COASH: Debate does cease. Senator Hadley, you're recognized to close on the committee amendment. [LB1092]

SENATOR HADLEY: Mr. President, members of the body, the committee amendment basically does three things. It reduces the amount of the bonding allowed from \$400 million to \$200 million. Two, it reduces the time period during which the Highway Commission may issue bonds to two years. Three, it requires the bonds carry a fixed interest rate which may be no higher than 5 percent. I would ask for your green vote on AM2067 because I think it does improve the bill. Thank you, Mr. President. [LB1092]

SENATOR COASH: Thank you, Senator Hadley. Members, you've heard the closing to AM2067. The question for the body is, shall the committee amendment be adopted? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk. [LB1092]

CLERK: 47 ayes, 0 nays, Mr. President, on adoption of committee amendments.

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[LB1092]

SENATOR COASH: The committee amendment is adopted. Raise the call. We return to discussion on LB1092. Mr. Clerk, you have an amendment. [LB1092]

CLERK: Senator Chambers would move to amend, Mr. President. (FA247, Legislative Journal page 876.) [LB1092]

SENATOR COASH: Senator Chambers, you're recognized to open on FA247. [LB1092]

SENATOR CHAMBERS: Thank you. Mr. President, members of the Legislature, we now have the committee amendment, which is the bill, and on page 1 of that amendment of this AM2067, which is now the bill, I want to go to page 1, in line 6, starting with the word "furthermore" and striking through the period in line 10. And I'm going to read the language that I'm striking: Furthermore, the Legislature finds that it is in the interest of Nebraska taxpayers to leverage historically low interest rates to offset the challenges that construction inflation and uncertain federal highway funding pose to adequately financing the state's infrastructure needs. Members of the Legislature, I would like to ask Senator Hadley a question. [LB1092]

SENATOR COASH: Senator Hadley, will you yield? [LB1092]

SENATOR HADLEY: Yes, I would. [LB1092]

SENATOR CHAMBERS: Senator Hadley, is this amendment that I'm talking to now one that you presented just now? [LB1092]

SENATOR HADLEY: Yes. [LB1092]

SENATOR CHAMBERS: And did this bill... [LB1092]

SENATOR HADLEY: The amendment changes the bill. [LB1092]

SENATOR CHAMBERS: Right. Did this bill come through your committee? [LB1092]

SENATOR HADLEY: Yes, it did. [LB1092]

SENATOR CHAMBERS: So you're familiar with this amendment language, so I'm going to ask you, what is the necessity of including this language that I'm attempting to strike? And if you want to go to the next item, what is the necessity of Section 1 with these legislative intents and purposes? [LB1092]

SENATOR HADLEY: Well, I think the intent was to give a reason that we have the bill,

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and I think the part that you're trying to strike puts it into a historical perspective that would give a reason to the citizens of Nebraska that we're going to...if we do enact this bill, Senator Chambers. [LB1092]

SENATOR CHAMBERS: Okay. Now in line 7, where it begins with the word "to"--"to leverage historically low interest rates." That language would have to be referring only to the interest rates that exist at the time we're considering this bill. Is that correct? [LB1092]

SENATOR HADLEY: That's correct. [LB1092]

SENATOR CHAMBERS: Now who determines what the interest rates are going to be in this country? [LB1092]

SENATOR HADLEY: The "Fed," I believe, has a lot to do with that. [LB1092]

SENATOR CHAMBERS: Now you're confident that there's going to be...is there a new person in charge of that "Fed"? And would you tell for the record what that term means, is referring to? [LB1092]

SENATOR HADLEY: The "Fed" is the Federal Reserve Bank, and it basically, through its open-market operations and such as that, basically deals with the level of interest rates in our country. And we do have a new chairwoman. [LB1092]

SENATOR CHAMBERS: And now sometimes I raise my voice, but I promise you on this bill I will not do any yelling. Would you please tell us the name of the new chair of the federal agency you just identified? [LB1092]

SENATOR HADLEY: Senator Chambers, I can find that name out, but it is not on the tip of my tongue. [LB1092]

SENATOR CHAMBERS: Were you listening to what I just said? [LB1092]

SENATOR HADLEY: I could tell you the last one, Senator. It was Chair Bernanke. [LB1092]

SENATOR CHAMBERS: But he's gone. [LB1092]

SENATOR HADLEY: He's gone. [LB1092]

SENATOR CHAMBERS: That's yesterday, and yesterday is gone. [LB1092]

SENATOR HADLEY: Janet Yelsen (sic)...Yellen. [LB1092]

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SENATOR CHAMBERS: See, I gave you a hint; I gave you the answer. Now how do we know that this new chairperson is not going to see something occur that might result in interest rates rising? We can't predict that, can we? [LB1092]

SENATOR HADLEY: No, we cannot. [LB1092]

SENATOR CHAMBERS: Do we know whether what's happening in Ukraine will have any impact whatsoever on interest rates in the United States? [LB1092]

SENATOR HADLEY: Senator, if I could predict interest rates, I would not be working here for \$12,000 a year. [LB1092]

SENATOR CHAMBERS: Right. You'd be a bookie and setting the line in Las Vegas. [LB1092]

SENATOR HADLEY: That's right. I would be setting the line. [LB1092]

SENATOR CHAMBERS: But you wouldn't bet. [LB1092]

SENATOR HADLEY: That's right. [LB1092]

SENATOR CHAMBERS: Now Russia is a very large producer of petroleum. Do you agree with that? [LB1092]

SENATOR HADLEY: I agree. [LB1092]

SENATOR CHAMBERS: And one of the top producers of natural gas? [LB1092]

SENATOR HADLEY: I agree. [LB1092]

SENATOR CHAMBERS: Now there is talk of imposing sanctions on or against Russia because of what's happening in Ukraine. [LB1092]

SENATOR HADLEY: I agree. [LB1092]

SENATOR CHAMBERS: The EU, or European Union, gets petroleum products and natural gas from Russia. Is that true or false? [LB1092]

SENATOR HADLEY: That's correct. [LB1092]

SENATOR CHAMBERS: Now when you have somebody who is providing, if not a lifeline, a line that makes it possible for you to continue to exist, is it likely that you're

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going to do something to alienate that supplier? [LB1092]

SENATOR HADLEY: No. [LB1092]

SENATOR CHAMBERS: So you wouldn't be looking for the EU to respond to some of the calls for very harsh action against Russia by members in the U.S. House and maybe the Senate. You're not looking for the EU to be influenced by those people to impose harsh sanctions of an economic nature against Russia? [LB1092]

SENATOR HADLEY: Senator Chambers, it's just out of my league to try and figure out what our House or Senate or the EU does. [LB1092]

SENATOR CHAMBERS: Okay. Let me ask you this: Are you aware that there are people in the U.S. Congress who are insisting on harsher action to be taken by America because America is perceived as being weak in the way this matter is being handled? Have you heard those kind of rumblings from Congress? [LB1092]

SENATOR HADLEY: Senator Chambers, I read this morning that they were likening this to the start of another Cold War and that we would increase our military presence in NATO and in some of the NATO countries. [LB1092]

SENATOR CHAMBERS: And this is coming from people in Congress? [LB1092]

SENATOR HADLEY: That's correct. [LB1092]

SENATOR CHAMBERS: Senator, who is authorized under the constitution to declare war? [LB1092]

SENATOR HADLEY: I believe it's the President. No? Congress? [LB1092]

SENATOR CHAMBERS: Yes. [LB1092]

SENATOR HADLEY: Okay, well,... [LB1092]

SENATOR CHAMBERS: Now if they want something done,... [LB1092]

SENATOR HADLEY: ...I had a couple more that I could have gone through. [LB1092]

SENATOR CHAMBERS: Right. If they want something done and they're blaming the President for being weak, they have the alternative. [LB1092]

SENATOR HADLEY: They do. [LB1092]

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SENATOR CHAMBERS: What harsh thing do they want? Cannot they declare war if they choose to? [LB1092]

SENATOR HADLEY: They... [LB1092]

SENATOR CHAMBERS: They can declare a war on Russia today if they choose, can't they? [LB1092]

SENATOR HADLEY: There is a difference between rhetoric and doing something, Senator Chambers. [LB1092]

SENATOR CHAMBERS: They can declare war based on the authority given them under the constitution. [LB1092]

SENATOR HADLEY: That's correct. [LB1092]

SENATOR CHAMBERS: They can declare war today on Russia, correct? [LB1092]

SENATOR HADLEY: They could. I would hope they wouldn't but they could. [LB1092]

SENATOR CHAMBERS: Senator, I'm going to say, like I've said before, Your Honor, would you tell the witness to be responsive to the question? Senator, can Congress today, based on the authority given to them under the United States Constitution, declare war on Russia? [LB1092]

SENATOR HADLEY: Yes. [LB1092]

SENATOR CHAMBERS: Thank you. Members of the Legislature, that's the same kind of "fat-mouthing" we have around here. People are going to say, do this, do that, do the other, and they have the power to do the thing that will show how strong America is, how powerful America is, how they're not going to stand for Russia going into Ukraine and taking over Ukraine's navy, stealing half of the country, and incorporating that into Russia. It can be stopped or, at least, the Congress can do what it has the power to do instead of just "fat-mouthing" and saying, do something more, but they don't suggest that something more. I say this is the time at last for the nuclear option. We don't want this posturing. We know that Putin thinks that he is a "He-Man." Why, I saw pictures of him riding a horse bare-chested. I saw him posing with a leopard or tiger cub--mountain lion, somebody said. (Laughter) I'll buy that. That gives me more respect for him now. But we know he's a man who understands machismo. So America, through Congress, ought to declare war on Russia. America has ICBMs, international (sic--intercontinental) ballistic missiles...intercontinental ballistic missiles. "General" Garrett could tell you more about this than I'm telling you. They've got nuclear-powered submarines; they've got several aircraft carriers. It wouldn't take them long to move them to be in a proper

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position. They've got drones; they've got fighter bombers; they've got stealth bombers. They've even got airplanes that don't always work all the time but they fly very, very fast, faster than any fighter planes that America has had today. And I'm beginning to see that this American Congress is finally standing up to Russia. Why, they're communists on top of everything else. [LB1092]

SENATOR COASH: One minute. [LB1092]

SENATOR CHAMBERS: What was that? Oh, I mean, what was that, Mr. President? [LB1092]

SENATOR COASH: One minute. [LB1092]

SENATOR CHAMBERS: Okay. I might carry on that subject a little more later. But right now I don't think this language that I'm addressing in this bill is essential. It could even come back to haunt the Legislature. We really don't control world events. We know that America's economy is tied into the world or the global economy. To make statements such as this, that these historically low interest rates and suggest they're going to be there for any extended period of time or that they'll go away, is strictly speculation. Thank you, Mr. President. [LB1092]

SENATOR COASH: Thank you, Senator Chambers. Members, you've heard the opening to FA247. Senator Carlson, you're recognized. [LB1092]

SENATOR CARLSON: Thank you, Mr. President. And members of the Legislature, I don't know how many of you have seen the ten-year Build Nebraska Act project list which includes the roads. And I've got a copy of that in front of me. And one of the things that it's no secret that I've been concerned about as we move along, and Senator Harms referred to it as well, how does all this look to impact both urban and rural Nebraska? And as I look at this list, I think there is some balance in it and there are projects here that go in the direction of both urban and rural Nebraska. That would be very, very important going forward that we don't have one favorite over the other, and I really don't see it in this ten-year list. The fact of the matter is that in the past things have looked like they're going to be completed in the next few years and then when the few years go by there's a new list and one of the things people really wanted is also now in a different order and it's down at the bottom of the list. And I would hope that doesn't happen here with the Department of Roads and how they are indicating that they intend to proceed forward because in Nebraska, in order to make things work as smoothly as they should and could, we've got to have both urban and rural Nebraska prosper, and good roads are important across rural Nebraska, also urban Nebraska, and it still gets down, I think, to the bottom line: When rural Nebraska prospers, everybody does. But I'm not complaining about this list that I'm looking at. And if...those of you that haven't looked at it, I would encourage you to do so and it may help some of your thoughts

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about LB1092. Thank you, Mr. President. [LB1092]

SENATOR COASH: Thank you, Senator Carlson. Senator Schumacher, you're recognized. [LB1092]

SENATOR SCHUMACHER: Thank you, Mr. President, members of the body. The reasons for this particular piece of legislation I think are that the probable set of events into the future, highly probable, is that sometime over the next 10-20 years, maybe as soon as three years out, we're going to see inflation at greater than 5 percent in our construction cost. That being the case, 5 percent or less interest is simply extra revenue that we have to pay for other things. Right now, nationally, there are people who are unemployed. There are construction companies who still have a situation where they're looking for work. We can get them to work now cheaper than we can get them to work should the national economy fully recover. And we have a situation where because of the Great Recession and because of the actions of the Federal Reserve and the European Central Bank, we have very low interest rates which we pretty much can rely on for the next two to three years. The federal government or the Federal Reserve has issued its forward guidance letters to tell us that it's going to do that, that it's going to engage cautiously in its reduction of its bond buying. And to the extent that is not true, we're in a whole lot more hurt than what would be resulting from these bonds. We are...if you can't rely upon the forward guidance of the "Fed" at this point, our markets are in great instability. Now having said that, I think...would like to approach this from a little bit different perspective, and it's one that ties back into our property tax dilemma. The highly inflated land prices which seem to be continuing to inflate are a curse on agriculture and our landowners. They help only land speculators and heirs who are intending to sell the family farm as soon as Mom and Pop pass away. Those land speculators...that land inflation is due in large part to conservative investors with cash not having a place to put their money, being afraid of the stock market and being able to get virtually no interest at the local bank. From their perspective, and I've talked on their behalf and the behalf of the savers of Nebraska many times, they would like a place to put their money. If these bonds sell, and it's only \$200 million of them, they will bring in interest of about 3.5 percent tax free, or net of about 5-6 percent to investors. That is a place for these people who are running up the land prices to put their money. It also cycles our money back through the system. We have this money in our system. And Senator Bloomfield raised a question before with me. He said, well, how do we guarantee that just some big banker doesn't come picking these up? I talked to the bond people and they tell me that should this pass there will be two bond placements, two offerings, one directed to the general public for the person who's got some money in a savings account or wants to buy a bond for his IRA to go place their money, getting the 3.5-ish percent or so; and if it's not in a tax-exempt IRA or something, that's tax-exempt money for them in their own retirement accounts. From the perspective not of roads--roads are important and this is a good plan done in very, very limited moderation... [LB1092]

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SENATOR COASH: One minute. [LB1092]

SENATOR SCHUMACHER: ...but also from the perspective of our savers, let's give Nebraska savers something that they can believe in, something where they can see their dollars at work, not shipped off in some treasury bond someplace, and let them draw a respectable rate of interest. And maybe that will help ease this curse that we have with property taxes where they're investing in land and driving up the price of land simply because they feel there's no place better to put it. This does our savers, as well as our drivers, good in a very moderate way and in a very effective way that is as safe as you're going to get in today's world when you calculate out all the benefits and all the probabilities. Thank you. [LB1092]

SENATOR COASH: Thank you, Senator Schumacher. Senator Bloomfield, you're recognized. [LB1092]

SENATOR BLOOMFIELD: Thank you, Mr. President. I'd like to ask Senator Schumacher a couple questions. [LB1092]

SENATOR COASH: Senator Schumacher, will you yield? [LB1092]

SENATOR SCHUMACHER: Yes, I will. [LB1092]

SENATOR BLOOMFIELD: Thank you, Senator Schumacher. You fairly well explained how that bonding system would work. Can you give me any idea, and this is kind of a blindside question, how large an investment a private investor would have to make? Do you know how that system works? I've never bought government bonds or state bonds. I don't know how it works. [LB1092]

SENATOR SCHUMACHER: I think that the underwriters will issue these things in buyable amounts, my guess, somewhere in the neighborhood of \$500 to \$1,000 a bond, something that a saver would be well...you wouldn't have to buy \$100,000 worth. [LB1092]

SENATOR BLOOMFIELD: Okay. Thank you. And you think we would get those at 3.5 percent or so, it certainly would be an improvement over where we're...anybody that's got \$8,000 or \$10,000 put now can get. But would somebody like, I'll pick a name out of the hat, Warren Buffett, be able to come in and just buy them all? [LB1092]

SENATOR SCHUMACHER: As I understand the placement program that this bond expert out in the Rotunda told me, would make these available to Nebraskans. The first wave would be available to Nebraskans, individual investors. Warren would have to stand in line with everybody else, I suspect. I don't suppose you could outlaw him from

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bidding, but my guess is he's got a place where he can invest money and get a whole lot more than 3.5 percent. [LB1092]

SENATOR BLOOMFIELD: Probably he does. But I somehow don't see this trickling down to the investor that's got \$1,000 he can put in, or even \$5,000. I do appreciate you bringing the point up, and that side of it is good if it wasn't in fact a bad investment to start with. The idea of us going in debt when we are a pay-as-you-go state certainly doesn't appeal to me. The idea of allowing our investors to maybe draw a little higher interest rate, that does appeal to me, but not at the expense of the state budget ten years out when we're trying to pay these bonds back and we're spending \$10 million a year in interest. Thank you, Mr. President. [LB1092]

SENATOR COASH: Thank you, Senator Bloomfield. Senator Hansen, you are recognized. [LB1092]

SENATOR HANSEN: Thank you, Mr. President, members of the Legislature. I wonder if Senator Harms would yield, please. [LB1092]

SENATOR COASH: Senator Harms, will you yield? [LB1092]

SENATOR HARMS: Yes, I would, Mr. President. [LB1092]

SENATOR HANSEN: Thank you, Senator Harms. I went to Scottsbluff a couple of weeks ago, forgot where the high school was so we...when we were coming up across the Wildcat Hills which my wife likes to see, but we were in a hurry, probably not exceeding the speed limit, but we came across the Wildcat Hills, saw this sign that said...I thought it said Scottsbluff, but we got on this big loop. And can you explain to me what that big loop is? Because when we got to the end of the big loop, we could either go east or west back to Scottsbluff and that's the way I went. I think I might have even gone back through Gering because I knew (inaudible) that was. [LB1092]

SENATOR HARMS: Yeah. There's...as you come in on that highway, you have actually three options: you can go into Scottsbluff or you go straight into Gering and go on straight past that, take the big bypass and come back around. [LB1092]

SENATOR HANSEN: So you have two bypasses in Scottsbluff/Gering area? [LB1092]

SENATOR HARMS: Well, we have an overpass. Excuse me, we would have an overpass. [LB1092]

SENATOR HANSEN: An overpass, okay. [LB1092]

SENATOR HARMS: Um-hum. [LB1092]

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SENATOR HANSEN: Well, it wasn't very well used and I'm not sure how old it is. I know one of the pages from Scottsbluff and I were talking about it. Is that part of the Heartland Express? [LB1092]

SENATOR HARMS: It is part of the Heartland Express. It is used pretty heavily, just depends when you go through it and what time you go through. It's like any other highway. [LB1092]

SENATOR HANSEN: Is it a truck bypass or cars too? I mean... [LB1092]

SENATOR HARMS: It's the truck bypass. It's for cars. [LB1092]

SENATOR HANSEN: Okay. If I lived in Scottsbluff, I don't think I'd like that. It's certainly a bypass. [LB1092]

SENATOR HARMS: Yeah. [LB1092]

SENATOR HANSEN: I mean we had to work to get back to Scottsbluff. [LB1092]

SENATOR HARMS: It works really well, particularly when harvesttime is taking place and those sort of things so. [LB1092]

SENATOR HANSEN: Thank you very much. [LB1092]

SENATOR HARMS: You're welcome. [LB1092]

SENATOR HANSEN: In Lincoln County, my district, we have a viaduct project. I think we have five of them completed in North Platte and we're working on the sixth one. But the first town to the west is Hershey, and we're working on a viaduct project there. And it's commingled funds between the railroad, the county, and the village of Hershey. So we've got the people want the road, they want the overpass over the railroad tracks to go back down to the downtown area. Well, the Department of Roads says, no, that won't work; it's going to be too tight a bend. So they put it...I'm not exactly sure, I think they're putting it west of town, which will be another bypass through Hershey. From Highway 30, you can get to the interstate without ever going through downtown, without ever stopping at a stoplight or whatever that you might encounter there. But the people in the business district of Hershey was quite upset. But for safety reasons, half the town lives on the north side of the railroad tracks, half the town lives on the south side, the school is on the south side. They have to have two fire departments because if there's a train stopped on the tracks or multiple trains going by there, which is the heaviest used rail area in the United States, they have to have two fire departments because you don't know if you can get over the tracks. So it is a problem. But the Department of Roads,

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I'm sure with the...some input anyway on federal dollars, if they have federal dollars, I'm not sure they do, but if they commingle them, the federal government will tell you how to build that overpass, a viaduct over the railroad tracks. And it certainly will. A couple other questions I have...I think the...if I can get a tab to it, oh, here we go...the 45 percent of funding for roads projects that normally comes from the federal Highway Trust Fund... [LB1092]

SENATOR COASH: One minute. [LB1092]

SENATOR HANSEN: ...are in question. And this is what Senator Dubas said earlier in her opening of the main bill, but it certainly applies to the amendment. But they are unstable. We don't know where they're going to be; but if they dry up, we may have to put more state dollars in there. Still the idea of bonding is not a good idea, even if the federal funds go away. It's still not a good idea to bond these projects. I really don't think so. On page 11 of the amendment that we passed, at least 25 percent of the money credited to this fund will go for construction of the expressway system and federally designated high priority corridors, which is I-80. So we are going...this bill, if it's funded, it will more than likely go to more development on highway (sic--Interstate) 80, which is fine. Now back to Senator Chambers' amendment: I agree. [LB1092]

SENATOR COASH: Time, Senator. Thank you, Senator Hansen. Senator Adams, you're recognized. [LB1092]

SPEAKER ADAMS: Thank you, Mr. President. Senator Dubas, I want to make a couple of comments and then I'm going to yield you time and let you respond to this. I have to tell you quite frankly I'm not comfortable with bonding, not now. When I was mayor of York, I wasn't comfortable with bonding. I'm not standing here and telling you absolutely it won't work, it's a bad thing. Admittedly, the amendment gained me some comfort level. Let me tell you what my concerns are, and then I'll turn the time over to you and see if you can convince me otherwise. I want Highway 81 completed. Now you can tell me, Adams, it's never going to get done without this; and I heard that on LB84. And frankly, it's not going to get done without that. And I don't know that this is going to get Highway 81 built. That's really not the point. My point is this and help put me at ease. I've got a highway I want to get done. I bet I know what Senator Avery wants. I bet I know what Senator Campbell wants. I bet I know what Senator Hansen wants. Do we with this create...do we politicize the road construction choices to the point where, okay, Adams, you want yours and Avery wants his and Hansen wants his road built. And you know what? We can't do it without bonding. There isn't enough money. And we were going to go \$100 million, but, you know, as long as those guys want their roads built, why don't we fit them in? And we all walk away happy. I'm afraid of politicizing this process. Secondly, the money, as I understand it as I read, goes into what's called the Nebraska...I can't read my own writing, Highway fund, (Capital) Improvement Fund. Is that correct? [LB1092]

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SENATOR COASH: Senator Dubas. [LB1092]

SPEAKER ADAMS: Senator Dubas, could you yield to that? [LB1092]

SENATOR DUBAS: Yes. The money from the Build Nebraska Act is deposited into the State Highway Capital Improvement Fund. [LB1092]

SPEAKER ADAMS: And unlike the Highway Trust Fund, that fund is not created in constitutional language. [LB1092]

SENATOR DUBAS: No, it's not. [LB1092]

SPEAKER ADAMS: Is it possible then that the next time we're in a recession we could find ourselves dipping into that fund and paying for other state operations? [LB1092]

SENATOR DUBAS: To my knowledge, I suppose any fund is available for that, but the monies that is deposited into that fund is specifically Build Nebraska, it's that quarter cent of sales tax. So if you adjusted that quarter-cent sales tax or did something like that, it would impact the fund, yes. [LB1092]

SPEAKER ADAMS: Okay. The fact that the committee amendments passed and it's reduced, the fact that LB84 exists so there's something of a dedicated revenue stream relaxes me a little bit. But quite honestly, I'm not sure that I'm there on this. And I'm going to yield the rest of my time to Senator Dubas if she chooses to respond to any of that. [LB1092]

SENATOR COASH: Senator Dubas, one minute. [LB1092]

SENATOR DUBAS: Thank you very much, Mr. President and Senator Adams. I think all of us would be pretty naive if we thought politics never came into decisions like this. But the department has a very set pattern, set process in place when they look at developing roads. They look at pavement restoration, they look at the geometrics of bridges and railroad crossings in the urbans and in the rural areas. So they have a process in place that's been working quite well, and it's that process that put the projects that are on their list right now. And I wouldn't see them deviating from that process so, you know, I'm not going to stand here and say that individuals or senators or people won't try to lobby to get their particular projects in place. But I haven't seen that happen in the past so I guess I have a comfort level that it won't necessarily happen in the future just because of what they do to evaluate our roads system now in reference to whether it's preservation and maintenance or the building of new projects. And you look at the three tiers... [LB1092]

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SENATOR COASH: Time, Senator. [LB1092]

SENATOR DUBAS: Thank you. [LB1092]

SENATOR COASH: Senator Chambers, you are recognized. [LB1092]

SENATOR CHAMBERS: Thank you. Mr. President, members of the Legislature, Senator...well, let me say Speaker Adams stole a path that I was going to walk. What you have done is to adopt an amendment that capped the amount at \$200 million or whatever it is. Now with the adoption of this bill, you have put in place a system of funding and all that needs to be done now is to bump up that amount. Who in here can say that a future Legislature is not going to be pressured into bumping up that amount just like this Legislature? It's so spineless that it's going to put this bill in place. And some of the senators who are going for this are not going to be here to fight all of these problems that are going to be generated. There's a bonding group in here who supported the bill. Why do you think they supported it? Do you think they're interested in good roads? They're interested in good money. When Senator...I'll call him...I can call him "Professor" now, Schumacher mentioned that you can bet or you can expect the current low interest rates to be in place for two to three years. That's what I wanted him to say. I wasn't trying to say the interest rates are going to jump because of what's happening in Ukraine. I wanted somebody to say that, that that might happen--the interest rates would jump--that's why we got to do something now. But people don't pay attention to me so nobody rose to the bait. But when Senator Schumacher, who understands these things, has said he understands it as much as any economist. And you know if you laid all the economists end to end, they couldn't reach a conclusion. And if they did reach a conclusion, it would be wrong. So I know as much as an economist knows, but I'm not going to say that because I have too much respect for my own reputation. But here's the point. If these interest rates are likely to remain low, then why should that be given us as the argument and provide the impetus for us to rush into this brand-new type of financing when it's not needed and the Department of Roads doesn't want it? And it's been suggested that the Department of Roads has been given orders in terms of what to say on a bill like this. Well, what's to say when you get another Governor and we've been told, well, the Department of Roads is only authorized to do this, and that Governor says do it, then it's going to be done. And who's going to benefit from it? Professor Schumacher told you. There are investors with money that they don't know what to do with. So they come to a peewee state like Nebraska and they say, give us some place to put our money. And you know where we want to put it? We want to put it in some highway bonds because that's something that that peewee state can do. And we'll bewitch, bebother, and bewilder them because they don't know anything anyway. And they'll make it seem like they're smart because we're going to put in place a bonding methodology to finance roads that you don't need. And as for this Highway Commission, people are appointed to that. They can be influenced. People are standing on this floor talking about roads and parts of highways that have

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needed fixing for I don't know how long and they're not fixed. Promises were made that if you do this then your road is getting fixed and it's not fixed. Take LB84, you got that and your roads are not fixed. Authorize the Department of Roads to issue bonds and that's done and your road is not fixed because your roads are not what counts. Benefiting people who are going to be the bond buyers... [LB1092]

SENATOR COASH: One minute. [LB1092]

SENATOR CHAMBERS: ...and you all are buying it. Well, you don't have to buy it. They'll give it to you. But I'm going to have the opportunity to take some time on this bill and put some things into the record, because unlike 17 of you, I'm going to still be here. And I'm going to be able to show the kind of arguments that were given by those who are no longer here and won't have to fight it. I put together what I thought was a ship and it's some boards that I nailed together. Then somebody who understands maritime conveyances, in other words ship builders, they say, Ernie, you plan to go across the ocean in that? I say, yeah. You won't get out of the harbor. So the ones who understand this are opposed to it for whatever reason. And we as a Legislature will look beyond that decision and say, well, it was based on something other, something speculative that I cannot prove. But even though the experts said, don't do it... [LB1092]

SENATOR COASH: Time, Senator. [LB1092]

SENATOR CHAMBERS: ...the Legislature is going to do it while some of us are here talking about looking out for the taxpayers. [LB1092]

SENATOR COASH: Time, Senator. [LB1092]

SENATOR CHAMBERS: Thank you, Mr. President. [LB1092]

SENATOR COASH: Thank you, Senator Chambers. Mr. Clerk. [LB1092]

CLERK: Mr. President, I have an appointment letter from the Governor, and subsequent to that a Reference report referring those appointees to standing committee for confirmation hearing. Senator Nordquist an amendment to LB867 to be printed. Name adds: Senators Garrett and Bloomfield to LB902; Senator Krist to LB902; Senator Krist to LB75. (Legislative Journal pages 876-879.) [LB867 LB902 LB75]

Senator Scheer would move to recess the body until 1:30.

SENATOR COASH: Members, you've heard the motion. All those in favor say aye. Those opposed say nay. We are in recess.

RECESS

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SPEAKER ADAMS PRESIDING

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

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

SPEAKER ADAMS: Do we have any items for the record?

CLERK: I do. Your Committee on Revenue chaired by Senator Hadley reports LB75 to General File with amendments. Enrollment and Review reports LB853 to Select File (also LB1001A). I have a series of amendments to LB1028 from Senator Chambers to be printed. That's all that I have, Mr. President. (Legislative Journal pages 880-885.) [LB75 LB853 LB1001A LB1028]

SPEAKER ADAMS: Thank you, Mr. Clerk. While the Legislature is in session and capable of transacting business, I propose to sign and do hereby sign LR464, LR465, LR466, LR467, LR468. Mr. Clerk, we'll proceed to the next item on the afternoon's agenda. [LR464 LR465 LR466 LR467 LR468]

CLERK: Mr. President, back to consideration of LB1092. Senator Chambers had pending FA247. (Legislative Journal page 876.) [LB1092]

SENATOR KRIST PRESIDING

SENATOR KRIST: Senator Bloomfield, you are recognized. [LB1092]

SENATOR BLOOMFIELD: Thank you, Mr. President. Good afternoon, colleagues. Would Senator Dubas yield for a question? [LB1092]

SENATOR KRIST: Senator Dubas, will you yield for a question from Senator Bloomfield? [LB1092]

SENATOR DUBAS: Yes, I will. [LB1092]

SENATOR BLOOMFIELD: Thank you, Senator Dubas. Someone mentioned earlier this morning there's a possibility of raising the road use tax, fuel tax. Do you know how many gallons of gasoline roughly we sell in the state or not...in a year's time? [LB1092]

SENATOR DUBAS: I do not know that. [LB1092]

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SENATOR BLOOMFIELD: So you don't know what a penny increase would bring us in? [LB1092]

SENATOR DUBAS: A penny increase will bring in around \$12 million. [LB1092]

SENATOR BLOOMFIELD: Okay. That's all I have right now. I'm just trying to get some numbers put together. Thank you. [LB1092]

SENATOR DUBAS: Okay. [LB1092]

SENATOR BLOOMFIELD: Thank you, Mr. President. [LB1092]

SENATOR KRIST: Thank you, Senator Bloomfield and Senator Dubas. Senator Hansen, you're recognized. [LB1092]

SENATOR HANSEN: Thank you, Mr. President, members of the Legislature. We continue on some of the questions I had. Would Senator Dubas yield, please? [LB1092]

SENATOR KRIST: Senator Dubas, will you yield? [LB1092]

SENATOR DUBAS: Yes, I will. [LB1092]

SENATOR HANSEN: Thank you, Senator Dubas. Thanks for bringing this bill. It's a good discussion I think that we're having today. With LB84 in place, with the ten-year road production that the Department of Roads has, would there be any of these roads not built in the next ten years with LB84 money, \$60 million a year? Would there be any of them taken off the ten-year plan I guess? [LB1092]

SENATOR DUBAS: Not to my knowledge. [LB1092]

SENATOR HANSEN: Okay. So it would just slow down the building of them? [LB1092]

SENATOR DUBAS: What would slow down building? [LB1092]

SENATOR HANSEN: It would...well, if we only had LB84 funds and not the infusion of the \$200 million bonding issue. [LB1092]

SENATOR DUBAS: Right. These projects would move forward probably at a little slower pace whereas if we had bonding which would allow maybe the acquisition of easements, those types of things, we could potentially move projects up the queue in a quicker fashion. [LB1092]

SENATOR HANSEN: Okay. I have a copy of the, well, it goes clear up to 2023 and they

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include the Lincoln South Beltway, the Lincoln West Beltway, and I think there's another beltway, anyway, clear around Lincoln. And I'm not sure where those are. I've driven out in that area. I have no idea where those would go--I suppose out in the country just a bit. But that's the way Lincoln is growing. If we would not bond and these projects...I think this is their...I'm not sure. The Build Nebraska Act ten-year plan so that is LB84 schedule. So the Lincoln South Beltway, Lincoln West Beltway would be built in 2020-2023. Is that correct? [LB1092]

SENATOR DUBAS: Okay. My understanding is the West Beltway is already completed; but, yes, those projects are in that third tier of projects. [LB1092]

SENATOR HANSEN: Is the South Beltway the part of, what is it, 14th Street? No, it's part of... [LB1092]

SENATOR DUBAS: The South Beltway is south of Saltillo Road. [LB1092]

SENATOR HANSEN: South, okay. I'm not real familiar with that. I'm not real familiar with all these projects, even the one at...I am with the Kearney bypass and the Wahoo bypass. I'm familiar with those, but I'm not familiar where the Lincoln beltway goes. But there are some other ones, Schuyler to Fremont...thank you, Senator Dubas. But the Schuyler to Fremont; Highway 75, Plattsmouth to Bellevue, north of the Platte River; Heartland Express out in Senator Harms's area, and I-80 56 to Highway 77. I'm not sure what that is unless it's another lane of the interstate. But what concerns me I guess is that on page 11 of the amendment it states in Section 14(3) that: At least 25 percent of the money credited to the fund in any...or in each fiscal year that can be used for the construction of the expressway system or federally designated high-priority corridors. Would Senator Dubas yield again? I got a quick question for her. [LB1092]

SENATOR KRIST: Senator Dubas, will you yield? [LB1092]

SENATOR DUBAS: Yes, I will. [LB1092]

SENATOR HANSEN: Thank you. Senator Dubas, have you noticed the expansion...well, I don't know if it's expansion, they cut down a...Department of Roads cut quite a few trees down just west of the Lincoln...the Rosa Parks exit coming in from I-80... [LB1092]

SENATOR DUBAS: Yes. [LB1092]

SENATOR HANSEN: ...where the wide part of the interstate is... [LB1092]

SENATOR KRIST: One minute. [LB1092]

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SENATOR HANSEN: ...those trees were planted about 1964, 1965, somewhere in that area. Do you know what that project is? Is that one of these federally... [LB1092]

SENATOR DUBAS: I do not know the reasons for those trees being cut down, but I will tell you that subsection, that was existing language from LB84. I mean it's underlined as new language simply because of where it was put into this bill and this amendment, but that is not new language. [LB1092]

SENATOR HANSEN: Okay. Now that's...but as I drive home I see those trees cut down and it looks like it's about on that N.W. 48th Street. There's always heavy traffic right in there, so I know that that's a high priority in that corridor. And I don't have any idea how far west...further west that's going to go, but I know that the interstate...I don't even know if the interstate is done between Lincoln and Omaha. I've not been up there. I get to 56th Street and head north on Highway 77 so I haven't been to Omaha for a while. I need to go up there and buy some lunch and pay some more occupation tax. [LB1092]

SENATOR KRIST: Time, Senator. [LB1092]

SENATOR HANSEN: (Laugh) Thank you. [LB1092]

SENATOR KRIST: Thank you, Senator Hansen and Senator Dubas. Senator Wallman, you're recognized. [LB1092]

SENATOR WALLMAN: Thank you, Mr. President. I can see here that nobody wants to pay for roads. They want to postpone it. And I like good roads. I think we ought to repair the roads we have. I have Highway 41 in my district needs it very, very badly. It's breaking up and if we have a wet spring, it will be a mess. So, yes, we need to spend money for roads. But some of these beltways like this here, I think maybe we ought to seriously, seriously look at toll roads. I've been to New York City on toll roads, been very happy with them. You pay a little money, leaves the state. Is it right or wrong? But at least the people that use...the truckers and everybody that use the road, you put your money in, you pay your monies and you can use the road. So is that a good idea or bad? I don't think it's bad at all. So as we struggle with this bonding issue, that's transferring future debt to future people to pay it off when we're out of here--I have to agree with Senator Chambers there--is this the right way to go? Schools do it. Universities do it. Colleges do it. All kinds of people do it. But it's a building, not a road. Roads wear out and you hope and pray that the road will last longer than the bond does. So let's be careful what we do and vote as you wish. Thank you, Mr. President. [LB1092]

SENATOR KRIST: Thank you, Senator Wallman. Senator Chambers, you're recognized. [LB1092]

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SENATOR CHAMBERS: Thank you. Mr. President, members of the Legislature, this bill as I've stated, is something that has given me a great reason for pausing. And I wish Senator Dubas were not the one who brought it, but she brought it so I have to deal with Senator Dubas on some of these issues. Senator Dubas, would you yield to a question? [LB1092]

SENATOR KRIST: Senator Dubas, will you yield? [LB1092]

SENATOR DUBAS: Yes, I will. [LB1092]

SENATOR CHAMBERS: What does the sales tax have to do with this bond system? [LB1092]

SENATOR DUBAS: Currently a quarter cent of the sales tax is being diverted to the Build Nebraska Act so those are the funds that would be used to help pay off the bond. [LB1092]

SENATOR CHAMBERS: So this will deal only with sales tax that will currently be raised and it doesn't increase any sales tax. [LB1092]

SENATOR DUBAS: No, it does not increase any sales tax. [LB1092]

SENATOR CHAMBERS: Is there a bond date...I meant is there an amount of interest that will be paid on these bonds based on the language of this amendment that we're dealing with? Is there a limit to the amount of interest that the state will pay to these investors if they buy the bonds? [LB1092]

SENATOR DUBAS: Interest rates on the bonds cannot exceed 5 percent. [LB1092]

SENATOR CHAMBERS: Now what would happen if the interest rate everywhere else was more than 5 percent? These people are bound by that 5 percent which they agreed to. [LB1092]

SENATOR DUBAS: That's correct. [LB1092]

SENATOR CHAMBERS: Now suppose there happens to come a set of circumstances where there are fewer or lesser taxes raised through the sales tax and there was a serious bind that the state was in. Will there always be enough money in that fund where that quarter percent or whatever it is of dedicated money is? Can that be touched for other purposes? [LB1092]

SENATOR DUBAS: If for some reason there weren't enough money or we weren't able to pay the bonds out of the State Highway Capital Improvement Fund, which that's the

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money it's deposited into, we would then have to revert to the Highway Cash Fund to help pay those bonds. That's the collateral. [LB1092]

SENATOR CHAMBERS: So if a situation arose, we could not say that this other fund that you just mentioned, this highway whatever it is, that it's supposed to service these bonds, we cannot be sure that there will always be enough money in there to service the bonds that are sold. We can't be sure of that, can we? [LB1092]

SENATOR DUBAS: Under the bill, the State Highway Capital Improvement Fund from which the bonds shall come from cannot...those payments cannot exceed 50 percent of the money that's deposited into that fund. So there's a cap there. [LB1092]

SENATOR CHAMBERS: I'm going to have to ask another question because those numbers that you mentioned don't mean anything to me. I'm not processing them. There could come a point from what you said where the money in that fund that people are thinking will service these bonds will not be enough to give the return on the bonds that the bondholders expected to get so then they go into that dedicated money for the highways. [LB1092]

SENATOR DUBAS: To repay the bonds, yes. [LB1092]

SENATOR CHAMBERS: Why don't we just let that fund be where we get the money to service these bonds? [LB1092]

SENATOR DUBAS: Because the money that comes into that fund, those are gas tax receipts, those are motor vehicle registration receipts, and that's also money that's used for maintenance and preservation and other things. The State Highway Capital Improvement Fund is specifically related to capital improvement projects. [LB1092]

SENATOR CHAMBERS: So other funds than just sales taxes are found in that other fund that is not touched. [LB1092]

SENATOR DUBAS: That is correct. [LB1092]

SENATOR KRIST: One minute. [LB1092]

SENATOR CHAMBERS: And those funds can be used to service these bonds. [LB1092]

SENATOR DUBAS: In an emergency if those state sales tax revenues didn't come in, that's...we would go to the collateral, like a cosigner on a loan. If you cosign on a loan and the person couldn't pay their debt, they would come to you to pay that debt. [LB1092]

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SENATOR CHAMBERS: And the people who are supporting this bill are looking to that cosigner to make sure that they get the money to get the return on the bonds that are let. Isn't that the fact? They're not just counting on this fund where the sales tax will go. They're looking for that cosigner fund. [LB1092]

SENATOR DUBAS: Well, we had to be able to pledge funds that are directly related to highway use in order to bond. [LB1092]

SENATOR CHAMBERS: Why don't we just make them general obligation bonds and the money comes out of the General Fund? [LB1092]

SENATOR DUBAS: I don't believe we can commit the General Fund to bonding. [LB1092]

SENATOR CHAMBERS: I didn't understand you. [LB1092]

SENATOR DUBAS: I don't believe we can commit General Funds to bonding. [LB1092]

SENATOR CHAMBERS: Is the state able to enter general...to issue general obligation bonds? [LB1092]

SENATOR DUBAS: I don't believe...I don't believe constitutionally we can do that. [LB1092]

SENATOR CHAMBERS: Okay, my time is up. [LB1092]

SENATOR KRIST: Time, Senator. [LB1092]

SENATOR CHAMBERS: But I will pursue... [LB1092]

SENATOR KRIST: Senator Chambers, that was your last time before your closing so did you want to close now? (Visitors introduced.) Senator Kintner, you are recognized. [LB1092]

SENATOR KINTNER: Well, thank you, Mr. President. And I haven't said anything on this and I don't intend to so I'm going to yield my time to Senator Chambers. [LB1092]

SENATOR KRIST: Senator Chambers, 4:52. [LB1092]

SENATOR CHAMBERS: Thank you, Mr. President. And thank you, Senator Kintner. Members of the Legislature, I'd like to ask Senator Hadley a question. [LB1092]

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SENATOR KRIST: Senator Hadley, will you yield? [LB1092]

SENATOR HADLEY: Yes. [LB1092]

SENATOR CHAMBERS: Senator Hadley, I'm stumbling and fumbling my way along on this bill. Can the state issue general obligation bonds? [LB1092]

SENATOR HADLEY: I don't believe they can, Senator Chambers. [LB1092]

SENATOR CHAMBERS: Okay. In the mouth of two or three witnesses, every word is established. Thank you. I would like to ask you another question while you're on your feet, Senator Hadley. I know you don't support this bill. But is it your understanding that those who wanted this bill were not counting on just that sales tax that they mentioned to this highway improvement fund or whatever, but they're really looking to that fund where that dedicated quarter percent sales tax is also deposited where the gasoline tax and everything else is? Were you aware that that's really the fund that is being relied on... [LB1092]

SENATOR HADLEY: That's correct. [LB1092]

SENATOR CHAMBERS: ...to be able to service these bonds? [LB1092]

SENATOR HADLEY: That's correct. The transfer from the...that is set up with LB84 to that cash fund, yes. [LB1092]

SENATOR CHAMBERS: And that would make this bill even worse then if you're opposed to it. [LB1092]

SENATOR HADLEY: That's correct. [LB1092]

SENATOR CHAMBERS: Thank you. I'd like to ask Senator Hansen a question. [LB1092]

SENATOR KRIST: Senator Hansen, will you yield? [LB1092]

SENATOR HANSEN: Yes, I will. [LB1092]

SENATOR CHAMBERS: Senator Hansen, do you remember coming over to my desk before we broke or took a break and showed me a very long sentence I think on page 4 of the amendment? [LB1092]

SENATOR HANSEN: Yes, I did and it's 16 lines long. [LB1092]

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SENATOR CHAMBERS: Did you ever puzzle out exactly what the meaning of that multiline sentence was? [LB1092]

SENATOR HANSEN: No. I took a highlighter and I started out with my highlighter because I thought it was an important section of the bill. And by the time I got to the end, my highlighter ran out of ink so that's the longest sentence I think I've ever seen. [LB1092]

SENATOR CHAMBERS: Thank you very much. I would like to ask Senator..."Professor" Schumacher a question. [LB1092]

SENATOR KRIST: Senator Schumacher, will you yield? [LB1092]

SENATOR SCHUMACHER: I will and I have a fresh highlighter. [LB1092]

SENATOR CHAMBERS: Senator Schumacher, could you turn to page 4 if you have that amendment before you. And I'll give you time to make...find it. [LB1092]

SENATOR SCHUMACHER: Page 4, I'm there. [LB1092]

SENATOR CHAMBERS: Now for the record, could you begin reading on line 3 and read through line 18 because you...by you understanding this, you'll know where to put the pauses and so forth to help the rest of us understand it. [LB1092]

SENATOR SCHUMACHER: Go through 3 through line 18. [LB1092]

SENATOR CHAMBERS: Eighteen. [LB1092]

SENATOR SCHUMACHER: Gosh, this was written by a prior Legislature because it's not underlined. Let's see, "If short-term bonds are issued in anticipation of the issuance of long-term refunding bonds and such short-term bonds are secured by insurance or a letter of credit or similar guarantee issued by a financial institution rated by a national rating agency in one of the two highest categories of bond ratings, then, for the purposes of the...Act, when determining the amount of short-term bonds that may be issued and the amount of taxes, fees, or other money to be deposited in any fund for the payment of bonds issued under the act, the annual aggregate principal and interest payments on the short-term bonds shall be deemed to be such payments thereon, except that the final principal payment shall not be that specified in the short-term bonds but shall be the principal and all interest payments required to reimburse the issuer of the insurance policy or letter of credit or similar guarantee pursuant to the reimbursement agreement between the commission and such issuer." [LB1092]

SENATOR KRIST: One minute. [LB1092]

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SENATOR CHAMBERS: Now here's my question: That language has nothing to do with what we're talking about in this bill, does it or does it? [LB1092]

SENATOR SCHUMACHER: No. I think this particular thing is already in the law... [LB1092]

SENATOR CHAMBERS: Right. [LB1092]

SENATOR SCHUMACHER: ...because...and it is nothing to do with the issuance of...nothing special to do with the issuance of these new bonds. [LB1092]

SENATOR CHAMBERS: So here's what I'm asking: Would anything in what you just read have a bearing on this new language that we're putting into this act that we're considering? Or would you like more time to look it over and be sure? [LB1092]

SENATOR SCHUMACHER: I think I want more time to look it over. My first inclination is to say, no, it wouldn't; but I'm not 100 percent sure on that. [LB1092]

SENATOR CHAMBERS: Thank you. Thank you, Mr. President. Thank you, Senator Kintner. [LB1092]

SENATOR KRIST: Thank you, Senator Kintner, Senator Chambers, and Senator Schumacher. Senator Kintner, you're recognized. [LB1092]

SENATOR KINTNER: Well, thank you, Mr. President. I just found something here; let me find it. I'm just looking at my inbox and I found a quote. I don't know how it got there, but it's from Thomas Jefferson. Said: We shall all consider ourselves unauthorized to saddle posterity with our debts and morally bound to pay them. I just thought that was very appropriate. I'd like to yield the remainder of my time to Senator Chambers. [LB1092]

SENATOR KRIST: Senator Chambers, 4:30. [LB1092]

SENATOR CHAMBERS: Thank you, Senator Kintner. Thank you, Mr. President. Senator Dubas, I'd like to ask you a question or two. [LB1092]

SENATOR KRIST: Senator Dubas, will you yield? [LB1092]

SENATOR DUBAS: Yes. [LB1092]

SENATOR CHAMBERS: Senator Dubas, nothing we do can bind a future Legislature, isn't that true? [LB1092]

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SENATOR DUBAS: That is true. [LB1092]

SENATOR CHAMBERS: Now would you turn to page 1 of the amendment. In line 12 we find the words, "not to exceed two hundred million dollars." That really doesn't mean anything, does it, because the next Legislature can bump that to \$500 million if they choose, can't they? [LB1092]

SENATOR DUBAS: Yes, they can. [LB1092]

SENATOR CHAMBERS: And as far as saying the limit on the interest that can be paid would be...it can be no more than 5 percent, if the economy is such that these bonds are not going to sell with that rate of interest, but the bonds, if they want to sell the bonds, then the Legislature can change and raise that rate to whatever it wants to. Isn't that true? [LB1092]

SENATOR DUBAS: The Legislature can change existing statute, yes. They would have to have some pretty compelling reasons I think to be able to... [LB1092]

SENATOR CHAMBERS: They would have to have what? [LB1092]

SENATOR DUBAS: Some very compelling reasons to... [LB1092]

SENATOR CHAMBERS: Why would they have to have a compelling reason? [LB1092]

SENATOR DUBAS: You'd have to be able to make the argument to at least 25 people why it's fiscally sound to make those kinds of decisions. [LB1092]

SENATOR CHAMBERS: But you don't often have to have a compelling reason here in my view if you have a strong enough lobby. The real answer--and tell me if I'm incorrect--any amendment that passes according to our rules can be added to this bill. Would you agree? [LB1092]

SENATOR DUBAS: Yes. [LB1092]

SENATOR CHAMBERS: And you say 25 votes and you're right. So another Legislature, if it was pressured by the building industry or anybody else who might have some clout, that rate could be raised to 10 percent even, couldn't it? [LB1092]

SENATOR DUBAS: That the fixed rates could not exceed 10 percent, is that what you're saying? [LB1092]

SENATOR CHAMBERS: Yes. [LB1092]

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SENATOR DUBAS: I would imagine that they could do that. But again, there would have to be some pretty compelling reasons to say financially this makes sense. [LB1092]

SENATOR CHAMBERS: Well, let's say that it could, it was. Could this...is there anything in here that says that if there is a market rate or you establish a rate of interest based on the market, is there anything that would prevent the Legislature from offering a higher rate than that rate? There's nothing in it that limits the rate that can be set based on the language in the bill, is there? [LB1092]

SENATOR DUBAS: I'm just sorry. I'm not quite tracking with your question, Senator Chambers. [LB1092]

SENATOR CHAMBERS: The Legislature can say that the return on bonds issued by this state agency will be 10 percent or 20 percent. If the Legislature chose to set the rate that high, it could do so, couldn't it? [LB1092]

SENATOR DUBAS: Well, if the market won't bear that, they couldn't make it happen. [LB1092]

SENATOR CHAMBERS: Could the Legislature ignore that? Is there anything in here that limits the Legislature based on what the market is calling for? There's nothing in the language of the bill, is there? [LB1092]

SENATOR DUBAS: The language in the amendment is saying that the interest rate can't exceed 5 percent. [LB1092]

SENATOR CHAMBERS: But that can be amended, can't it? [LB1092]

SENATOR DUBAS: Yes, it could. [LB1092]

SENATOR CHAMBERS: And it can be amended to any level that an amending Legislature chose to set it at, couldn't it? [LB1092]

SENATOR DUBAS: Yes, it could. [LB1092]

SENATOR CHAMBERS: Thank you. And I didn't mean to be mean but here's what I'm getting at. [LB1092]

SENATOR KRIST: One minute. [LB1092]

SENATOR CHAMBERS: If you all think that this amendment somehow is a fail-safe, it's

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not that. In the same way that this Legislature of which you are a part, you are putting in place a different methodology for funding highway building. You're doing that. When no project can be shown where it's needed or justified; where the Department of Roads is against it, yet you're going to put this whole thing in place. Why do you think some future Legislature will not be pressured to raise the rate of interest that these bonds will command? Or raise the amount that the...the total amount of bonds that can be sold? I know my time is up. Thank you, Mr. President. [LB1092]

SENATOR KRIST: Thank you, Senator Chambers and Senator Kintner. Senator Christensen, you are recognized. [LB1092]

SENATOR CHRISTENSEN: Thank you, Mr. President. I stand in opposition to this bill because I don't believe that it's the Nebraska way to borrow from the future to take care of desires now. And I have roads I'd love to have done in my district too. But I see this no different than a young person or an older person that just starts running up credit card debt. Then they have to sacrifice in the future to make them payments. And it's not just the payment they got, but then they got the interest on them. It's a compounding effect. Maybe interest rates will change to offset that. That's a gamble. But I also know once you start allowing bonding then it will be extended. It will be enlarged, offered to others. I think about the Republican. NRDs were allowed to have bonding. Everyone said it would never go any further. It's going to be isolated to the Republican. It's now open to anybody that has an IMP. That's just an example how it continues to grow and grow and grow if given the opportunity. There's no way to hold back once the gate is open. And that's something I've learned over eight years down here. So I do have concerns. I'll continue to listen, but till then I will...I'm going to remain in opposition. I'll yield my time to Senator Chambers. [LB1092]

SENATOR KRIST: Senator Chambers, 3:30. [LB1092]

SENATOR CHAMBERS: Thank you, Senator Christensen. Thank you, Mr. President. The reason I asked Senator Dubas the question, I want her to be aware of the direction that I'm going. But as I said, I'm not going to be interrogating her. Anything that is put in this bill, anything, can be changed by a future Legislature. A future Legislature can repeal outright everything that is done in this bill. Any line, any word, any number can be repealed by a future Legislature. And to demonstrate it, I'm going to start offering amendments to show the types of things which can be done by a future Legislature. This is a very serious bill. I'd venture to say, and I'm going to look at that green sheet, that some people have bills before the Legislature to exempt certain items from the sales tax. So on the one hand, the sales tax is going to be relied on to service these bonds. And those who will be supporting that methodology will have legislation being proposed to exempt items from the sales tax. I'd like to ask Senator Mello a question if he's in the house. Oh, he's not here. Is there anybody on the Appropriations Committee here? Oh, Senator Nelson. I'd like to ask Senator Nelson a question. (Laughter)

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[LB1092]

SENATOR KRIST: Senator Nelson, will you yield? [LB1092]

SENATOR NELSON: Yes, but I'm not Senator Mello. [LB1092]

SENATOR CHAMBERS: Senator Nelson, let's say it's like a large mural hanging on the wall and I'm looking at the background. I fail to look into the foreground and oversee in the foreground what I was looking for. I won't ask you the numbers that I would have asked Senator Mello. But are you aware that there are bills that are designed to exempt certain items from sales tax? [LB1092]

SENATOR NELSON: Yes. [LB1092]

SENATOR CHAMBERS: Thank you. Now I would like to ask Senator Hadley a question or two. [LB1092]

SENATOR KRIST: Senator Hadley, will you yield? [LB1092]

SENATOR HADLEY: Yes. [LB1092]

SENATOR CHAMBERS: Senator Hadley, you are the Chairperson of the Revenue Committee, and bills that exempt items from the sales tax would come through your committee. Is that true or is that false? [LB1092]

SENATOR HADLEY: That's true. [LB1092]

SENATOR KRIST: One minute. [LB1092]

SENATOR CHAMBERS: Did your committee advance any bills that exempt items from the sales tax and the amount might run into several millions of dollars? [LB1092]

SENATOR HADLEY: Yes. [LB1092]

SENATOR CHAMBERS: Do you have any idea how many such bills? [LB1092]

SENATOR HADLEY: I do not. [LB1092]

SENATOR CHAMBERS: Was there more than one? [LB1092]

SENATOR HADLEY: Yes. [LB1092]

SENATOR CHAMBERS: Thank you. Members of the Legislature, I don't want anybody

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to be in the middle of an answer and my time is out. Thank you, Mr. President. And I will put up additional amendments. [LB1092]

SENATOR KRIST: Thank you, Senator Chambers and Senator Nelson and Senator Hadley. Senator Carlson, you are recognized. [LB1092]

SENATOR CARLSON: Thank you, Mr. President and members of the Legislature. I would like to address Senator Dubas if she would yield. [LB1092]

SENATOR KRIST: Senator Dubas, will you yield? [LB1092]

SENATOR DUBAS: Yes. [LB1092]

SENATOR CARLSON: Senator Dubas, on page 1 of the amendment, I'm going to refer to the area that Senator Chambers referred to. And I don't understand this so that's why I'm asking. In line 12: not to exceed two hundred million dollars in the aggregate principal amount with a maturity date on or before July 1, 2033. Now are most bonds in this category 20-year bonds? [LB1092]

SENATOR DUBAS: Yes, they can...I mean they can be shorter, but I think most of them are in that 20-year capacity. [LB1092]

SENATOR CARLSON: What would happen with something that was done in 2023? [LB1092]

SENATOR DUBAS: If the bond...the bonds can only be issued in the next two years. [LB1092]

SENATOR CARLSON: Okay. [LB1092]

SENATOR DUBAS: So the bonds will be issued in that time frame. And... [LB1092]

SENATOR CARLSON: All right. In the next...excuse me. In the next two years. [LB1092]

SENATOR DUBAS: Right. [LB1092]

SENATOR CARLSON: Now if it was less than a 20-year bond and it was paid off in 10, in the second 10 years would it be possible to fund another project? [LB1092]

SENATOR DUBAS: Yes, it would. [LB1092]

SENATOR CARLSON: So in total in the 20 years it could exceed \$200 million. And if

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you don't know that, do you see why I'm asking? [LB1092]

SENATOR DUBAS: Yeah, I see; I see where you're going. [LB1092]

SENATOR CARLSON: Okay, all right. [LB1092]

SENATOR DUBAS: I see where you're going. But we're talking about the total, so over the course of that time the total would not. So if you're paying back, the total would never exceed that. [LB1092]

SENATOR CARLSON: The total at any one time. But if by chance it was \$200 million funded right away, bonded right away and part of that was paid off over a 10-year period and we still have 10 years left to 2033, is it possible for additional projects? And you're not sure on that? [LB1092]

SENATOR DUBAS: I'm not sure. [LB1092]

SENATOR CARLSON: Okay. [LB1092]

SENATOR DUBAS: I want to make sure I'm giving you accurate information. So I will do some follow-up with legal counsel. But I would also like to point out you mentioned the July 1, 2033, that's when the Build Nebraska Act sunsets so we tied that date into this. [LB1092]

SENATOR CARLSON: So if the answer was in the second ten years another project were possible, it would have to be only a ten-year bond. [LB1092]

SENATOR DUBAS: Correct. [LB1092]

SENATOR CARLSON: Okay. [LB1092]

SENATOR DUBAS: It sunsets in that time frame. [LB1092]

SENATOR CARLSON: Okay. Thank you, Senator Dubas. Thank you, Mr. President. [LB1092]

SENATOR KRIST: Thank you, Senator Carlson and Senator Dubas. Senator Bloomfield, you're recognized. This is your third time, sir. [LB1092]

SENATOR BLOOMFIELD: Thank you, Mr. President. I'd like to ask Senator Hadley a question or two if I could. [LB1092]

SENATOR KRIST: Senator Hadley, will you yield? [LB1092]

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SENATOR HADLEY: Yes, I will. [LB1092]

SENATOR BLOOMFIELD: Thank you, Senator Hadley. I'm going to ask you a couple questions that you may or may not be able to answer. I don't know where else to go. The tax on gasoline, total tax in Nebraska is about 27.5 cents a gallon. Do you have any idea what it is on compressed natural gas? [LB1092]

SENATOR HADLEY: No, I do not. [LB1092]

SENATOR BLOOMFIELD: Do you know if such a tax even exists on compressed natural gas? [LB1092]

SENATOR HADLEY: I think it...I'm going to speculate and I'll call it speculation, I believe they have a mechanism to equate it to the gas per gallon of gasoline. And there's an equation type of thing that equates the two. [LB1092]

SENATOR BLOOMFIELD: Do you know where to go to get the answer for me? [LB1092]

SENATOR HADLEY: Yes, I can find that out. [LB1092]

SENATOR BLOOMFIELD: Would you do that, please? [LB1092]

SENATOR HADLEY: I will. [LB1092]

SENATOR BLOOMFIELD: Thank you. That's all I have, Mr. President. [LB1092]

SENATOR KRIST: Thank you, Senator Bloomfield and Senator Hadley. Senator Christensen, you're recognized. Seeing no one else in...stand by. Senator Christensen, you're recognized. [LB1092]

SENATOR CHRISTENSEN: Thank you, Mr. President. I'll yield my time to Senator Chambers. [LB1092]

SENATOR KRIST: Senator Chambers, 4:50. [LB1092]

SENATOR CHAMBERS: Thank you, Senator Christensen, and thank you, Mr. President. Senator Dubas answered a question which raises a question that I had anyway but I will ask her later. But it has to do with a period of time outside of which new bonds cannot be issued. I'd like to ask Senator Hadley a question or two if he's in the house. [LB1092]

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SENATOR KRIST: Senator Hadley, will you yield? [LB1092]

SENATOR HADLEY: Yes. [LB1092]

SENATOR CHAMBERS: Senator Hadley, did you approach me the other day about a proposal that you're going to have to extend the sunset date on a particular type of legislation for two more years or so? [LB1092]

SENATOR HADLEY: Yes. [LB1092]

SENATOR CHAMBERS: And what is that bill? And I'm not going to discuss the bill, but what does that program deal with and why is it necessary to extend that sunset date? [LB1092]

SENATOR HADLEY: Senator Chambers, about five years ago in the Revenue Committee we reviewed the economic development act, often referred to as the Advantage Act, and we put a sunset December 31, 2014. So we have to do that this year or they will end at the end of this year. [LB1092]

SENATOR CHAMBERS: But there is nothing that would be unlawful about letting that deadline come and that act end, is it? [LB1092]

SENATOR HADLEY: That's correct. [LB1092]

SENATOR CHAMBERS: So a sunset that we put in the statute is not written in iron. It can be changed. [LB1092]

SENATOR HADLEY: That's correct. [LB1092]

SENATOR CHAMBERS: Thank you. Members of the Legislature, what difference does it make what date you put in this bill by which bonds must be sold? And I think you might find a reference to that on page 2 of this amendment, beginning in line 5, "No bonds shall be issued after June 30, 2017." Anytime before that the Legislature can extend that date. That date doesn't mean anything. That is the hook or that is the carrot. That is to make you think that there's going to be a finite amount of time during which this boondoggle can be allowed to operate. But Senator Dubas is not going to be here even next session. So you know what all those other people can say who are here? We didn't agree to that. We weren't even here. So we're not bound by it in any sense. And even if we were, we're not bound by it. There are people who I feel certain will vote with what Senator Hadley will try to do on that Advantage Act. I probably will even vote with him on that though I don't like what's in the act. He convinced me that it's necessary and he's probably the only one in here who could have done that. Because had I known that there's a chance of killing that program off, my goodness. But Senator Hadley defanged

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me, declawed me, and now he has got me hooked up to the wagon that's pulling the bill that will extend that deadline. So why don't you just remove the deadline from this bill and we'd be honest. And I'm going to offer amendments like that to try to convert this into an honest bill and make honest people out of all of us. We know and if you're new here and you didn't know it, these sunset dates don't mean anything at all. Maybe it will make some groups feel like, well, we better get in on the gravy train because when it leaves the station, I feel sorry for you. But if not enough passengers are on that gravy train or if some more cars can be added to the gravy train because those currently on it are full and others want to take that ride, then the Legislature simply extends the date. [LB1092]

SENATOR KRIST: One minute. [LB1092]

SENATOR CHAMBERS: This is not the type of thing to be done. Let me tell you the time when you ought to do it. You ought to do something like this when the economy is bad and when the Legislature is scrambling to find enough money to pay the bills that are coming due, when there are programs that are necessary, but it's also necessary to cut them, that's the time to offer a bill like this so that you can see if during the worst of times a bill like this makes economic sense. And if it doesn't make sense then, it doesn't make sense now because you have no way of knowing that we won't encounter those days again, which we are just leaving. It wasn't that long ago. Young people are criticized and often mocked for having such a short attention span due to all these electronic gadgets. [LB1092]

SENATOR KRIST: Time, Senator. [LB1092]

SENATOR CHAMBERS: You said one minute? [LB1092]

SENATOR KRIST: Time, Senator. [LB1092]

SENATOR CHAMBERS: Oh, thank you. [LB1092]

SENATOR KRIST: Thank you, Senator Chambers. Seeing no one else in the queue, Senator Chambers, you're recognized to close on your amendment. [LB1092]

SENATOR CHAMBERS: Thank you. And I've had time to craft another amendment so you all will have the opportunity to continue hearing my lilting voice. And I might even sing a song. But I'll tell you what I'm...oh, I see heads shaking. The one shaking her head vigorously gave me an idea. If it becomes necessary for me to stand on that corner and beg for that \$45,000 to pay the Legislature's debts, what I'm going to do, Senator Sullivan, is get a bullhorn and I'm going to sing a few bars from a song. Then I'm going to pull out this big sign and say, will not sing for money. Will not sing, and that till will fill up so much that we cannot only pay that \$45,000, we can probably cut the

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sales tax, the income tax, and give the locals some money to cut property...see, here's a donation already. Thank you, brother. Lord bless you. (Laughter) Members of the Legislature, what I am talking about on this bill you would pay more attention to if somebody else were saying it. People like to say I don't have a dog in this hunt or whatever the expression is. I don't other than one and that's to prevent a bad public policy. This is not good public policy, and it makes no economic sense whatsoever. When you look on that page, which is 2, where I read for you the sunset, which is June 30, 2017, which means nothing, above that starting in line 3: No bonds shall be issued with a variable interest rate--there cannot be a variable interest rate--or with a fixed interest rate exceeding five percent. First of all, you can strike that language about a variable interest rate if you want to, unless you can show in the constitution where it cannot be done. And you certainly can strike in line 5 the word "five" and insert ten or any other number you want to. This language does not assure anything, does not ensure anything except the fact that you're going to compel another Legislature to clean up the mess that this one is doing like the Judiciary Committee is trying to clean up the mess in Corrections that various Governors have allowed to develop. You don't like us having to clean up that mess that prior Legislatures allowed to develop. And here we are creating a worse mess than that. And this one doesn't even need to be done. No projects. I'd like to ask Senator Schumacher a question. [LB1092]

SENATOR KRIST: Senator Schumacher, will you yield? [LB1092]

SENATOR CHAMBERS: I want to get eye contact before I ask him. Senator Schumacher, you said you'd like me to ride with you over a stretch of road to see how bad some roads are. Is that true? [LB1092]

SENATOR SCHUMACHER: Well, how dumb a road design is under the way we're doing it right now. [LB1092]

SENATOR CHAMBERS: Say it again. [LB1092]

SENATOR SCHUMACHER: How dumb we are right now to have a four-lane highway connected to a four-lane highway by two lanes. [LB1092]

SENATOR CHAMBERS: And what guarantee in this bill is there that whatever you see as a problem there will be corrected if we pass this bill? [LB1092]

SENATOR SCHUMACHER: This particular road is probably on the agenda to be done now, provided they can get through the paperwork with the Army Corps of Engineers. But what this particular bill does in all honesty is that it brings a pot of money into the system now that we can deploy on available labor, on available equipment, on available right of way... [LB1092]

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SENATOR KRIST: One minute. [LB1092]

SENATOR SCHUMACHER: ...before the price goes up. [LB1092]

SENATOR CHAMBERS: As a lawyer, you know what it means to be responsive to the question. What in this bill guarantees that that road condition you describe is going to be corrected by virtue of this bill passing? [LB1092]

SENATOR SCHUMACHER: I don't think there's any guarantees in life. [LB1092]

SENATOR CHAMBERS: Thank you. Members of the Legislature, that could still exist. All the rest of you who have bad bills, nothing in here guarantees that, and you're going to put this into place. If you've got a system that seems dysfunctional, are you going to make it functional or less dysfunctional by giving it more with which to be dysfunctional? And if the agency that controls the road building doesn't want this bill, for whatever reasons, how will you look to the public since that's what you're concerned about? You're greater experts than the Department of Roads? I'm serious about this amendment. We should strike it because it means nothing. [LB1092]

SENATOR KRIST: Time, Senator. [LB1092]

SENATOR CHAMBERS: I would ask for a call of the house, Mr. President. [LB1092]

SENATOR KRIST: There has been a request to place the house under call. The question is, shall the house go under call? All those in favor vote aye; opposed, nay. Please record, Mr. Clerk. [LB1092]

CLERK: 25 ayes, 0 nays to place the house under call. [LB1092]

SENATOR KRIST: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber please return to the Chamber and record your presence. All unauthorized personnel please leave the floor. The house is under call. Senator McGill, Senator Lathrop, Senator Scheer, Senator Howard, Senator Kintner, Senator Avery, please return to the Chamber. The house is under call. Senator McGill, please return to the Chamber. The house is under call. Senator McGill, please return to the Chamber. The house is under call. Senator McGill, please return to the Chamber. The house is under call. Senator Chambers, everyone is accounted for. How would you like to continue. [LB1092]

SENATOR CHAMBERS: I'll take a machine vote. [LB1092]

SENATOR KRIST: You've heard the closing. The question is, shall the amendment to the committee amendment to LB1092 be adopted? All those in favor vote aye; opposed,

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nay. [LB1092]

SENATOR CHAMBERS: (Microphone malfunction)...vote. [LB1092]

SENATOR KRIST: Regular order? [LB1092]

SENATOR CHAMBERS: Yes. [LB1092]

SENATOR KRIST: There's been a request for a roll call vote, regular order. Mr. Clerk. [LB1092]

CLERK: (Roll call vote taken, Legislative Journal pages 885-886.) 17 ayes, 5 nays, Mr. President. [LB1092]

SENATOR KRIST: The amendment fails. Raise the call, please. Mr. Clerk. [LB1092]

CLERK: I do have another amendment, Mr. President. But if I might, some items. [LB1092]

SENATOR KRIST: Yes, sir. [LB1092]

CLERK: Committee on Judiciary reports LB907 to General File. Senator Campbell to print amendments to LB887; Senator Nordquist to LB1076. (Legislative Journal pages 886-889.) [LB907 LB887 LB1076]

Mr. President, Senator Chambers would move to amend with FA255. (Legislative Journal page 889.) [LB1092]

SENATOR KRIST: Senator Chambers, you're recognized. [LB1092]

SENATOR CHAMBERS: Thank you. Mr. President, members of the Legislature, I'm taking sample votes. I'm like somebody who samples the soil, and you won't take a sample from one spot. You move around to try to get an idea of what that soil consists of. Or if you're testing for a specific something, how much of it is there or whether any is there. These votes are telling me something if they're not telling anybody else anything. I don't know if there are 33 votes here. If you haven't got 33 votes, then you ought to throw in the towel. I'm not going to quit. And I cannot honestly say there's something I'd rather be doing. This is easy. I'm not...okay, let me tell you what this amendment does. On page 1, in line 14, after the date "2033" I would place a period and I would strike the remaining language which says, "in order to accelerate completion of the highway construction projects identified and to be identified for funding under the Build Nebraska Act." That language has absolutely no relevance whatsoever, even in this intent language. Let me read you what would remain in the sentence from which I'm cutting

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this. "It is the intent of the Legislature to conservatively utilize bond financing by issuing bonds, not to exceed two hundred million dollars in the aggregate principal amount with a maturity on or before July 1, 2033." What more do you need than that? Even if you're just putting intent language, this extra is surplusage and it's to catch the suckers and I'm going to read it for you, "in order to accelerate completion of the highway construction projects identified and to be identified for funding under the Build Nebraska Act."

"Professor" Schumacher thinks that there probably is something in the plan for that bad highway situation he described. He had to say probably because he's not sure. And even if it's there, that doesn't mean it's going to happen. I won't ask some people again, whom I heard while in my office listening, how many years ago they thought some road or other was going to be completed or improved and it hasn't happened yet. This is worse than pie in the sky in the sweet by and by. And I'll tell you why. Those are the kind of items that are held up to people who are either very naive, who are very superstitious, who are riddled with hopefulness because everything else has failed. So you tell them: You see those clouds up there? On the other side of those clouds are green pastures. There are crystal-clear flowing streams, and every stream is surrounded by rainbow-colored sand. And the lion, whether mountain lion or African lion, will lie down with the lamb, whether an exotic version or not. And there will be peace in the valley. That's on the other side of those clouds. This is worse than that. Do you know why? Because you all are not in a situation where everything is hopeless. You have a chance to do something about this. This language has no legal effect at all. It has no legal effect at all. If there is something ambiguous in a piece of legislation, the court may look at intent language but it's not bound by it. It will consider the legislative history, comprising what happened during the committee hearing, the floor debate, and in the introducer's statement of intent. But it is not bound by any of those things. So you could not...nobody could come and tell the court, this language says the intent of the Legislature is to accelerate completion of the highway construction projects identified and to be identified for funding under the Build Nebraska Act. So Professor, who knows better, "Professor" Schumacher in desperation goes to the court and says, well, what have I got to lose? So he reads this to them. And the judges look down over their eyeglasses, something like I've got eyeglasses, and say, Senator Schumacher, who is your lawyer? I'm representing myself. Senator Schumacher, are you trained in the law? Yes, I am. Have you taken and passed the bar exam? Yes, I have. Are you a member in good standing in the Bar Association? Yes, I am. Then you're qualified to carry the label attorney? Yes, I am. And, Senator Schumacher, you bring us this language and say on the basis of this you want us to overturn the lower court's decision not to grant an injunction to compel the Department of Roads to fix that piece of highway; you brought this to us today, Senator Schumacher. And he would (gulps). That's a gulp for the transcribers. He'd say, well, yes, Your Honor. And they say, well, as a fellow attorney, we on this bench want to collectively tell you, go take a hike. "Professor" Schumacher knows this language has no legal meaning whatsoever. It doesn't even have any logical meaning. By that, I mean it does not flow in a natural way from the language that went before. The language that went before is to set the maximum amount of money that

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these bonds can be issued for and it sets a maturity date. After that has been done, what do you need this other for? To cloud your minds, to fog your thinking. Probably you haven't even read it, and I really don't blame you. But if it means so little to you that you have not even read it, and yet it's setting up an entirely new system for financing roads and one blunder was made when you passed that LB84, that notorious, that infamous LB84, that earmarked money for highway purposes and you're now coming back with this. I wasn't here. But I got the impression that those who supported it felt that this was going to make money available to fix these roads and get something going. That was supposed to be enough, but it wasn't enough, was it? So now here they come again, but not the Department of Roads. Here come some who can profit directly from the foolishness of the Legislature, can plunder the public till with the complicity of the Legislature. And people talking about when they run for office, I'm interested in protecting the taxpayers. And you're going to make it possible for some bondholders, some bond buyers, some speculators, some gamblers to rob the public till. But they're not robbing it because you're giving them the key and you told them, turn this key in that lock and the money will come gushing forth. And all you have to do is pick it up and take it away. And that's what you're doing, whether you want to admit it or not. I want to bring it down to the terms that you can understand because it would take an infantile mind to be serious about this kind of thing when it's giving away the state's integrity because ultimately the bondholders know that the state is behind this nonsense. And they don't care whether you call it that fund where the dedicated money is or the State Highway Capital Improvement Fund pursuant to the Build Nebraska Act. They don't care about that. Do you think that they would care if a signature is on that bond, whether it's written by hand or it's stamped that the ink is blue or black? You think that matters to them? [LB1092]

SENATOR KRIST: One minute. [LB1092]

SENATOR CHAMBERS: No, it's the words and what those words commit the state to do and be responsible for. So I'm trying slowly to help you prune this piece of shrubbery by getting rid of unnecessary verbiage. And since I'm going to be here, the Speaker has told us we'll stay as late as 11:59, why shouldn't this be the first time we do it to see if he's serious, to see if I'm serious, to see if I will fold? Why do you think I run up and down those stairs when other people are barely dragging? I'm in training. I am in training. And standing on this floor does not require as much energy as running up and down those stairs. So I will be here and I'm going to pound away and pound away and pound away. [LB1092]

SENATOR KRIST: Time, Senator. [LB1092]

SENATOR CHAMBERS: Thank you, Mr. President. [LB1092]

SENATOR KRIST: Senator Chambers, you're recognized. [LB1092]

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SENATOR CHAMBERS: Thank you, Mr. President and members of the Legislature. I'm going to keep talking on this. I will use mockery. I will use satire. I will use anything I can to shame and embarrass my colleagues who have done a lot of talking about looking out for the taxpayers. I'm trying to see somebody who always says that. I'd like to ask Senator Schilz a question. [LB1092]

SENATOR KRIST: Senator Schilz, will you yield? [LB1092]

SENATOR SCHILZ: I will try. [LB1092]

SENATOR CHAMBERS: Will you yield and say you'll try to answer the question, but will you yield or not? [LB1092]

SENATOR SCHILZ: Yes, I'll yield. [LB1092]

SENATOR CHAMBERS: Okay. Thank you. Senator Schilz, have you ever had to campaign for office yet? [LB1092]

SENATOR SCHILZ: Yes. [LB1092]

SENATOR CHAMBERS: Okay. When you campaigned, did you make certain promises or representations to the public? [LB1092]

SENATOR SCHILZ: I don't think I made many promises at all. I told them I'd do my best. [LB1092]

SENATOR CHAMBERS: Okay. Did you mention the issue of taxation at all? [LB1092]

SENATOR SCHILZ: Of course. [LB1092]

SENATOR CHAMBERS: And what did you say, just paraphrasing? What was the thrust of what you said about taxing, taxation and taxes? [LB1092]

SENATOR SCHILZ: We all pay them and they're too darned high. [LB1092]

SENATOR CHAMBERS: All right. Now do taxes...why are the taxes too high other than because too many are being collected? But what are the taxes collected for? What use are those taxes put to? [LB1092]

SENATOR SCHILZ: Well, they're used to pay for everything that people think government should provide. [LB1092]

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SENATOR CHAMBERS: And it's your opinion that some of the things that taxes are being spent for taxes need not to be spent for or not in the amounts that currently they are being spent for that particular thing, more or less correct? [LB1092]

SENATOR SCHILZ: I think some of both, yes. [LB1092]

SENATOR CHAMBERS: Okay. Now do you support this bill? [LB1092]

SENATOR SCHILZ: You know what, I don't know if I do or not, to tell you the truth. [LB1092]

SENATOR CHAMBERS: Okay. I'm going to ask you to lay down your principles on taxation, then lay this bill next to it, and see how they shape up. And that's all the questioning I will do. Thank you, Senator Schilz. Members of the Legislature, do you see the kind of bind that we're put in when we're campaigning, not just Senator Schilz? We can make very...we can make declaratory or declarative sentences. We can state it, period, this is what I believe in, this is what I will attempt to do. Then when we're presented with a real situation, after we've been voted into office, where we're shown that tax money is going to be spent or made available for spending on projects that don't exist, they're going to be spent by an agency whose job it is to spend money for those purposes and that agency is opposed to what you're going to do, how many of you would go to your constituents or those you want to vote for you and say, here's what I will do: If the Department of Roads comes into that Legislature and somebody is offered a bill to give the department some money and the Department of Roads is against that bill, I'm going to forget what the Department of Roads says and I'm going to give that money to the Department of Roads anyway? You're not going to say that. And to give you a chance to get a little distance, so you won't have to point the finger at yourself but you can point it at that irresponsible Congress, the Pentagon, the department...various departments of the military have mentioned and specified certain items: aircraft, ships, weaponry that they do not need. They have no use for it. They will not be usable in the kind of conflicts that America will be in. Those who are the military say, we don't want it. And you know what the politicians say, just like you all are? We don't care what the military wants. We don't care what they say they need. There are companies in our districts that build these airplanes that the Pentagon doesn't want and,... [LB1092]

SENATOR KRIST: One minute. [LB1092]

SENATOR CHAMBERS: ...by God, they're going to build those airplanes and keep those jobs. And there are people, I'm sure, in this very body who will say, well, why don't they listen to what the Pentagon says its needs are? Why won't they let the Pentagon explain what items are not needed, are not useful? But here you are, the Department of Roads said no, and you're going to say yes. Thirty-three of you are going to say yes. And that's the way I plan to spend my time, using ridicule, satire, and calling these

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things what they are. And you can apply the proper terminology to yourself. But if you talk on the campaign trail about looking after the welfare of the taxpayers and you're going to go for something like this, I think they would tell you, I think there's some space between what you promised and what you're doing. [LB1092]

SENATOR KRIST: Time, Senator. [LB1092]

SENATOR CHAMBERS: And that space...thank you, Mr. President. [LB1092]

SENATOR KRIST: Senator Chambers, you're recognized, and this is the last time before closing. [LB1092]

SENATOR CHAMBERS: Before what? [LB1092]

SENATOR KRIST: Before your closing. [LB1092]

SENATOR CHAMBERS: Oh, okay. And I'm ready, in case I don't have time to craft another amendment. But I'm taking some pulses on this. As we take these votes, even though I'm not substantively changing the bill, because you might say, well, I don't want to cripple the bill, I am offering amendments that are reasonable, that are rational, that go to how we legislate. And there are people around here, I wish Senator Mello were in the Chamber because I was one of the leading ones who said, let us not allow the budget bill to be divided because that bill is different from the other kind of bills we present. It's a totality and it ought to stay intact, and it goes to the very process by which we legislate. That's what I'm doing here. I am dealing with the way we legislate. My job, even if I support this bill, is to do with...do away with unnecessary language, and this language I'm trying to cut away is unnecessary. Nobody can show that this language I'm trying to cut away hurts this bill at all. You could take away all of this intent language and it does not alter anything in this bill as far as what will have legal significance. But when you've been trained in the law and you start those wheels turning, you can draw material from criminal law that you had no reason to think about in a long time, the M'Naghten rule. I don't think they even pronounced it right or either they didn't spell it right. You can go to property and you can go back to the very beginning to find out where ownership rights come from. You can start with wild animals. Who owns wild animals? If you have reached the point where somebody owns land, do the wild animals on that land belong to the one who owns the land? No, they belong to the king. They belong to the sovereign. They can pass through your land. They can even pause on your land. They can take up residency on your land, but you don't own them. And then when you do get property you do not own it absolutely because the state or the sovereign, even where you say there are property rights and there can be individual ownership, the sovereign can take that property from you, depending on its laws, with or without compensation. But if you live in what they call a constitutional democracy, then, in exercising that power of eminent domain by which the sovereign takes what you

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have, the sovereign can take it if fair compensation is given. And the sovereign determines what fair compensation comprises. Now we go from criminal law and property law. We can talk a little bit about contracts. When does a contract exist? When there's a meeting of the minds and consideration, and consideration can actually be something of value or it can be a promise. A promise for a promise is sufficient consideration to create a binding contract when the minds have met. That means they agree on what the subject matter of the contract is and nothing in that contract is unlawful because you cannot enforce an illegal contract. The meeting of the minds and the consideration will create a binding contract. So then we move from that to civil procedure. [LB1092]

SENATOR KRIST: One minute. [LB1092]

SENATOR CHAMBERS: But I don't want to go into that because that takes too long to talk about. And as you know, I value time and I don't want to take too long on any one subject. So we can go through all of those things this afternoon and you'll see if I really graduated from law school, if maybe I just read a lot of law books, or maybe none of that is true and I just picked up some miscellaneous words and ideas from here and there and can tell you anything because you're not going to check to see if I'm telling the truth. So if it sounds good, if it walks like a duck, if it looks like a duck, if it quacks like a duck that Government Committee will say, well, it must be a chicken. That's the way they operate. I saw them, and that's what we deal with in the Legislature. But this thing is exactly what it looks like, what it sounds like, what it smells like if you take the time to focus those senses on what it is. [LB1092]

SENATOR KRIST: One minute. I'm sorry, time. [LB1092]

SENATOR CHAMBERS: You said one minute? [LB1092]

SENATOR KRIST: Time. Time. [LB1092]

SENATOR CHAMBERS: Time. Thank you, Mr. President. [LB1092]

SENATOR KRIST: Senator Kintner, you're recognized. [LB1092]

SENATOR KINTNER: Well, thank you, Mr. President. I just...someone just texted me. I got to go make a phone call. And the best way to make a phone call is to yield time to Senator Chambers. So I'm going to yield my time to Senator Chambers. [LB1092]

SENATOR KRIST: Senator Chambers, 4:50. [LB1092]

SENATOR CHAMBERS: Thank you, Mr. President. Thank you, "Brother" Kintner. Always glad to help a brother. Members of the Legislature, I will accept all the time I can

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get and I will create the time that I need. This is a serious bill, but I have to deal with it in the way that I am because it makes no sense. It doesn't make economic sense. I look to my right and slightly to the front and I see, minding his own business, looking at his gadget, wondering why in the world I would involve him in this discussion, and I am talking about none other than Senator Burke Harr from Omaha, Nebraska. And if he would yield to a question, I would like to ask him a question or two. [LB1092]

SENATOR KRIST: Senator Harr, will you yield? [LB1092]

SENATOR HARR: Of course. [LB1092]

SENATOR CHAMBERS: Thank you. Senator Harr, you have a bill dealing with income taxes. Is that correct? [LB1092]

SENATOR HARR: I do, LB1097. [LB1092 LB1097]

SENATOR CHAMBERS: And that bill right now is in the Revenue Committee. Is that correct? [LB1092]

SENATOR HARR: It is, yes. [LB1092]

SENATOR CHAMBERS: Do you feel that that bill should be in the Revenue Committee or it should be on this floor? [LB1092]

SENATOR HARR: Revenue Committee. [LB1092]

SENATOR CHAMBERS: You feel it should be in the Revenue Committee. [LB1092]

SENATOR HARR: Yes. [LB1092]

SENATOR CHAMBERS: Tell me why you feel that way. [LB1092]

SENATOR HARR: A number of reasons but probably the simplest is to say that it's not ready for prime time. [LB1092]

SENATOR CHAMBERS: Thank you. Now, Senator, have you read this bill that I've been talking about and others have before me? [LB1092]

SENATOR HARR: Yes, and matter of fact, I suggested some changes to the bill that were... [LB1092]

SENATOR CHAMBERS: Do you... [LB1092]

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SENATOR HARR: ...adopted as the amendments. [LB1092]

SENATOR CHAMBERS: Do you think this bill is ready for prime time? [LB1092]

SENATOR HARR: I do. I do, if you believe the underlying concept of bonding. [LB1092]

SENATOR CHAMBERS: So you think this is a good bill. [LB1092]

SENATOR HARR: Well, I think it's a well-written bill. [LB1092]

SENATOR CHAMBERS: Do you think this bill should be enacted into law? [LB1092]

SENATOR HARR: Yeah, based on...similarly to what Senator Schumacher was saying earlier, to take advantage of the situation where we have a fed policy that has artificially low interest rates, I think it's probably timely to take advantage of it. I think the better way to go about this, though, and maybe a suggestion to make the bill better, would be to say that the bonding could be only used for specific projects. [LB1092]

SENATOR CHAMBERS: Senator, you stopped answering questions and gone to meddling. I didn't ask you that. Here's the question I want to ask you. [LB1092]

SENATOR HARR: All right. [LB1092]

SENATOR CHAMBERS: Do you like hamburger? [LB1092]

SENATOR HARR: Do I? I had hamburger for lunch today from Billy's, yes. [LB1092]

SENATOR CHAMBERS: What is the cost, if you ever buy it at the store, of a pound of hamburger, roughly, if you have any idea? [LB1092]

SENATOR HARR: It's...well, it's always rising but it's around \$5... [LB1092]

SENATOR CHAMBERS: Okay, let's say it's \$5. [LB1092]

SENATOR HARR: ...if you get the 85/15. [LB1092]

SENATOR CHAMBERS: Okay. Let's say it's...let's say \$5 and you like hamburger. There's a guy in "Popeye." I read "Popeye," I used to assiduously because that's my hero. I want to be just like him. That's why I say, "I yam what I yam and that's all that I yam." He had a friend named Wimpy who ate hamburgers and made them look delicious even on paper. [LB1092]

SENATOR HARR: Uh-huh. [LB1092]

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SENATOR CHAMBERS: Now let's say that you like hamburger ten times as much as Wimpy... [LB1092]

SENATOR HARR: All right. [LB1092]

SENATOR CHAMBERS: ...and it's at the store at \$5 a pound. But today I, being Baker's, operate Baker's, I bought 500 pounds of hamburger that I cannot use. I'll sell it, all 500 pounds of it, to you for 50 cents a pound and you'll not get a deal like this again. Would you buy it? [LB1092]

SENATOR HARR: If I had a freezer to store all that. [LB1092]

SENATOR CHAMBERS: You said what? [LB1092]

SENATOR HARR: If I had a freezer to store all the hamburger, I would. [LB1092]

SENATOR CHAMBERS: Not "if you had." We're talking about the way things are now, because if the interest rates don't rise,... [LB1092]

SENATOR HARR: Yeah. [LB1092]

SENATOR CHAMBERS: ...if this, then that. We're not dealing with "if." We're dealing with "now." [LB1092]

SENATOR HARR: Yeah, but... [LB1092]

SENATOR CHAMBERS: Okay. Would you buy 500 pounds of hamburger simply because you can get it for 50 cents a pound today? [LB1092]

SENATOR HARR: I probably would give it strong consideration. I'd have to think about it. I'd have to think about how quickly I could eat it. I'd have to think about the future value of money. I'd have to think what the discount is and the value. But I would definitely consider it. [LB1092]

SENATOR CHAMBERS: And you are such an intelligent man that your making those statements in the form of a question, answered the questions that you were postulating. And I'll give you the answer in one word. [LB1092]

SENATOR KRIST: One minute. [LB1092]

SENATOR CHAMBERS: No, you would not buy 500 pounds of hamburger even if they reduced it to a nickel a pound, because you got to take it away with you right now. But

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that's all I'll ask you right now, Senator,... [LB1092]

SENATOR HARR: Okay. [LB1092]

SENATOR CHAMBERS: ...because I only have a minute. Members of the Legislature, the rationale given by Senator Harr and Senator Schumacher makes no sense: You can get it...you can...interest rates are low; take advantage of it now even if the money you're borrowing you don't need. You're going to borrow money you don't need so you can pay 2 percent interest on it. That's how much you want this money and you don't need it. You're going to pay somebody to give you money that you don't need. [LB1092]

SENATOR KRIST: Time, Senator. [LB1092]

SENATOR CHAMBERS: Thank you, Mr. President. [LB1092]

SENATOR KRIST: Thank you, Senator Chambers and Senator Harr. Senator Wallman, you're recognized. [LB1092]

SENATOR WALLMAN: Thank you, Mr. President. Would Senator Chambers yield to a question? [LB1092]

SENATOR KRIST: Senator Chambers, will you yield? [LB1092]

SENATOR CHAMBERS: Yes, I will. [LB1092]

SENATOR WALLMAN: Thank you, Senator Chambers. Now do you think they would use all this money immediately? [LB1092]

SENATOR CHAMBERS: Oh, no, they're not even going to let the bonds immediately. [LB1092]

SENATOR WALLMAN: No, that's...so I guess there's a lag time in here and bonding is usually done about a year ahead of time or so. And I'm for Senator Chambers' amendment. And the bonding usually done to schools, hospitals, nursing homes, things like that, those are buildings. And roads would be a new thing for Nebraska. Other states have done this as well, so we should check how they're doing with this. And if you want to know, check in with the bordering states. And lots of people are doing this. So thank you, Mr. President. [LB1092]

SENATOR KRIST: Thank you, Senator Wallman and Senator Chambers. Senator Hansen, you're recognized. [LB1092]

SENATOR HANSEN: Thank you, Mr. President. I think Senator Chambers has hit on a

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really important part of the bill and it was on the first page where you go down, read pretty fast, and then you get into the details. But the part that he wants to eliminate in this portion of the bill with his floor amendment is probably the crux of the whole problem: in order to accelerate the completion of the highway construction projects identified for funding over the next ten years through the Department of Roads and the Build Nebraska Act. This is due July 1, 2033, which seems like an awfully long time, 16 years, to pay this back. But according to the first bill that did have a fiscal note, and this one doesn't have a fiscal note yet, if you cut it in half, borrow the \$200 million instead of the \$400 million, it will cost about \$85 million to borrow this money. And we're already on a time schedule. The Department of Roads says, you know, this is what we're going to do, this is when we're going to do the expressways, this is when we're going to build the highways with the quarter-cent sales tax that's earmarked and scheduled to be spent every year. This acceleration is part of the reason that I really don't feel that we need to go into the bonding issue on this. Like Senator Chambers said and others have said, we can't keep this entirely in law. But if we pass the idea of bonding the first time, it can be changed over and over and over every year if need be. I think we're asking for trouble. I think we're going to get into trouble very easily. I recall again, want to restate again that the national debt on credit cards per household is around \$17,000 each. Those are the people that are raising our kids and teaching our kids. And it's a sad state of affairs when someone is \$17,000 in debt over something that they probably wanted but probably didn't need. I will remind the group again, there's only two rules in road construction: One is that...pay as you go; second rule, refer to rule number one. Thank you, Mr. President. [LB1092]

SENATOR KRIST: Thank you, Senator Hansen. Senator Smith, you're recognized. [LB1092]

SENATOR SMITH: Thank you, Mr. President, and good afternoon, colleagues. Senator Chambers, around a questioning with Senator Harr, I'm going to differ with both answers Senator Harr gave. First of all, LB1092, I do not believe that it's ready for prime time and I stand and continue to oppose that bill. And in terms of LB1097, I do believe it's ready for prime time, Senator Harr's bill that's in Revenue, because that actually happens to be my priority bill. So, Senator Chambers, I'm going to yield you the remainder of my time. I think time is to Senator Chambers as spinach is to Popeye, so you may have the remaining time I have. [LB1092 LB1097]

SENATOR KRIST: Senator Chambers, 4:12. [LB1092]

SENATOR CHAMBERS: Thank you, Senator Smith. And one reason I'm reluctant to use Senator Smith's real name, any time I use "Smith," and I wrote a rhyme, I told him the day before the person in the rhyme is named Smith but it's not you. And the first thing he told me after he read it: Why did you put me in that poem? But I appreciate him giving me this time and everything else is forgiven. Members of the Legislature, I would

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like to ask Senator Schumacher a question. [LB1092]

SENATOR KRIST: Senator Schumacher, will you yield? [LB1092]

SENATOR SCHUMACHER: Yes, I will. [LB1092]

SENATOR CHAMBERS: Senator Schumacher, I've been saying that this intent language has no legal effect. That's not really true, is it? [LB1092]

SENATOR SCHUMACHER: It has legal effect in the way a court might interpret it if there were a question that was...of law that was ambiguous. And it has legal effect to the extent it might...I guess it's not legal effect but it's suggestive to future Legislatures as to why we did what we did. [LB1092]

SENATOR CHAMBERS: Well, can you show me any place in this bill where the amount of bonds issued shall not exceed \$200 million? [LB1092]

SENATOR SCHUMACHER: I believe that it's in there. Let's see. [LB1092]

SENATOR CHAMBERS: It's in the statement of intent? [LB1092]

SENATOR SCHUMACHER: Line 12, not to...is the intent of the Legislature "not to exceed two hundred million dollars." Okay, now we've got to find where it actually says that. If we had one of these magical gadgets, we could scan for the word "million" and probably find it really quick. [LB1092]

SENATOR CHAMBERS: I don't mind if you'd like to use your gadget. I like to send people to high tech, being low tech or no tech like I am. [LB1092]

SENATOR SCHUMACHER: All right. Okay, on page 9, I think we're into the meat of it there: Under the authority granted by Article VIII (sic), Section 1 of the constitution, the Legislature authorizes, after July 1 of '14, in addition to the authority generated in subsections (1) and (2) the issuance of bonds in one or more series in an aggregate principal amount to be determined by the commission, but not to exceed \$200 million. [LB1092]

SENATOR CHAMBERS: Now, Senator, before I posed that question, did you know where in the bill to find where the actual authority to issue bonds of that amount would be found? [LB1092]

SENATOR SCHUMACHER: I didn't know exactly, but I remembered it was there somewhere. [LB1092]

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SENATOR CHAMBERS: Thank you. Members of the Legislature, I don't believe anybody else on this floor knew where that amount was mentioned except in the statement of intent. That's why I gave a hint: Is it true what I've been saying that the statement of intent has no legal effect? It really doesn't. If authority or authorization is going to be given for an agency to do something that involves the expenditure of money, it has to be stated positively, unambiguously in the body of the legislation that you're being...that you're considering. This is why I can use satire. [LB1092]

SENATOR KRIST: One minute. [LB1092]

SENATOR CHAMBERS: I can mock, I can scoff. You all don't even know where to look in the bill to find out what you say this bill does. But that's not against you. A lot of bills come through here that people don't read, that people don't pay attention to, that they offer as a favor to somebody. And then when questions are asked, then it's difficult to answer or justify what's in here. I didn't become aware of this until this morning. I'm still skimbling and scrambling now, trying to find out what's in this bill, but what little I've been able to come to grips with makes no sense. So I think the more of it that I'm able to read, the more of it that I understand and can compare in my slow, no-tech way, I will find additional issues to take issue with. I'm not going to say I will persuade anybody of anything. I'm not going to... [LB1092]

SENATOR KRIST: Time, Senator. [LB1092]

SENATOR CHAMBERS: ...say I will convince anybody. Thank you, Mr. President. [LB1092]

SENATOR KRIST: Thank you, Senator Chambers and Senator Schumacher. Senator Bloomfield, you're recognized. [LB1092]

SENATOR BLOOMFIELD: Thank you, Mr. President. I'm inclined to support FA255, and it is my intent to vote against LB1092. I'd like to ask Senator Chambers a question if he'd yield. [LB1092]

SENATOR KRIST: Senator Chambers, will you yield? [LB1092]

SENATOR CHAMBERS: Yes, I will. [LB1092]

SENATOR BLOOMFIELD: Senator Chambers, is it your intent to take this the full eight hours and require 33 votes? [LB1092]

SENATOR CHAMBERS: Would you say that again, please? [LB1092]

SENATOR BLOOMFIELD: Is it your intent to take this the full eight hours and require a

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cloture motion? [LB1092]

SENATOR CHAMBERS: Yes, and I will take it beyond eight hours if they don't call for cloture after eight hours. [LB1092]

SENATOR BLOOMFIELD: Thank you, Senator Chambers. With that in mind, I would yield the remainder of my time to Senator Chambers. [LB1092]

SENATOR KRIST: Senator Chambers, 4:15. [LB1092]

SENATOR CHAMBERS: Thank you, Senator Bloomfield. When this bill was brought, this is why I wish it wasn't Senator Dubas. I told you all that Senator Bloomfield reminds me of Johnny Cash. She'd be singing right now: I stepped into a burning ring of fire. I went down, down, down, and the flames went higher; and it burns, burns, burns, this ring of fire. But I didn't light the fire. I did not ignite the fire. But now that it's been placed before me, I have to do what I can to stop something unworthy from being enacted into law by this Legislature. I'd like to ask Senator Seiler a question, if he's in the house. [LB1092]

SENATOR KRIST: Senator Seiler, will you yield? [LB1092]

SENATOR SEILER: I will. [LB1092]

SENATOR CHAMBERS: I'm going to refer to Senator Seiler as "Judge" today, and that's a term out of respect, because the question that I'm going to ask him requires a little more in the way of knowledge and study than most questions in order to be answered. Senator Seiler, are you acquainted with the Constitution of Nebraska? [LB1092]

SENATOR SEILER: I am. [LB1092]

SENATOR CHAMBERS: Have you read it from time to time? [LB1092]

SENATOR SEILER: I've referred to it a lot of times, yes. [LB1092]

SENATOR CHAMBERS: Now, Senator Seiler, have you read any provision in the constitution that will have a direct bearing on this bill and the procedure that surrounds what it would take to get this bill enacted into law? [LB1092]

SENATOR SEILER: I have. [LB1092]

SENATOR CHAMBERS: And would you mind sharing with us what that provision is. [LB1092]

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SENATOR SEILER: The provision is the exemption for bonds to get passed by the Legislature and it takes 30 votes. [LB1092]

SENATOR CHAMBERS: And it takes 30 votes. Thank you, "Judge." Thank you. Members of the Legislature, if you get 33 votes for cloture, will you get 30 votes to pass it? Would you have 30 votes to override a veto? Whether this bill goes eight hours or not, it's not on me. I am but a humble worker in the vineyard of the public. And because Senator Kintner has yielded me time, I had called him "Kitty Cat" Kintner. Today, after what he's done to help me, I will call him Kintner "the Vintner." You all know what vintners do, don't you? And they do tread out grapes, bring forth the juice from which is concocted wine, and wine puts you in a mellow mood. I've been told that. I've never tasted wine. But at any rate, I'm going to take the time and I believe this issue merits it. But there are others who could end all of this. All you have to do is give me a sign. Billy Joel had a song about that, something about, Virginia, give me a sign, I throw you a line. Throw me the line; give me the sign. But, see, we don't have enough people in here to give me the sign that I need. [LB1092]

SENATOR KRIST: One minute. [LB1092]

SENATOR CHAMBERS: But we don't have 49 people here today probably. If there are 17 people who see that this is a bad policy, we can stop this thing from going to the next stage of debate. But I'm going to seek a test vote after about another hour and I'm going to see how many votes that test vote will deliver. And I'm going to offer a motion to bracket this bill to a day certain, and that makes it a priority vote. And we can debate that motion. But in the meantime, this amendment that I'm offering is valid. This is surplusage and it's not needed. The intent language that the sentence deals with... [LB1092]

SENATOR KRIST: Time, Senator. [LB1092]

SENATOR CHAMBERS: Thank you, Mr. President. Was that (microphone malfunction) time? [LB1092]

SENATOR KRIST: That was yielded time to you, sir, so you're still left with your closing. [LB1092]

SENATOR CHAMBERS: Okay. [LB1092]

SENATOR KRIST: And Senator Hansen, Bloomfield, and Janssen are still in the queue. Senator Hansen, you're recognized. [LB1092]

SENATOR HANSEN: Thank you, Mr. President, members of the Legislature. Would

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Senator Chambers yield for a question? [LB1092]

SENATOR KRIST: Senator Chambers, will you yield for a question? [LB1092]

SENATOR CHAMBERS: Yes, I will. [LB1092]

SENATOR HANSEN: Thank you, Senator Chambers. Going back to a little bit of discussion we had earlier this morning about a pig in a poke, we did pass the amendment and, to me, that's kind of like putting lipstick on a pig. It made the bill better but that pig is still going to root in the mud. I'm not in favor of the bill just because we passed the amendment. I like your amendment here. I think that it adds something to it. It takes that accelerated motion out of all of the road building. Whether the federal government takes the highway funding away from the feds is one thing, but we certainly should take into account, I think we should take into account anyway, what money we have now, where it's being spent, do it slow and do it right the first time. I know that a few years ago we talked about a bridge to nowhere on the Interstate 80 and I've went up there a few times and I saw that bridge, the overpass, and I thought, well, someday Omaha will be down...probably be down there. But the last time I was down there it still looked like a pretty unused bridge. Could you comment to the...on the bridge to nowhere in the progress that it's made? [LB1092]

SENATOR CHAMBERS: Some time ago, Senator Hansen, I had talked about it, too, in connection with another item and it might have had to do with something Omaha, the city, was doing, and I disagreed with it and I had used that as exhibit A. So I feel about it like you do. [LB1092]

SENATOR HANSEN: Okay. And I do remember, went by it on an evening going up to some function or to see my family or something, and they had torn out a brand new section of road and I know that that was a...not a good thing because they had it marked off and had it torn up, a brand new section going around a corner, as I remember. So the Roads Department does need to go slow and do things right the first time. I think they're going to last a lot longer. An accelerated program to them should mean, would mean, you know, hurry up and let's get this done, and I don't think that's necessary. Thank you, Senator Chambers. [LB1092]

SENATOR KRIST: Thank you, Senator Hansen and Senator Chambers. Senator Bloomfield, you're recognized. [LB1092]

SENATOR BLOOMFIELD: Thank you, Mr. President. This bill purports to give us money to build roads the department of transportation says they can't build right now. They don't want to go forward with it. They don't have the projects ready for it. We don't need it. What this bill really does is change law so that we can go into debt. As a pay-as-you-go state, that is not something we should be doing. This is not a 2-year bill

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that's going to go quietly away at the end of 2 years or 20 years. This fundamentally changes Nebraska law and allows us to borrow money that we ought not be borrowing. And I'd yield the remainder of my time to Senator Chambers. [LB1092]

SENATOR KRIST: Senator Chambers, 4 minutes. [LB1092]

SENATOR CHAMBERS: Thank you, Senator Bloomfield. Thank you, Mr. President. And what Senator Hansen said was correct. You don't want to tell them to act in haste. I'd like to ask Senator Dubas a question, and this... [LB1092]

SENATOR KRIST: Senator Dubas, will you yield? [LB1092]

SENATOR CHAMBERS: ...and this is not designed to be a trick question at all. Is there money in that fund, where that quarter percent was deposited, available to be used on road projects right now should a road project come into, you know, be in a condition to be built? [LB1092]

SENATOR DUBAS: Yes, there is. That quarter-cent sales tax comes into that fund on a regular basis. [LB1092]

SENATOR CHAMBERS: Thank you. And I wanted that answer before I went on. Members of the Legislature, the Roads Department has money right now that it can use in building roads. If they are not using that money right now, why authorize the issuance of bonds, which is a gamble-type operation because it's based on speculation, all of these vagaries that are mentioned even in the statement of intent? You don't need to do that. There is not an absence of money for road building. It is there. The Department of Roads is telling you, we don't want your money. And you know why this bill is drafted the way it is? They could have said, the Legislature could say these bonds in the amount of \$200 million shall be issued by the Department of Roads, and put all these conditions on it, no later than July or June 31 (sic) of 2015. But they didn't make it a "shall." They're not...the Legislature is not taking responsibility for this. The Legislature is going to fall back and say, well, we just authorized the Department of Roads to do it; we didn't do it, our hands are clean. And you know what they're going to deliver to each person in here who votes for this bill? You know what each one of you is going to get? You're going to get a little container of water labeled "Pontius Pilate water." And you'll have somebody pour it over your hands and you'll rub the palms together and say: I have no responsibility for what has been done; my hands are clean; the Department of Roads issued these bonds, not the Legislature. [LB1092]

SENATOR KRIST: One minute. [LB1092]

SENATOR CHAMBERS: The Legislature did not order them to issue the bonds. The Legislature did not say they shall be issued. So why dump the responsibility on the

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Department of Roads, because they've already told you they don't want it. But maybe sometime in the future you have somebody else running the show and all the pieces are in place. You ought to read things Abraham Lincoln wrote about. When it came to the Dred Scott decision, he talked about James Buchanan. He called all these people by first name: James; Roger, Roger B. Taney; Stephen. Stephen, Roger, and James all got together on this. It's like building a house. And they all worked in different parts of the country, but every floor board perfectly fit the dimensions of the room. All of the walls were in equal height so that when they laid the roof it fit perfectly. [LB1092]

SENATOR KRIST: Time, Senator. [LB1092]

SENATOR CHAMBERS: Thank you, Mr. President. [LB1092]

SENATOR KRIST: Thank you, Senator Bloomfield and Senator Chambers. Senator Janssen, you are recognized. [LB1092]

SENATOR JANSSEN: Thank you, Mr. President and members. I got very interested in this debate when we were talking about the sale of hamburger and I was thinking about having that for supper tonight. And I heard the price was \$5. I got...I'm kind of a cheapskate. I thought that was very expensive. So I did some research here and in 1980 the price of hamburger was \$1.82 nationally. It's a little cheaper here. In 2014, it was an all-time high of \$3.61 a pound. So I would not buy in on that 500 pounds that Senator Harr was looking at buying for \$5 a pound by any means. That said, I also looked up ground chuck. In 2003 was \$2.49 a pound and it's gone up 45 percent. And since this particular Chuck doesn't want to get ground up by Senator Chambers, I'll yield the remainder of my time to him. [LB1092]

SENATOR KRIST: Senator Chambers, 4 minutes and 10 seconds. [LB1092]

SENATOR CHAMBERS: Thank you, Senator Janssen. And you are indeed a gentleman and I appreciate it. Here's what I wanted to finish, and I'm paraphrasing what Abraham Lincoln had said. He said that it's impossible to say that these men working, not in concert with each other, in different locations could put together all the pieces that it takes to build this house and every one fit exactly where it should go. Every piece of lumber that needed a slot to fit into, the slot was right in that location. It would be impossible to say this happened without a common plan. They all got together and did it. The Legislature will not in the future be able to wipe its hands of the damage this will do. Without the Legislature authorizing this, it could not be done. And I said I was going to have a test vote on a bracket so what I'm going to do, it is a priority motion, and if it doesn't go then I will just resume my discussion. And I assure you that I have plenty to say. I could talk for six hours about Abraham Lincoln alone, and he's one of the people in public life whom I respect more than anybody else. And it has nothing to do or very little to do with the Emancipation Proclamation. He was a man who was very realistic.

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He could observe a situation and determine a goal that he wanted to reach, and he knew how to fashion the means to reach that goal. Sometimes the goals, in my view, were unworthy of him. But he had his world or global view, and what he was doing worked that out in working out his destiny. He was able to write in very clear, brief, succinct--and that is what he wouldn't do, he wouldn't use two words together when one sufficed--sentences that anybody who could read and understand English would be able to read and follow from the first sentence to the last and understand everything that was in between because one thing led to the other. And if you want to see the works of somebody who really respected the language, used the language not as a dreamer but as somebody who was working in the realm of statecraft at maybe one of the worst times in history for any head of state, you should read the works of Abraham Lincoln. Thank you, Mr. President. [LB1092]

SENATOR KRIST: Thank you, Senator Chambers. Mr. Clerk for a motion. [LB1092]

ASSISTANT CLERK: Mr. President, I do have a priority motion. Senator Chambers would move to bracket the bill until April 17. [LB1092]

SENATOR KRIST: Senator Chambers, you're recognized on your motion. [LB1092]

SENATOR CHAMBERS: Thank you. Mr. President, members of the Legislature, I'm serious about this motion. If 24 of you, and I'll be the 25th, or I'll be the 1st and then 24 more of you, accept this motion, then we're through with this bill. I don't have anything against the Department of Roads. I certainly don't have anything against Senator Dubas. What I am against is this type of legislation which I think we as a body ought not enact into law. We should not force on an agency what the head of that agency does not want unless it is a policy that is so important to the Legislature that it will be given as an order, a directive, not where there's discretion. The Legislature will say, you shall, and that person shall do it. This legislation is not constructed in that manner. This legislation is going around the department whose duty it is to see that roads are built. Now understand this: The Department of Roads need not issue any bond ever and the Department of Roads would not be defeating the intent of the Legislature. The Department of Roads does not have to issue a bond. Now if we are serious about more money being needed to work on these roads and the Department of Roads says, no, it's not, but we say, yes, there is, then let us create mandatory language, appropriate the money, and direct the head of the Department of Roads and the employees to carry this out, and the failure to do so will be a violation of his or her duty and it will be a Class IV felony. If you're not playing, that's what you will do. This is not serious legislation in the sense of our behaving like a Legislature. We can provide discretion and set guidelines and allow an agency to act pursuant to that discretion. But for it to be valid, and now I'm not just talking about in a constitutional sense, there has to be a goal clearly stated and expressed by the Legislature, a goal, a purpose. And the details are filled in by the department in whose discretion is placed the authority to formulate rules and regulations

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to carry out the will of the Legislature. The Legislature does not even say it is the will of the Legislature that this be done, because that's not how the Legislature expresses its will. If something is the will of the Legislature, the Legislature uses the word "shall," you shall do this. And if it is not "shall," you can do it or not do it. And if it's something that the Legislature feels you can do or not do, don't waste the legislative prerogative by putting something like that on the statute books which in and of itself does not carry a duty to do anything. No duty is imposed on the Department of Roads with this proposed legislation. No duty is imposed on anybody. Show me any other time this body has enacted a law and it places a duty on nobody, on nobody, or it says there shall be an election to fill a certain office but nobody shall vote in that election. That's a negative but at least it's saying nobody shall. It's putting a prohibition in place. There is no prohibition here. There are limitations if the Department of Roads decides to act, but the Department of Roads doesn't need to. If it is essential that roads be built, then let the Legislature say so. This does not say so. It says to the Department of Roads, you can thumb your nose at the intent expressed by the Legislature, because the Legislature itself is not serious. We don't know whether there was a political motive behind it, but there certainly is not a legitimate exercise of legislative authority. And when I say "legitimate," I don't mean it falls outside of what the Legislature is empowered by the constitution to do. We can legislate on any subject in any way that we choose and we're limited only by what the state constitution specifically says we cannot do and what we're prohibited by the U.S. Constitution, federal law, and treaties from doing. Other than that, we can enact any law we want. We can even change the definition of words. I can say that the two appendages on the side of Senator Johnson's head are noses, and that appendage on the front of his face is an ear, and we can put that in a statute. And people would laugh at us, but we can do it. Can anybody say it's unconstitutional? Would Senator Johnson have standing? Senator Johnson couldn't show that irreparable damage or harm was done to him. He couldn't even prove that he's the Johnson we're talking about. We can be as big a fool as we want to, collectively. We can make ourselves, by our legislation, jackasses if we choose to, but I don't choose to be in that number. So you all have the votes to do this, but it's going to take you a little time to get there and you're going to have to endure me doing what I'm doing. And I'll show you that I can endure the eight hours; can you? Thank you, Mr. President. [LB1092]

SENATOR KRIST: Thank you, Senator Chambers. You've heard the opening to the bracket motion. Those wishing to speak: Senator Schumacher, Senator Dubas, and Senator Chambers. Senator Schumacher, you are recognized. [LB1092]

SENATOR SCHUMACHER: Thank you, Mr. President, members of the body. If we could just pause a minute and think about something that we think we all know the answer to but really don't: What is money? Is it the green piece of paper that Senator Coash handed to Senator Chambers a little bit ago in jest? Is that money? Did you get it back? Oh, okay, it wasn't in jest. Is that money? When in fact most of what we think of as money is digital entries on a screen at the Federal Reserve, what is it? Money is

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power: the ability to get people to do things or not to do them. Let's put ourselves in the shoes of somebody who has worked and saved their money, and let's say they've saved \$100,000, not something unreasonable. And they've stored that savings, that work, that power to get something done in an account someplace. And they really don't want to lose it because they really would not want to be beholden to the state in their old age. What do they do with it, assuming they don't want to build an apartment building, be responsible for thawing out pipes in the middle of winter? Well, they're afraid to put it on the stock market. But they would sure like to get some interest, which they can at the bank. And they really don't want to put it in corporate bonds because the corporation might go belly up. But they have a state government, a state government which they, under our system of credit ratings, are almost guaranteed, if anything in life can be guaranteed, to get paid back on. If that state government does not have some bonds to sell them, what are they going to do? They're going to take that power and invest it in some other government bonds in another state. The Massachusetts Transit Authority is one place. And that money...or federal T-bonds, and who knows where those things end up being productive at? That money is not put to work, its power is not utilized here where it can produce productive assets which hopefully can grow our productivity so that we don't have to struggle so hard with the taxes. What this bonding thing does, when done in such extreme moderation as what we have here, is it gives folks a place to see their money work here in Nebraska at interest rates far greater than they would feel safe doing anywhere else. It builds roads. It builds jobs. It churns through the system instead of churning through the system somewhere else. This is not about a shortage of money in Nebraska. We're drowning in it. What it is about is the ability to take that money and put it to work now when we can get a whole lot more for it than we might be able to get in five or seven years should the very anticipated bout of inflation reoccur. And by getting these roads built now... [LB1092]

SENATOR KRIST: One minute. [LB1092]

SENATOR SCHUMACHER: ...we can have those roads in production and we can then have resources freed up for what we know is coming down the pike, and that is increased social spending on aging baby boomers, on children born into families that are not financially prepared to have them, and on exigent circumstances where the federal government is no longer in a position to bail us out. This is a smart use of power. Power is represented by money and it is a pitifully small amount, but every little bit helps. And this is not foolhardy stuff. It is not meaningless stuff. It is how the world of finance works, whether we like it or not. Thank you, Mr. President. [LB1092]

SENATOR KRIST: Thank you, Senator Schumacher. Senator Dubas, you're recognized. [LB1092]

SENATOR DUBAS: I would yield my time to Senator Mello. [LB1092]

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SENATOR KRIST: Senator Mello, 4:50. [LB1092]

SENATOR MELLO: Thank you, Mr. President, members of the Legislature. And thank you, Senator Dubas, for yielding me your time early to try to address hopefully a couple of items I've heard on the floor this afternoon regarding the underlying bill. First off, colleagues, I have the utmost respect for a lot of what Senator Chambers has raised in regards to maybe some technical changes that need to be made to the bill. I've looked over the lunch hour and raised some technical concerns to Senator Dubas that we need to clarify in the bill in respects to ensuring that the LB84 funding that is currently being put towards road construction, we are using that percentage to actually pay for the bond payments under the proposed legislation. But I've heard a number of members on this floor mention and ask questions of why we would oppose what our Department of Roads is telling us in regards to why they opposed LB1092. Colleagues, the Department of Roads is a code agency. The Department of Roads and their director, Randy Peters, while a good man, answers directly to Governor David Heineman. Governor Heineman publicly came out and said he opposes this piece of legislation; thus, his state agency, who answers to him, came in opposition to this bill. It has nothing to do with the general financial practice that Senator Dubas, Senator Schumacher, myself, and others have walked members through today, which is if we want to borrow cheap money right now because of cheap interest rates, this is the option we have. If not, we'll go ahead and continue to spend roughly \$65 million to \$70 million a year, project by project, and take 20 years to actually get big projects done. But I've heard a number of members say, well, the Department of Roads opposes this, so why could we possibly support this? Colleagues, the reality is in every bill that no doubt all of us have had at one point in time, we have all had a code agency oppose a piece of legislation. That code agency answers to one individual--the Governor. Come January 1 of 2015, we will have a new Governor and a new administration and, quite possibly, a new Department of Roads director who may come out and say, you know, this was probably a pretty good idea. Interest rates are 3.25 percent right now. We can lock that in right now and we can use \$200 million to bond some expressways. We're not raising taxes in respects to the gas tax because we have a dedicated source of funding from the sales tax. Colleagues, that's the issue in front of us. I can respect if members feel queasy about not wanting to see the state borrow or go into debt in regards to bonding, but the reality is we're one of the few states who don't do...who really don't utilize bonding for road construction. There's a reason why we will have a \$14.1 billion needs assessment in 10-20 years from now, based on 2013 dollars, because we don't do this. And I, for one, feel that the committee amendment we adopted is a very cautious approach, arguably the most conservative, cautious bonding program in the country still with the adoption of the committee amendment. But make no claims about it, the Department of Roads opposed this because the Governor asked them to oppose it because they answer to him. It's no...it's only that simple. They will do what the Governor tells them to do in a situation like this, the same reason they opposed a significant other number of bills that is not LB1092. So if that is the reason that you have hesitation, is because the

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Department of Roads opposed this, that's simply the Governor saying he's going to oppose it. If the Governor vetoes LB1092 because the Legislature passes it, we as a Legislature have the ability to so choose to override the Governor. We've done that before and I'm sure this Legislature will do that again. But if the issue is at hand that... [LB1092]

SENATOR KRIST: One minute. [LB1092]

SENATOR MELLO: ...you're concerned about the fiscal impact or the general nature and concern of the state going into debt, colleagues, we go into debt all the time. The difference is we're smart about it and when we go into debt we make sure we have a financing mechanism to pay that debt back, which is what you have in front of you, utilizing a portion of the LB84 funds. If we didn't have the LB84 funds, this would be a different game where I probably would not support it. But this is a way, as Senator Schumacher just eloquently said, is a way for us to get \$200 million in the next couple of years instead of losing that money over a period of 20 years due to 5 to 7 percent inflation. It doesn't take a Ph.D. in economics to understand the loss of money in inflation over a 20-year period in comparison to 3.25 percent interest rates over the next two years. With that, I'd urge the body to strongly consider voting against the bracket motion. Thank you, Mr. President. [LB1092]

SENATOR KRIST: Thank you, Senator Mello and Senator Dubas. Senator Chambers, you're recognized. [LB1092]

SENATOR CHAMBERS: Thank you, Mr. President, members of the Legislature. I'd like to ask Senator Mello a question or two. [LB1092]

SENATOR KRIST: Senator Mello, will you yield? [LB1092]

SENATOR MELLO: Absolutely. [LB1092]

SENATOR CHAMBERS: Senator Mello, if the person who is elected Governor next time feels exactly the way that Senator (sic) Heidemann...Heineman feels, what will the director of Roads say about utilizing this legislation? [LB1092]

SENATOR MELLO: Senator Chambers, the Department of Roads director would simply not utilize the legislation, because I view this as the...it's authority we're giving the department to utilize it. If they so choose not to, then they won't utilize it. [LB1092]

SENATOR CHAMBERS: So there's no assurance that waiting until another Governor is in will make this any less capable of passing the smell test. Here's what I would ask you. Do you have a copy of the amendment in front of you? [LB1092]

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SENATOR MELLO: I can get a copy as you talk with me, Senator Chambers. [LB1092]

SENATOR CHAMBERS: Okay. And I want you to look at page 1, and when you have page 1... [LB1092]

SENATOR MELLO: I have it. [LB1092]

SENATOR CHAMBERS: Okay. Now come down to line 18. But first of all, I have been misstating the bill. The Department of Roads doesn't issue the bonds. The Department of Roads makes a recommendation to this Highway Commission. [LB1092]

SENATOR MELLO: Correct. [LB1092]

SENATOR CHAMBERS: And the Highway Commission doesn't have to issue the bonds either, does it? [LB1092]

SENATOR MELLO: No. [LB1092]

SENATOR CHAMBERS: So the Highway Commission, did they speak in favor of this bill? [LB1092]

SENATOR MELLO: They did. [LB1092]

SENATOR CHAMBERS: Why would they speak in favor of it and the Department of Roads speak against it? Would it be for the political reasons that you touched on briefly, in your opinion? [LB1092]

SENATOR MELLO: I would agree with that, yes, Senator Chambers. [LB1092]

SENATOR CHAMBERS: Now then let's take the politics out of it. How do the people who make up the Highway Commission get on to that commission? [LB1092]

SENATOR MELLO: They are appointed by the Governor. [LB1092]

SENATOR CHAMBERS: Now obviously these people feel enough independence to take a position contrary to that of the Governor or it could be because the Governor won't be here any longer and can't harm them. But let's leave that out of it. [LB1092]

SENATOR MELLO: Okay. [LB1092]

SENATOR CHAMBERS: Let's say that they're being independent. [LB1092]

SENATOR MELLO: Okay. [LB1092]

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SENATOR CHAMBERS: Let me ask you a question. How strongly do you feel that this is good, sound legislation and a wise course for the Legislature to follow? [LB1092]

SENATOR MELLO: I feel, with a couple technical changes that clarifies some components in the bill, if we move it along, that I have that I've shared with Senator Dubas, I think the underlying policy, Senator Chambers, with the adoption of the committee amendment is sound, good policy. [LB1092]

SENATOR CHAMBERS: I'm going to see if you've stated more than what you really believe. In line 17, we would strike, "Upon the recommendation of the Department of Roads." We would strike that and get the Department of Roads out of it altogether. Would you be willing to agree to that amendment? [LB1092]

SENATOR MELLO: Absolutely. [LB1092]

SENATOR CHAMBERS: And then where it says, at the end of the sentence, "may," we would strike "may" and insert "shall." Will you accept that amendment? [LB1092]

SENATOR MELLO: I would accept that amendment. [LB1092]

SENATOR CHAMBERS: Thank you. I'd like to ask Senator Dubas a question. [LB1092]

SENATOR KRIST: Senator Dubas, will you yield? [LB1092]

SENATOR DUBAS: Yes, I will. [LB1092]

SENATOR CHAMBERS: Senator Dubas, would you agree to those amendments? [LB1092]

SENATOR DUBAS: Yes, I would. [LB1092]

SENATOR CHAMBERS: And then it...thank you. Then it becomes the Legislature's job. I'd like to ask Senator Schumacher a question. [LB1092]

SENATOR KRIST: Senator Schumacher, will you yield? [LB1092]

SENATOR SCHUMACHER: Yes. [LB1092]

SENATOR CHAMBERS: Senator Schumacher, would you accept that amendment, those two amendments? [LB1092]

SENATOR SCHUMACHER: I got one written up that says that. [LB1092]

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SENATOR CHAMBERS: All right. Now here's what I still say. I wanted to show you how, if the Legislature believes this, the Legislature could do it. The Legislature could have done it long before now. It's their bill, not mine. I kept telling them the Legislature is washing its hands, let the Legislature do it. Nobody wrote the amendment. Then I'm going to show you something else. The amendment that I want...and I'm still for this bracket motion because I think this is bad policy. The bill constitutes bad policy. But in line 7 I wanted to strike the language, "to leverage historically low interest rates to offset the challenge," oh no,... [LB1092]

SENATOR KRIST: One minute. [LB1092]

SENATOR CHAMBERS: ...the last amendment that I offered, "in order to accelerate completion of the highway construction projects," and so forth. That's the one that was pending before this. Well, in the bill itself is that identical language, so why do you need it in the statement of intent? This bill was carefully read? Why put in the statement of intent language you put in the bill? And if you don't believe me, go to line 20 and start with the word "for," "for the purpose of accelerating completion of the highway construction projects," and so forth. It's not my bill. I see it. They've been supporting it and they don't see it. I'm for this bracket motion. But they still need 33 votes. Thank you, Mr. President. [LB1092]

SENATOR KRIST: Thank you, Senator Chambers. Senator Mello, you're recognized. [LB1092]

SENATOR MELLO: Thank you, Mr. President, members of the Legislature. I'd like to yield my time to Senator Dubas. [LB1092]

SENATOR KRIST: Senator Dubas, you're yielded 4:55. [LB1092]

SENATOR DUBAS: Thank you very much, Mr. President. Thank you, Senator Mello. A couple of points I'd like to make: Number one, we have bonding authority right now. We have a statute that was put in place in the '80s that allows for up to \$50 million of roads bonding to be done, but that would be paid for with gas taxes. And after it was paid...or, excuse me, after that legislation was put in place there just wasn't a will to move forward with putting these expressway projects in place and using this. But to be clear, we have bonding authority now. So while \$50 million is a smaller sum than \$200 million, we have that authority right now. The money that's in the Highway Capital Improvement Fund right now is being used for the Build Nebraska Act projects that have been identified. So that money is not just sitting there. It is being used. It's being moved through the fund to put these projects in place. As Senator Mello pointed out, this legislation provides authority. Now what Senator Chambers and the conversation that we just had said, you know, the possibility of changing that from giving them the authority to actually telling

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them they shall issue these bonds certainly puts a different spin on this legislation. But as it is written now, it is simply giving the Highway Commission, the Department of Roads the authority to issue these bonds, looking at circumstances, looking at projects, looking at how potential money could be used. It gives them that authority, up to \$200 million. And the bonds have to be issued in a very narrow window of time. They have to be issued by June 30 of 2017. I moved forward with this legislation because of that dedicated funding stream, because we have those sales tax dollars specifically dedicated for the BNA projects. That money is there to help pay off these bonds. So in essence, it increases our pay-as-you-go power, because as revenues increase we are only pledging that amount of money to pay off the bonds. The rest will be able to go to maintenance and preservation, which is something we haven't even touched on today but it's certainly a very, very important part of our roads infrastructure and those needs. I guess I should have started out by saying, I do strongly oppose this bracket motion and hope that my colleagues will support me in that opposition. This is a policy discussion we should be having. It's very important. We're going a different direction in a bigger way than we've gone in the past. I've appreciated all of the comments that have been made this morning. I think they've been very thoughtful. They've all had their, you know,...I can't say that I disagree with everything that's been said this morning and so I've thought that this has been a very productive debate. Again, similar to what Senator Mello just said, NDOR is a code agency. It does have to carry out the orders of the executive branch. I've had many bills introduced in other committees where the department came in and said they couldn't support the legislation. We've had many bills dealing with child welfare reform, other things where we've had to come back in and tell these departments, you've got to fix these things, you've got to make these changes, and we've legislated those changes over the opposition of the agency directors. So just like other code agencies, the Department of Roads is going to come in and oppose this legislation because the Governor opposes this legislation. But the Highway Commission, again, they're appointed by the Governor but they've kind of made this their own decision, are supporting this legislation. And in their testimony and in a confirmation hearing that we had with one of the highway commissioners, they looked at this as a tool... [LB1092]

SENATOR KRIST: One minute. [LB1092]

SENATOR DUBAS: Thank you, Mr. President...as a tool, as something that as these projects move forward, as we see how the economy is working, what things are out there, this is something that is available to them that may help them accelerate projects, that may help them move projects up in the queue quicker, that allows for the construction of roads. So they view this as a very useful tool and felt strongly enough about it to go on the record in support. So even though they too are appointed by the Governor, they have demonstrated their independence and their willingness to look at this as something that they think would be an effective tool to use in the future for our highway infrastructure needs. I don't think we should forget the fact in the 2013 state

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highway needs assessment, over the next 20 years the total cost of our now current 2013 needs are estimated at \$14.1 billion. [LB1092]

SENATOR KRIST: Time, Senator. [LB1092]

SENATOR DUBAS: Thank you very much. [LB1092]

SENATOR KRIST: Thank you, Senator Dubas. Those still wishing to speak: Senator Brasch, Schumacher, Chambers, and Johnson. Senator Brasch, you're recognized. [LB1092]

SENATOR BRASCH: Thank you, Mr. President. And thank you, colleagues, and good afternoon. I wanted to be sure that everyone heard the testimony or knows the testimony that came from the Department of Roads director and then also the testimony, parts of it, from the chairman of the State Highway Commission. The chairman is Rodney P. Vandenberg, and he testified in modest support. Just to pull a couple statements from his testimony, he states that: However, I believe we are now satisfied with the department's and the commission's authority regarding issuance of bonds. However, he also adds, I believe the cash flow being provided by the Build Nebraska Act is matching up very nicely with the Build Nebraska Act projects the department has started. Which makes me wonder about the need for this bill from the point of view of just how much the department can deliver. This reminds me of an old cliché: If it ain't broke, why fix it? It was modest support from the commission. And Director Peters, as he testified, he said that the NDOR appreciates and welcomes the Legislature's efforts to improve Nebraska's transportation network through new and innovative revenue sources and financing mechanisms. And he said it's equally important to maintain stability, predictability, and fiscal responsibility. He goes on to say that the traditional pay-as-we-go practices of our state have served us well, while they have provided the necessary stability to allow our in-state transportation industry to scale up in proportion to a sustainable program size. And what he states in here is that he would caution that bonding authority by itself would not accomplish all that its proponents might desire. It would not enable projects, that we have yet to be designed, to conveniently be ready for construction years earlier than programmed. We are very concerned that it would set a false expectation. And he goes on and he said that delivering projects entails many factors besides financing. And that is my concern is setting false expectations. I have addressed that with constituents who think this is the magic bullet to Highway 275 and other highways that they have been waiting for, for years. The director also goes on to say that Build Nebraska projects must be developed to be in compliance with federal and state laws. Many of these larger scale transportation projects can take an average of eight years from start to finish. Using the traditional design, bid, build sequential project development approach, it is rare for a major project to progress from initial planning to ribbon cutting in less than eight years of continuous activity. So there is caution here. And he also states that approximately 45

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percent of our construction program funds come... [LB1092]

SENATOR KRIST: One minute. [LB1092]

SENATOR BRASCH: ...from the federal government, and he is saying that according to our state statute that the department shall consider the preservation of existing highway system asset as its primary priority, except as otherwise to be provided in state laws. So he is cautioning the state and very concerned about false expectations. That is what's happened, I believe, with the Tax Modernization Committee. As we held those meetings, people saw more tax relief and truly we could not bring their desires to full fruition as they saw it. So putting these bonds in, will it create false expectations? That is my greatest concern. And Nebraskans need to know what they have ahead, what will the time line be, and it cannot be delivered as it stands, even with these bonds. [LB1092]

SENATOR KRIST: Time, Senator. [LB1092]

SENATOR BRASCH: Thank you, President. Thank you, colleagues. [LB1092]

SENATOR KRIST: Thank you, Senator Brasch. (Visitors introduced.) Still wishing to speak: Senators Schumacher, Chambers, Johnson, and Coash. Senator Schumacher, you're recognized. [LB1092]

SENATOR SCHUMACHER: Thank you, Mr. President, members of the body. One of the underutilized facets of our committee system is the questioning of the witnesses before us. Very bright people, very knowledgeable people come before our various committees and they read from their prepared scripts that undoubtedly have been approved and politically corrected by whoever calls the shots in their particular line of work. And so it's sometimes fun to ask questions of a testifier when they are figuring they're testifying on something else, because you get a very honest answer rather than one that is politically honed. We had a bill before Revenue Committee a year ago and we had people come in from the Department of Roads, from the professional engineers, and from the contractors, the road contractors, to testify. And they were testifying on this particular matter and I had in the back of my head the idea that we should build roads while road building was cheap and while interest was cheap, and that was only common sense. So having them before the Revenue Committee, I asked the Department of Roads: Could you guys handle an extra \$100 million a year? Yes, sir, no problem, we could put it to work. I asked the professional engineers: You guys equipped to take on another \$100 million a year? Yes, sir, no problem, ready to go to work. I asked the contractors: Do you have available help, resources, and equipment to take on an extra \$100 million a year to go to work? Yes, sir, ready to roll. My gosh it was 1960, it was Jack Kennedy, we were going to the moon because we could do it. All we needed to do was mobilize our capital. Now in that little exchange there was no political gimmickry,

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there was no ideology; it was just the simple truth. We can do what we put our minds to do, and if we want to get this road building project done in 10 years instead of 20, we could do it. If we want to accelerate it by three years, we can do it. If we want to stand here and say, oh, my gosh, you know, it isn't 1960 and we're not going to the moon, it's 2014 and there's not much we can do, well, we can do that too. But if this is a question of whether or not our engineers, our contractors, and our Department of Roads can build roads, there should be no question about it. If this is a question about politics, dogma, and ideology, then of course we can't do it. So it's our choice. There's no risk in this proposition. Interest rates are at all-time artificially depressed lows. Inflation has not yet kicked in. We have got a few years of incredible opportunity to roll up our sleeves and make life happen. Why on earth wouldn't we? Are we so bound by ideology, are we so unable to adapt to the future and to the conditions that exist now that we must forever remain paralyzed and succumb to our inability to act? Let's turn down the bracket motion. Let's make the tweaks that actually came out of this debate to compel the Department of Roads to move forward with this program. Let's roll up our sleeves and let's go to the moon. Thank you. [LB1092]

SENATOR KRIST: Thank you, Senator Schumacher. Senator Chambers, you are recognized. [LB1092]

SENATOR CHAMBERS: Mr. President, members of the Legislature, I'm very serious about this motion, and no matter what amendments may be offered or adopted, I'm going to carry it to cloture and along the way I will show how little attention was paid to even the drafting of the bill. It is a bad policy. It is an unnecessary policy. And it's funny how if a department head says, I'm not going to agree with what you want to do, then that person is under the control of the Governor. If a department head says, I agree with what you want to do, then the Governor doesn't get credit for that. The introducer of the bill gets the credit for it. And I know in politics you want it both ways, but I don't know of anybody, and certainly not the Governor, who would say that he and I see eye to eye on anything. That's just not because I'm taller than he is, not much but I'm taller than he is. If he stood on his tiptoes then he'd probably...we'd see eye to eye. But in reality, this is not good policy. It is not needed. Saying that other states have done this will not move me at all. When Senator Avery mentioned earlier how many billions of dollars, \$4.5 billion I think, Minnesota has issued in bonds, and Missouri so many and so many billions, just look at the population. There are not 2 million people in this state. There are no destinations mandating this bond procedure to fund the roads. And even if they adopt the amendment...why didn't they come up with the amendment that I suggested if they're serious? If they're serious, should not they have thought of it? But they're not thinking of it. They now want to beat me and I welcome that. But here's the point. Let's say that the commission person who spoke did give lukewarm agreement and now you're taking away any discretion from the commission and saying you shall issue these bonds, and the commission is not convinced they're necessary. They've got to issue them anyway. So you make the commission pretend. The amount of the bonds to be

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issued is in the total discretion of the commission. So the commission says, okay, the Legislature did this to us; we're going to carry out the "shall" and we're going to issue these bonds; we're going to issue \$100 worth of bonds, \$100 worth of bonds at an interest rate of .05 percent. And who wins? It's a game. It's a political game that is being played. But the one who deals the cards and can look at the faces is always going to win. If you're rolling the dice and the one who has the dice can put them in any configuration he or she wants and set them on the table, that person is going to win the crap game. The bill is not well-drafted. If it were drafted perfectly for what the people who support it want, they could not ensure that they would get what they want. They think they're putting a maximum of \$2 (sic) million on the amount of bonds that can be issued, but that leaves untouched the minimum. They could issue a bond for one penny if they chose. [LB1092]

SENATOR KRIST: One minute. [LB1092]

SENATOR CHAMBERS: You cannot make them do what it is you think you're going to make them do. But aside from all of that, it's bad policy. You were duped as a Legislature when you enacted LB84. The Governor vetoed it. You overrode it. Now you have this and you need 30 votes to pass it, but you need 33 votes to pass it by me. And I, like that rock, shall not be moved. And unlike the rock that was carved--"Professor" likes this kind of language--by that Colorado River, I shall not be carved. I shall not be moved. I'm going to be here and you need 33 votes, so start gathering and rounding them up. Thank you, Mr. President. [LB1092]

SENATOR KRIST: Thank you, Senator Chambers. Still in the queue: Senator Johnson, Brasch, Bloomfield, and Smith. Senator Johnson, you're recognized. [LB1092]

SENATOR JOHNSON: Thank you, Mr. President. Senator Schumacher talked about the sixties, and I remember the sixties quite well. I just graduated from high school and I drove on some of the...across some of the roads now is I-80. And I believe we did some bonding then to complete the...our section of I-80, the Nebraska section, and we were the first state to do that. I'm not sure what the act within the Unicameral or what act of God created that ability, but I believe we were very proactive in that and that has served us very well. I want to talk a little bit about the availability of LB84 funds. A project that I have been interested in was fairly high in the loop, and so we were planning ahead. And in August of 2012, money from LB84 was placed into the capital fund, but it was not available until August of 2013. They had projects ready at that time. Construction began as soon as the crops were out and we...as we are here now, they're moving dirt and they are building the bridge in order for one of those projects at least to be completed. I oppose the bracket motion. I will support LB1092. I made a commitment that because there's other projects in my area, in my district that need to be completed as far as the expressway system. Again, I oppose the bracket bill and I would yield the balance of my time to Senator Dubas. [LB1092]

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SENATOR KRIST: Senator Dubas, you have 3:20. [LB1092]

SENATOR DUBAS: Thank you very much, Senator Johnson and Mr. President. As I stated before, this is an important policy debate. We're making a decision here whether or not we're going to go a different direction with the way we have traditionally funded our roads infrastructure. And I introduced this bill because I believe for a couple of reasons because of the interest rates and where they're at now, because of the revenues that are coming in that are pretty dependable, this direction would allow us to really maximize those resources to get the biggest bang for our buck that we possibly can. And I think that is so important as we're attempting to not only take care of maintenance and preservation but to get these capital improvement projects going. You know, I've had multiple conversations with the department as I was moving forward with this legislation asking them specific questions about how many projects could you get going, could you use this money. And oftentimes their answer back to me was, well, without further analysis I can't tell you for sure. So while they didn't tell me no, they didn't tell me yes either. They said they needed to have the opportunity to really see what projects that they would be working on, where they were at, and how they could use it. To me, that's an open door. As I stated, I think this is a very important policy debate and it deserves this full amount of time and attention. I am fully committed to LB1092. I am fully committed to taking this all the way to a cloture vote if that's what we need to do. Because I believe in the bill, because I believe in what it is attempting to do, because I believe that it deserves that amount of time for discussion, I am fully committed to taking it that full eight hours to a cloture vote. And I do appreciate the concerns that Senator Chambers and others have raised. Believe me, I've had some of those similar questions myself as a farmer/rancher who has had to borrow money to keep my business going. I understand the seriousness of that. When I was first married coming from the city, never really borrowing money, my father-in-law bought a tractor for us while we were on our honeymoon. I signed my first bank note when I got back from my honeymoon. And when I looked at... [LB1092]

SENATOR KRIST: One minute. [LB1092]

SENATOR DUBAS: Thank you, Mr. President. And when I looked at the amount on that bank note and I looked at my husband and I said, does this mean we have to pay all this back, it was an eye-opening experience for me. So I certainly do appreciate the seriousness of borrowing money and will never underestimate that seriousness. But I believe LB1092 is a very conservative approach to bonding. It's a very responsible approach to bonding. And as I stated, I am fully committed to taking this all the way, and I ask for your red vote on the bracket. Thank you. [LB1092]

SENATOR KRIST: Thank you, Senator Dubas. Senator Brasch, you're recognized.
[LB1092]

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SENATOR BRASCH: Thank you, Mr. President. Again, I caution on setting these false expectations on our roads. If we came forward with a clear program, an itemized list that this will happen, this must happen, we have not seen this. The director of Roads himself is concerned that the delivery of the expectations is not feasible or possible. I'm also wondering as I...I'm listening to people bring out political rhetoric and things like that here using...throwing the Governor's name and this and that. I had a one-on-one, heartfelt conversation with Director Peters after I saw this. He worked the Department of Roads as a college kid. How many governors did he work for? He started out on the crews, taking pictures across the state. This is a man truly dedicated and devoted to doing the right thing. He's honest. He honestly stated in testimony and he honestly told me in conversation outside of this Capitol at another even that it's not going to do what people believe it's going to happen. The public becomes disheartened. Our citizens have expectations when we leave here, whether it's...you know, one bill, you know, that they believe in or another bill and roads cross and span our entire state and they are important. And LB84 brought some funding forward, practical funding that we had not seen. The state had been through many years of a very, very tight budget prior to LB84 and roadwork was at a near halt. Little was done. And as you drive across the state, you can see more and more roadwork happening. As I approach a construction zone, that's good news. That's great news. And you can see it everywhere you go. They are working. We would like to, you know, fund our roads. Give LB84 some time to work. I'll yield the rest of my time to Senator Chambers. [LB1092]

SENATOR KRIST: Senator Chambers, 2:20. [LB1092]

SENATOR CHAMBERS: Thank you, Senator Brasch. Thank you, Mr. President. Members of the Legislature, we always make these disclaimers, but I mean it. I have no question with reference to the sincerity of Senator Dubas. I don't question her belief in anything she said. I just don't believe the way she does. I do not think we ought to do this. It is not good policy. It's not needed. Even Senator Mello and others who talked about taking advantage of these low interest rates have said they'll be here for two to three years. Maybe he didn't say that, that number. But they all say that this is the condition that will persist for a period of time. And I don't challenge that. So that does away with any need to rush and do it. And even if we take more time, I cannot envision a time when I will support legislation of this kind. And I will be back next year and I probably will run again after that and I should win. But who knows. And I'll have four more years plus two. And those who try to do this will have me to fight for six years. [LB1092]

SENATOR KRIST: One minute. [LB1092]

SENATOR CHAMBERS: And I assure you that I will not get tired. If it were not a policy that goes to the very heart of the legislative process, maybe it would be like any other

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bill that I disagreed with. I expressed my views. I offered amendments. I lost. I'd let it go. This goes to the integrity of the institution. Remember this: the bill does not put a duty on anybody. It does not prohibit anything. And the way it's drafted, even if you mandate the issuance of these bills...these bonds, you're going to also have to mandate a minimum amount of dollars in terms of the bonds that must be issued. And you're not going to do that. There's nothing you can do to bring a silk purse out of this sow's ear. You cannot do it. You want something that's neither fish nor fowl. In legislation, there's no tertium quid. Thank you, Mr. President. [LB1092]

SENATOR KRIST: Thank you, Senator Chambers and Senator Brasch. Senator Bloomfield. [LB1092]

SENATOR BLOOMFIELD: Question. [LB1092]

SENATOR KRIST: The question has been called. Do I see five hands? I do. The question is, shall debate cease? All those in favor vote aye; opposed, nay. Senator Bloomfield, why do you rise? [LB1092]

SENATOR BLOOMFIELD: A call of the house, please. [LB1092]

SENATOR KRIST: There's been a request to place the house under call. The question is, shall the house go under call? All those in favor vote aye; opposed, nay. Please record, Mr. Clerk. [LB1092]

CLERK: 26 ayes, 0 nays to place the house under call. [LB1092]

SENATOR KRIST: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber please return to the Chamber and record your presence. All unauthorized personnel please leave the floor. The house is under call. Senator Lathrop, Senator Karpisek, Senator Pirsch, Ashford, and Kintner, Senator Christensen, Avery, and Davis, please return to the Chamber. The house is under call. Senator Lathrop, Senator Ashford, Senator Kintner, Senator Davis, please return to the Chamber. The house is under call. Senator Ashford and Senator Davis, please return to the Chamber. The house is under call. Senator Bloomfield, everyone is accounted for, how would you like to proceed? [LB1092]

SENATOR BLOOMFIELD: Let's do a roll call vote in regular order. [LB1092]

SENATOR KRIST: There's been a request for a roll call vote, regular order, Mr. Clerk. [LB1092]

CLERK: (Roll call vote taken, Legislative Journal page 889.) 30 ayes, 13 nays, Mr. President, to cease debate. [LB1092]

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SENATOR KRIST: Debate ceases. Senator Chambers, you're recognized to close on your bracket motion, and let's leave the call in place, please. [LB1092]

SENATOR CHAMBERS: Thank you. Mr. President, members of the Legislature, when I have something that's going to be voted on and members may not have been here, I want to make it as clear as possible what this vote is about. I want to kill this bill. I am prepared to take it eight hours. There are some who have expressed opposition to the bill. I said I'm going to try to get some sample votes. To get a cloture vote, 33 votes will be needed. All of us are not here today, some are not present. So this is a motion to bracket the bill until April 17, which is the last day of the session. If this motion is adopted, then it's over for this bill. I've given many reasons as to why I'm opposed to it, but I will try to state in the time that I have some of the main ones. This is a bill that is not in the best interests of the Legislature to enact it regardless about how you feel about funding roads. First of all, it is not a mandate on anybody to do anything. When an issue is deemed to be serious, the Legislature should either say yes, you shall do it or have a prohibition you shall not do it. If this bill is enacted, nobody has to do anything, ever. And the bill which if it became law would not be violated. The crux of the bill is that it says the Department of Roads can make a recommendation to the Highway Commission that bonds should be issued for the purpose of this road activity. The commission is not required to issue the bonds. The commission can issue bonds in any amount up to \$200 million with certain conditions that might make it possible for that amount in some cases to be exceeded, but that's complicated. The commission because it has no mandate does not have to do anything. It has been argued that the head of the Department of Roads directed the director to come in and oppose this bill. Nobody has been able to establish that as a fact. It is surmised that because the Governor said he is opposed to this and the director is appointed by the Governor and the director came in in opposition it's pursuant to an order of the Governor. One senator said she had discussions with the director and she did not get that impression. I think I'm accurately reflecting what had been said on that score. For myself, I don't care why the director of Roads spoke and is on record against the bill. There are many people who talk about how the public views what we do. If there are not projects that have to be built and there's no money for them, if they're currently is money available for road building and it has not been used, no need for this can be shown. And all you have to explain to your constituents is why you voted to give authority to do something which the director of the agency that would carry it out if it's done doesn't want is similar to the Pentagon saying these weapons, these aircraft, and the Navy saying these ships are not needed. [LB1092]

SENATOR KRIST: One minute. [LB1092]

SENATOR CHAMBERS: And the Congresspersons in the districts where those jobs are located will say we don't care what the Pentagon says, we're not going to cut those

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things out of the budget. We're going to build these airplanes, build these ships, build these weapons. That's similar by analogy what is being done here today. I think it is a very bad policy, first of all, to build roads by way of issuing these bonds. The methodology by which the bonds will be serviced is not reliable and it's not exactly what you might gather from reading the language of the bill. If you vote yes on the bracket motion, then that could just mean you don't want to discuss the bill further or it could mean that you're opposed to the bill itself. But whatever your motivation is, I just hope that there are not 33 votes against it because that's what they're going to have to get. And a secondary matter is that the constitution requires 30 votes to pass the bill. [LB1092]

SENATOR KRIST: Time, Senator. [LB1092]

SENATOR CHAMBERS: So now it's before you. Thank you, Mr. President. And I will take a machine vote. [LB1092]

SENATOR KRIST: Thank you, Senator Chambers. The question before you is the bracket motion to bracket LB1092 until April 17, 2014. All those in favor vote aye; opposed, nay. Have all those voted that wish to? Please record, Mr. Clerk. [LB1092]

CLERK: 14 ayes, 27 nays on the bracket, Mr. President. [LB1092]

SENATOR KRIST: The bracket motion fails. Please raise the call. Mr. Clerk with items. [LB1092]

CLERK: I do have a few, Mr. President. Thank you. Amendments to be printed: Senator Campbell to LB1076. Agriculture Committee reports LR413 and LR427 back to the floor for further consideration. I have hearing notices from the Judiciary Committee and the Health and Human Services Committee. New resolution: Senator Carlson offers LR482. Mr. President, pursuant to the introduction of LR482, a communication from the Speaker directing LR482 be referred to Reference. That's all that I have at this time. (Legislative Journal pages 890-893.) [LB1076 LR413 LR482 LR427]

SENATOR KRIST: Thank you, Mr. Clerk. Pursuant to the published schedule, we are close for a break in action. We'll proceed to the 4:30 items on the agenda, Mr. Clerk.

CLERK: Mr. President, LB251 was a bill introduced by Senator Hansen. (Read title.) The bill was introduced on January 16 of last year; referred to the Revenue Committee; the bill was advanced to General File. At this time, I have no amendments to the bill, Mr. President. [LB251]

SENATOR KRIST: Thank you, Mr. Clerk. Senator Hansen, you are recognized to open. [LB251]

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SENATOR HANSEN: Thank you, Mr. President and members of the Legislature. I want to thank the Speaker for prioritizing this bill. LB251 would allow rental car companies to charge up to a 5.75 percent on each rental contract. Currently, they must charge a fee of 4.5 percent on each rental contract for car rentals lasting less than 31 days. That fee was put into place in 1993 to encourage auto rental companies to license their car rentals in Nebraska, thereby, benefiting our state. Out of these fees, companies are allowed to reimburse themselves for motor vehicle taxes and fees paid in Nebraska. Any money left over from the 4.5 percent fee after the actual reimbursement to the companies must be remitted to their respective county treasurers. In LB251, it would allow for a floating fee between zero and 5.75 percent. This floating fee would benefit Nebraska in two ways. First, it'll encourage more rental companies to license their cars in Nebraska because they can adjust the recovery fee to meet their purchasing needs. Rental car companies are not allowed by current law to profit from this fee, and LB251 would retain that provision. Secondly, since the vast majority of cars rented in Nebraska are from Nebraskans, it would allow for a small fee reduction once the companies have recovered the motor vehicle taxes and fees amounts as opposed to the current law which would require them to continue to collect the 4.5 percent fee. The experience from one car company would have resulted in that fee being reduced the last few years. LB251 is not company or industry specific. For example, companies like Enterprise, Hertz, Avis, Budget, as well as new and used car dealerships that rent vehicles would come under the jurisdiction of this bill. There are body shops, individuals, and sole proprietors that own rental car companies too. This is a fee that helps the industry as a whole, not just one single company. LB251 had no opposition in the Revenue Committee and it was...the hearing...after the hearing, it was advanced on a 7-0 vote; Senator Hadley was not present. I appreciate your green vote to advance LB251. Thank you, Mr. President. [LB251]

SENATOR KRIST: Thank you, Senator Hansen. The floor is now open for debate. Seeing no one wishing to speak, Senator Hansen, you're recognized to close. Senator Hansen waives closing. The question is the advancement of LB251 to E&R Initial. All those in favor vote aye; opposed, nay. Have all those voted that wish to? Please record, Mr. Clerk. [LB251]

CLERK: 30 ayes, 0 nays, Mr. President, on the advancement of LB251. [LB251]

SENATOR KRIST: LB251 advances. Next item. [LB251]

CLERK: LB751, a bill by Senator Conrad. (Read title.) Introduced on January 9; referred to the Banking, Commerce and Insurance Committee; the bill was advanced to General File. At this time, I have no amendments to the bill, Mr. President. [LB751]

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SENATOR COASH: Thank you, Mr. Clerk. Senator Conrad, you are recognized to open on LB751. [LB751]

SENATOR CONRAD: Great. Thank you. Good afternoon, colleagues. I am proud to introduce LB751 on General File. Just a little bit about the background for this legislation and how we got to where we are today. I apologize if some of it's redundant, but we have tried to share this information with each of you in individual conversations and electronically, and I just want to make sure to reiterate the impetus for the legislation and to ensure the record is clear. I first read about benefit corporations in Governing and NCSL magazines that are sent to all of our offices, and it piqued my interest as an outgrowth of chairing the entrepreneurial...the Innovation and Entrepreneurship Task Force of the Nebraska Legislature in 2010 which successfully modernized our economic development tools for small businesses and entrepreneurs. I'm always on the lookout for additional tools to help small businesses succeed. So I pulled the articles out and put them in my clippings file and decided this is a good idea to take another look at. With the help of the Banking Committee, I conducted an interim study on this topic in 2013 and then introduced the enabling legislation, LB751, this session. What is a benefit corporation? What does a B corp or a benefit corporation do? Well, friends, it acts exactly like a regular corporation with three notable differences. First, the benefit corporation is allowed to have a corporate purpose to create profit and--and--a general public benefit. Benefit corporations are required to consider the impact of their decisions on shareholders and other stakeholders, and benefit corporations are required to publish an annual report detailing that public benefit for review by shareholders and the consumers to ensure transparency and accountability. A benefit corporation does not receive any special tax treatment. It cannot accept charitable donations, and it is separate and distinct from a nonprofit organization. Its intent is to maximize profit. The benefit corporation does pay the standard corporate tax rate. Electing to become a benefit corporation is not going to be a good fit for all businesses. However, for some businesses that seek to attract socially conscious investors or consumers, it will be an attractive option. And this is played out in other states. Approximately 22 other states have passed similar legislation and similar bills are pending in about 16 other states this year. LB751 was advanced unanimously by the Banking and Insurance Committee. Thank you to each of those members. And it was also designated as a Speaker priority bill in the 2014 session. So I'd like to extend my gratitude to the Speaker in that regard as well. In regards to the fiscal note, there is a one-time nominal cash fund fiscal impact of approximately \$10,000 for startup costs in the Secretary of State's Office. This is to update forms and databases, etcetera, that will allow for the new corporate form to be recognized. Proponents at the hearing level included the: Greater Omaha Chamber of Commerce; Citizen Entrepreneurs; and the accolades and benefits of benefit corporations have also been profiled in most major business publications. At this point, our office has received no opposition in regards to the legislation, and I hope that you will consider a favorable vote, which while detracting from nothing in our existing

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corporate forms just provides an additional tool to certain social entrepreneurs to take a slightly different track. That's really at the heart of what a benefit corporation is. And in closing, let me just give you an example of one of the best known. Method. I don't know if anybody here shops at Target, if you're familiar with the method line of cleaning products. But method makes eco-friendly home and personal care products and sells them in recyclable plastic packaging. They became one of the first B corporations in 2007. And they decided to go to the extra mile because rather than just being a business that talks about people, planet, and profit, they wanted to live it in their corporate structure, said their cofounder. Sales have not suffered. Method's revenue exceeds \$100 million. So as you can see, this is just kind of a new tool in the tool bag to help certain social entrepreneurs maximize profit and benefit the public good. With that, I'd be happy to entertain any questions and I look forward to a good debate and your favorable consideration. Thank you. [LB751]

SENATOR COASH: Thank you, Senator Conrad. Members, you've heard the opening to LB751. The floor is now open for discussion. Senator Smith, you are recognized. [LB751]

SENATOR SMITH: Thank you, Mr. President, and good afternoon, colleagues. Would Senator Conrad yield to a question, please? [LB751]

SENATOR COASH: Senator Conrad, will you yield? [LB751]

SENATOR CONRAD: Yes. Yes, absolutely. [LB751]

SENATOR SMITH: Senator Conrad, first of all, thank you very much for...you had mentioned this to me a couple of days ago, and there was someone at the Capitol today that is knowledgeable of these corporations, and they did come by my office and spoke with me and I appreciate the time that they spent with me. Do you know of any corporations that are looking to locate in Nebraska that are requiring this type of a structure to locate? [LB751]

SENATOR CONRAD: Thank you, Senator Smith, for your time off the mike yesterday and also spending time with a foremost expert in this field because, believe me, I'm far more a student than an expert. And so I'm grateful to have national folks with expertise to be here to assist us with our effort. I am not familiar of any corporation that is seeking this sort of framework or status before they make a relocation decision to Nebraska. [LB751]

SENATOR SMITH: Okay. Thank you for that answer. And the reason I ask that is I know that this is a concept that's moving across the nation, and currently I think you had said the stats are about 22 states have adopted some type of law that permits this type of a corporate structure. And I do believe that perhaps going forward there may be

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some corporations that want to move to a state that would look for this type of structure opportunity to be available to them. As much research as I have been able to do over the last couple of days, it's extremely complex. And I know you know that. You introduced the bill. And I'm just...I'm always a little bit concerned about unintended consequences. I'm not entirely opposed to the concept of this, but I'm just trying to understand what the downside could be if there...with other corporations, if there would be long term...it would put, you know, traditional corporations at a disadvantage if these corporations would be given any type of preferential treatment. I know that's not what is intended with this legislation, but I'm trying to understand for us to move forward at this point what would be the immediate benefit to Nebraska if a company is not seeking to locate and require this currently, is it something we should slow down and better understand, because, again, it's complex and I'm trying to wrap my head around exactly what this is. And I'll yield the remaining of my time to you to answer those questions. [LB751]

SENATOR CONRAD: Very good. Thank you, Senator Smith. How much do I have time remaining? [LB751]

SENATOR COASH: Two minutes. [LB751]

SENATOR CONRAD: Two minutes. Okay. I'll try and cover as most as I can in two minutes and if I don't get there, I will make sure to hit my light. But from the anecdotal perspective, Senator Smith, and just looking through my file here during your questioning, it refreshed my recollection. We did receive a letter from a young entrepreneur in Omaha at the committee level who actually ran a...who was a social entrepreneur in a foreign country. And then when he returned to Nebraska, he and his wife actually looked at some of these statutes to see whether or not they could put a similar model in place here, and they were disappointed to find out that they could not. And they actually weighed whether or not they would move back to Nebraska or move to Colorado on the basis of at least one factor being whether or not they could run a socially...a social entrepreneurship kind of endeavor in Nebraska. Thankfully, they ultimately settled in Nebraska and are doing all kinds of wonderful things. But they, for that very reason, were supporting the legislation. On the unintended consequences piece, I think this is one... [LB751]

SENATOR COASH: One minute. [LB751]

SENATOR CONRAD: Thank you...I think this is one of the classic examples of where we're fortunate in the laboratories of democracy that is state government to have many other models and examples to look at as a track record. Even though this corporate model is somewhat new, first being initiated in 2010, we have over three years of experience in over 20 states about those exact consequences. And I think what their experience details will be very similar to Nebraska, that for some social entrepreneurs

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that want to flag socially conscious investments and consumers, this is a good fit and a good model for them. But many other businesses prefer to utilize a traditional model which this does not detract from by any means. So they are not offered any sort of preferential treatment. That hasn't been the case in other states. And they don't compete in a detrimental way against other corporate forms or structures. I hope that's helpful. If not, we'll spend some more time. [LB751]

SENATOR COASH: Time, Senators. [LB751]

SENATOR CONRAD: Thank you. [LB751]

SENATOR COASH: Thank you, Senator Conrad and Senator Smith. Senator Schumacher, you are recognized. [LB751]

SENATOR SCHUMACHER: Thank you, Mr. President, members of the body. I rise in support of LB751. LB751 talks about a benefit company. And if you read through the pages of LB751 carefully, you begin to scratch your head and say, well, why would anyone really ever want to do this? Why would somebody want to have somebody on the board of directors to look out for society as a whole? Why would somebody want to put these additional business constraints on them? And as I was going through it, I was looking for the little perk that has to be buried in a bill like this. You know, there must be a tax benefit, there must be a tax break, must be ability to apply for a federal grant, must be some kind of reason that you would do it other than a social feel-good or a sense of social consciousness. And there isn't anything like that in the bill. In fact, these corporations are saddled with every bit as much aggravation as any other corporation. But I recalled reading a book from the Harvard Business Press called the New Capitalist Manifesto in which it talked about the extremely successful global corporations of our time, and the ones that are serving not only consumers in this country but serving consumers around the globe and doing so on an extremely large scale. Large scale sports manufacturers are one of them that comes to mind. And this particular book went through and compared the corporate philosophies and organization of these extraordinarily successful companies with their counterparts who were operating under a different business model. And the argument was socially conscious stuff under some conditions can be highly profitable. And what this bill I think does is makes that corporate organization at no cost to anybody available for entrepreneurs who agree with the notion that socially conscious corporations dealing in mass-produced products that are available in the greater market around the world are a way to be highly profitable, to run up high book values on the stock exchanges, to make their executives lots of money, and quite frankly marry the notion of capitalistic greed and entrepreneurship with the notion of social consciousness. That's a lot of mush in a lot of ways, but it makes money. And so what Senator Conrad's bill does is opens up at no cost or disadvantage to anyone that particular kind of corporate mechanism to those entrepreneurs and those people that think that they can make money and they can

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exploit the market and they can do social good and they can do all that at the same time in the capitalist world. So there's no downside. There's no reason to go slow. For the life of me I'm not sure there will be many corporations elect this model. But to the extent there are, it probably would be attractive and would contribute to the economic growth and well-being of the state and maybe even attract some of this large-scale money and social consciousness to Nebraska. There is no downside to this one. I'm not sure there's a tremendous upside, but all interesting experiments, all steps into the future begin with small ones. And this is a small one and it's in the right direction. Thank you. [LB751]

SENATOR COASH: Thank you, Senator Schumacher. Senator Gloor, you're recognized. [LB751]

SENATOR GLOOR: Thank you, Mr. President. And I also rise in support of LB751. As Chair of the Banking, Commerce and Insurance Committee, I want to ensure the members of the Legislature that we asked all of the questions that Senator Smith put forward, good questions, and more. Good discussion about this, especially in Executive Session, and Senator Schumacher as a committee member has relayed some of those. I want to provide the assurance that the bill has been I think well vetted and as he said, worst-case scenario with this bill is that it doesn't get used, that it doesn't have applicability for any corporations that are established in this state or wish to get established. Best-case scenario, as Senator Smith pointed out, is we may find a business looking to hang its hat in the state of Nebraska if we only had this corporation. And it would be a shame, especially since it would appear the waves of change are moving across the country and that you have 22 states at last count who allow for these benefit corporations for us to miss out only because we don't allow for these benefit corporations. The other comment I would make by way of reassurance is, remember this is the Banking, Commerce and Insurance Committee. This falls under the commerce definition of what we get involved in looking at. But the regulators both at the state level, the operators of business and commerce and insurance in this state pay very close attention to the bills that come out of this committee and are quick to flock to our hearings if they see red flags, red herrings, or unintended consequences, and none of them were in attendance. I think that's a safe...as safe a guarantee as I can get to the body that we do our own vetting, but I guarantee you the business community in a variety of forms does its own vetting and saw this bill as an appropriate one to pass into law in the state of Nebraska. Thank you. [LB751]

SENATOR COASH: Thank you, Senator Gloor. Senator Carlson, you're recognized. [LB751]

SENATOR CARLSON: Thank you, Mr. President and members of the Legislature. And really what Senator Schumacher and Senator Gloor have said, it kind of covered everything that I do want to say because when this bill first came forth I thought there's

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got to be a catch, and somehow they're after tax dollars and somehow it's going to be negative on the state of Nebraska. And with some information, further information that Senator Conrad gave to me, I've eliminated that concern. I would like to address Senator Conrad if she would yield. [LB751]

SENATOR COASH: Senator Conrad, would you yield? [LB751]

SENATOR CONRAD: Yes, absolutely. [LB751]

SENATOR CARLSON: Senator Conrad, would you just express a little bit maybe in a little more optimistic sense how you feel this might become a good thing for the state of Nebraska? [LB751]

SENATOR CONRAD: Yeah, absolutely. Thank you, Senator Carlson, and also thank you for your healthy scepticism at the committee level. That helps to refine the issues and makes for a better bill and a better process. But basically when I chaired the Innovation and Entrepreneurship Task Force in 2010, we worked a lot with and heard a lot from small businesses and entrepreneurs in Nebraska. It was a great committee. Senator Schilz, Senator Hadley, Senator Mello, Senator Fischer, Senator Pahls, and I hope I'm not forgetting other members, were very active in that regard. And what we heard from them was what you need in order to really help entrepreneurs and innovators was you needed startup support, you needed financing, and you also needed mentoring to really help these businesses get started and to move through the business cycle and create good jobs and be profitable. And what the benefit corporation election allows for is it allows for certain social entrepreneurs, certain type of business owners to flag to certain investors and certain consumers. We're a little bit different than a traditional model and it helps them compete for those startup funds and those additional resources that they'd need to be successful. [LB751]

SENATOR CARLSON: Okay. Thank you, Senator Conrad. And I think there could be the possibility, and I'll ask you if you agree with this, that perhaps a few really for-profit corporations that also really have a sincere mission to even have some ministry in what they do, a benefit corporation might appeal to them. Would you agree? [LB751]

SENATOR CONRAD: I absolutely agree, and that is specifically an option under the catchall provision in the different types of public benefits that a corporation could seek to pursue. [LB751]

SENATOR CARLSON: Okay. Thank you, Senator Conrad. And I do support LB751 and would ask for your support as well. Thank you. [LB751]

SENATOR COASH: Thank you, Senators Carlson and Conrad. Senator Nelson, you're

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recognized. [LB751]

SENATOR NELSON: Thank you, Mr. President, members of the body. I want to thank Senator Conrad for bringing this forward. This came on a little too soon for me to read it thoroughly and that's my fault, so we haven't had any conversation off the mike. But I do want to clarify a couple of things and satisfying it in my own mind what we're doing here. So I'd like to ask Senator Conrad a question or two. [LB751]

SENATOR COASH: Senator Conrad, would you yield? [LB751]

SENATOR CONRAD: Yes, absolutely. [LB751]

SENATOR NELSON: Thank you, Senator Conrad. In looking through this, it appears that a corporation, a business corporation now in existence could become a benefit corporation. Is that correct? [LB751]

SENATOR CONRAD: Yes, that's absolutely right, Senator Nelson. You can either elect to become a benefit corporation at the point of incorporation or if you're an existing corporation, you can elect to become a benefit corporation. [LB751]

SENATOR NELSON: All right. And this would have to be done...does this have to be done through that existing corporation which I'm going to say it's a for-profit corporation. [LB751]

SENATOR CONRAD: Yes, that's right. [LB751]

SENATOR NELSON: Does this action have to be taken then solely through its board of directors or would there have to be a vote of the shareholders of that business corporation? [LB751]

SENATOR CONRAD: It actually requires a vote of the shareholders, and a supermajority at that, at the point of election and at the point of returning to a traditional corporate model if they seek to do so. So it's a two-thirds vote of the shareholders to become a B corp and to not become a B corp, if you will. So it provides kind of an additional protection there for those with a vested interest to really ensure that this is the right choice for them within the free market. [LB751]

SENATOR NELSON: Okay. Under this, the Benefit Corporation Act, can you start out from scratch with that and just incorporate as a benefit corporation for nonprofit purposes? [LB751]

SENATOR CONRAD: Well, not for nonprofit purposes. It's not a nonprofit by any means. [LB751]

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SENATOR NELSON: Okay. [LB751]

SENATOR CONRAD: They pay the corporate tax rate and they are a traditional corporation in every other way, shape, and form. They file the same articles of incorporation, they have the same governance structures and the same rules and regulations that they adhere to as a C corp or S corp would otherwise. The only difference is they can file the election to become a benefit corporation and then they file an annual report detailing how they served the public benefit or the general public benefit for evaluation by investors and shareholders. [LB751]

SENATOR NELSON: Okay. In the statement here, number two, it says an expansion of the duties of corporate directors to require consideration of nonfinancial stakeholders as well as the financial interests of the shareholders. Do we define nonfinancial stakeholders here... [LB751]

SENATOR CONRAD: We don't. [LB751]

SENATOR NELSON: ...in this bill? [LB751]

SENATOR CONRAD: We don't. And I'll tell you what that is based on, Senator Nelson. [LB751]

SENATOR NELSON: Okay. [LB751]

SENATOR CONRAD: There's my understanding again, I'm not a corporate law expert, but probably took just enough in law school to be dangerous. But there's a long line of cases starting back with Ford v. Dodge working through a recent Internet case, and then the Revlon case being kind of the seminal case in regards to some of these considerations. And essentially what that case stands for is that when making a decision, traditional corporations, B corps, S corps, are very constrained in what they consider when they're making decisions about their business and they really are constrained to look only at the bottom line. So as an outgrowth of that restriction, people started to get creative and said, well, gosh, we want to make a profit but we also want to be environmentally conscious or we also care about social justice. And so that's why the benefit corporation was initiated, to allow for additional flexibility... [LB751]

SENATOR COASH: One minute. [LB751]

SENATOR CONRAD: ...for certain businesses if they choose to follow down that path to be able to take into account something other than just the bottom line and the immediate return for the shareholders' profit. [LB751]

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SENATOR NELSON: All right. One more question. Generally if you do own shares in a corporation you will find that at their annual meeting there have been resolutions brought forth, for instance, saying you should not invest in any industry that is connected with the liquor industry. And generally that's brought by a shareholder and it has to be considered. So are we getting to the point where just anyone that has no shareholder interest whatsoever can require that the board of directors take this up and present it to the shareholders? [LB751]

SENATOR CONRAD: Senator Nelson, that is a fantastic question. It does not provide a private right of action for any trusted party of the general public. It only provides a cause of action for those with a... [LB751]

SENATOR COASH: Time, Senators. [LB751]

SENATOR CONRAD: Thank you, Mr. President. [LB751]

SENATOR NELSON: Thank you very much. [LB751]

SENATOR COASH: Thank you, Senators Nelson and Conrad. Senator Smith, you are recognized. [LB751]

SENATOR SMITH: Thank you, Mr. President. And would Senator Schumacher yield to a question, please? [LB751]

SENATOR COASH: Senator Schumacher, will you yield? [LB751]

SENATOR SCHUMACHER: Yes, I will. [LB751]

SENATOR SMITH: Senator Schumacher, I know you stood and supported this bill in committee. I think you probably have an understanding of...I'm going to ask this question. I'm not...hopefully you'll understand what I'm asking here. If I have a C corp or an S corp, is this simply a layered certification on top of that corporation structure already or does this replace that structure? [LB751]

SENATOR SCHUMACHER: This basically is an option that you can add to that structure that requires you to have this additional director, these additional things that you consider in your business. But it's...think of it as a chrome muffler on a car. [LB751]

SENATOR SMITH: So it's layered, if you would. So if I'm a C corporation and I want to adopt this and become a benefit corporation, I would still be a C corp with a B corp certification or something of that nature. [LB751]

SENATOR SCHUMACHER: Right. You would have a...you would still be an ordinary C

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corp, no extra benefits, no extra twist, except you would have imposed on yourself this little extra that you have to do and the additional rules that you have to comply with. And for that you would be gambling, so to speak, that you're going to pick up market share or investors. [LB751]

SENATOR SMITH: So any deductions that...the way I treat deductions as a C corporation, the taxes that I pay on my net profit as a C corporation would all remain the same if I had this certification. [LB751]

SENATOR SCHUMACHER: That's correct. [LB751]

SENATOR SMITH: Okay. Thank you. Senator Gloor, would you yield to a question, please? [LB751]

SENATOR COASH: Senator Gloor, will you yield? [LB751]

SENATOR GLOOR: Certainly. [LB751]

SENATOR SMITH: Senator Gloor, have you received any correspondence in your committee, any letters? I do see in the committee meeting that there was no opposition. Have you received letters or any type of opposition to this? [LB751]

SENATOR GLOOR: Thank you for asking, Senator Smith. No. And as I reiterated in my comments, people aren't bashful about contacting the committee if they have objections. We received no letters. No one was there in opposition during the hearing. I've had one question that's come to me directly from a member of this body who's an attorney that asked some questions that are along the lines of the ones that you were asking Senator Schumacher. And we've heard that the Bar Association, one of the committees of the Bar Association that deals with legislation took a look at this and also had no problems with it as they evaluated it. [LB751]

SENATOR SMITH: Okay. Thank you, Senator Gloor. I appreciate it. And, you know, colleagues, it's really difficult to find any reasons to oppose this bill because it's fairly general and, you know, from what's being discussed here, it seems harmless and I have no reason to oppose the legislation. I do see that it's a significant change to our state, and whenever you have such a significant amount of language added to the statutes it always gives you pause for concern as to, you know, what is really...what the real meaning in those words are. But with that said, I do appreciate the time that's given to me on the floor to ask these questions. And, Senator Conrad, I appreciate the exchange with you on this and appreciate the information that you provided on it. You may have my remaining time if you like. [LB751]

SENATOR COASH: Senator Conrad, 1 minute 20 seconds. [LB751]

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SENATOR CONRAD: Thank you, Senator Smith, and thanks to all who have asked fantastic questions and expressed concerns and challenged potential unintended consequences or otherwise. I know you are each serious members who are constantly vigilant in protection of our small businesses and I appreciate your track record in that regard. I did want to provide some other examples of benefit corporations that are well known that may provide just more of a concrete kind of illustration of what we're talking about. I mentioned the method company that makes home products in my opening, but there's also a very trendy new eyeglass maker called Warby Parker. I don't know if you've heard of that. Senator Mello wears their glasses. Patagonia, which is an outdoors materials company well known to many who camp and fish and hike and explore those things. One really fun example, Ben and Jerry's Ice Cream which hopefully if you haven't had a chance to try out one of their flavors, this might be a good opportunity to learn more about what a benefit corporation looks like or tastes like. And then one company that I'm very familiar with is Plum Organics, and that's just because... [LB751]

SENATOR COASH: Time, Senators. [LB751]

SENATOR CONRAD: ...with having a baby that was a company we utilized. Thanks. [LB751]

SENATOR COASH: Thank you, Senators Conrad and Smith. Senator Brasch, you're recognized. [LB751]

SENATOR BRASCH: Thank you, Mr. President, and thank you, colleagues. I do have some questions. I've pulled it up on Facebook here off of my iPad mini. And it's international, it's national, it seems to be emerging. And I'm curious if Senator Conrad could answer a couple questions, please. [LB751]

SENATOR COASH: Senator Conrad? [LB751]

SENATOR CONRAD: Yes, absolutely. [LB751]

SENATOR BRASCH: Okay. On Facebook it said that they're in 20 other states. What other states? Are any of the surrounding states for Nebraska members or do they... [LB751]

SENATOR CONRAD: Yeah. Let me go ahead and pull that up for you. Here's at least a starting list and I can get you a more comprehensive list. California, Delaware, Hawaii, Illinois, Louisiana, Massachusetts, Maryland, New Jersey, New York, Oregon, Pennsylvania, South Carolina, Vermont, Virginia. It has recently I believe passed in Utah but is awaiting signature from the governor in that state. And I know that's an

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incomplete list, and so I will be happy to update that. It's just the one that was most quickly available in my file. [LB751]

SENATOR BRASCH: Okay. And thank you. That... [LB751]

SENATOR CONRAD: Oh, Colorado I believe, I'm sorry, as a neighboring state I know also does have benefit corporation status available. [LB751]

SENATOR BRASCH: Colorado does. Okay. And then because I was reading, I missed, did you state what benefits that a B corp has that does not already exist in our corporate structures? [LB751]

SENATOR CONRAD: I don't know if I did address that specifically, Senator Brasch, and I hope I'm understanding the question. But the benefit corporation itself does not secure any benefit. [LB751]

SENATOR BRASCH: Okay. [LB751]

SENATOR CONRAD: They are only afforded the flexibility to take into account something in addition to profit and then to report on the impacts of those decisions to their shareholders and consumers. So they do not receive preferential tax treatment. They pay the corporate tax rate. They pay the regular filing fees, etcetera, that all other corporate entities would pay because they are a traditional corporation in every sense of the word except for a voluntary election of two additional filings which sets them apart. [LB751]

SENATOR BRASCH: Very good. Thank you, Senator Conrad. I have no other questions. Thank you, Mr. President. [LB751]

SENATOR COASH: Thank you, Senators Brasch and Conrad. Seeing no other members wishing to speak, Senator Conrad, you're recognized to close on LB751. [LB751]

SENATOR CONRAD: Colleagues, thank you very much for your kind attention and very important questions during the course of this debate. Of course we have two more rounds of debate. If after the course of this discussion you still have additional questions or concerns, let's please take time to discuss that in between General and Select File because we definitely do not want to create unintended consequences or catch anybody by surprise. But I really do believe that this legislation has been carefully pursued. We did not rush to judgment. We conducted a yearlong interim study with the Banking and Insurance Committee. We had the bill introduced this year and it was appropriately vetted at each stage by not only members in this body but other outside interests that pay very careful attention to these issues. I'll also be happy to update

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members with the complete list of all other states that have passed this so that you have that available for your information as well. But I think overall we really did get to the heart of it today. The benefit corporation election is going to be a good tool for some entrepreneurs. It's not going to be a great fit for everybody. But it does nothing to detract from traditional corporate forms available to other businesses if they want to seek or stay that course. This just provides, think of it like a marketing tool to a certain extent, kind of a flag, kind of a way for these socially conscious entrepreneurs to set themselves apart in terms of garnering socially conscious investor dollars and socially conscious consumer dollars. It's another tool in the tool bag to help small businesses succeed, and I appreciate your sound questioning and I would urge your favorable consideration of LB751. Thank you. [LB751]

SENATOR COASH: Thank you, Senator Conrad. Members, you've heard the closing to LB751. The question for the body is, shall LB751 advance? All those in favor vote aye; all those opposed vote nay. Have all voted who wish? Record, Mr. Clerk. [LB751]

CLERK: 33 ayes, 0 nays, Mr. President, on the advancement of LB751. [LB751]

SENATOR COASH: LB751 does advance. Next item, Mr. Clerk. [LB751]

CLERK: LB751A by Senator Conrad. (Read title.) [LB751A]

SENATOR COASH: Senator Conrad, you're recognized to open on LB751A. [LB751A]

SENATOR CONRAD: Thank you, Mr. President. Good afternoon, colleagues. This is the accompanying A bill with LB751. Again, it's for one-time cash funds in the Secretary of State's Office to amend forms and filing options. It's about \$10,000 roughly, and I'd appreciate your favorable consideration. [LB751A LB751]

SENATOR COASH: Thank you, Senator Conrad. Members, you've heard the opening to LB751A. There are no members wishing to speak. Senator Conrad, you're recognized to close. Senator Conrad waives closing. The question for the body is, shall LB751A advance to E&R Initial? All those in favor vote aye; those opposed vote nay. Record, Mr. Clerk. [LB751A]

CLERK: 33 ayes, 0 nays, Mr. President, on the advancement of LB751A. [LB751A]

SENATOR COASH: LB751A does advance. Next item, Mr. Clerk. [LB751A]

CLERK: LB660 is by Senator Krist. (Read title.) The bill was introduced on January 8 of this year; referred to Health and Human Services Committee; the bill was advanced to General File. There are Health Committee amendments, Mr. President. (AM1985, Legislative Journal page 563.) [LB660]

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SENATOR COASH: Thank you, Mr. Clerk. Senator Krist, you're recognized to open on LB660. [LB660]

SENATOR KRIST: Thank you, Mr. President. Good afternoon, members, and good afternoon, Nebraska. If this gives you any motivation, I'm probably the only thing that's standing in the way of you and adjournment for the day. So thank you and as indicated in the committee statement, LB660 advanced from the Health and Human Services Committee on a unanimous 7-0 vote. My thanks to Senator Adams, Speaker Adams, for the Speaker priority. My thanks also to the executive branch, Mr. Kerry Winterer, the Governor, and those who helped to make sure that we provide stability and continuity for the Eastern Service Area in terms of continuing the contract with NFC. That is essentially what this is about. This is about making sure that the only service area in the state of Nebraska that is allowed to have contract and does have contract services continues those contract services for the next year. Why did I have to bring this forward? Number one, we extended the pilot project in the service area earlier in the year, but we did not allow them or say that it was possible for them to extend the contract that was currently in place without going out for an RFP, number one. Number two, we did not...if they were going to continue the contract, we wanted to put a study arm and evaluation in place, and that's what this does. The green copy you shouldn't even look at. The committee amendment becomes the bill. So I'll get out of Senator Campbell's way and let her tell you what the committee amendment does. Thank you, Mr. President. [LB660]

SENATOR COASH: Thank you, Senator Krist. As the Clerk has stated, there are Health and Human Services Committee amendments. Senator Campbell, you're recognized to open on the committee amendment. [LB660]

SENATOR CAMPBELL: Thank you, Mr. President, members of the Legislature. The committee amendment changes the requirement that the Department of Health and Human Services "shall" extend the contract for the pilot project on the Eastern Service Area for child welfare privatized case management, to it "may" extend the contract. The contract amendment...or the committee amendment, sorry, alters the valuation of the pilot project if continued, and it does it in three ways that I want to mention. Under the amendment, the evaluation will be completed by the Legislature rather than by the Department of Health and Human Services. Secondly, the evaluation shall be completed prior to December 31, 2014, and allows the Legislature to have all necessary resources, including the hiring of a consultant if deemed necessary. And finally, the amendment requires the department and any child welfare entity contracting with the department to provide all data and information to the Legislature needed to assist in the evaluation. What we're trying to do here is we've already had an evaluation at one point about the child welfare system and about the pilot and we would in working with Senator Krist and the committee feels that we should replicate and do that study to see where

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the pilot is and how it is serving the Eastern Service Area. I would have to say that Senator Krist has spent an enormous amount of time trying to get us to this point, and he has persevered in his goal to ensure that there is stability in the Eastern Service Area and the child welfare area. And I would encourage your yes vote on the amendment and the underlying bill. Thank you, Mr. President. [LB660]

SENATOR COASH: Thank you, Senator Campbell. Members, you've heard the opening to LB660 and the committee amendments. The floor is now open for discussion. Senator Mello, you're recognized. [LB660]

SENATOR MELLO: Thank you, Mr. President, members of the Legislature. I stand in strong support of Senator Krist's efforts here in LB660 with the committee amendment. I'm glad to see that he brought this bill forward in regards to trying to provide some stability in regards to the issues that face the Eastern Service Area, particularly in regards to evaluating and continuing the evaluation of the Nebraska Families Collaborative. But I want to also bring more attention though to the fiscal note that you may see that was attached to the green copy bill. As Senator Krist and Senator Campbell mentioned, the committee amendment changes the version of the bill so now that the Legislature does the evaluation instead of the Department of Health and Human Services. And in speaking with both Senator Campbell, Senator Krist, and the Legislative Fiscal Office, it's likely that that give or take, that \$170,000 fiscal note, \$170,000 fiscal note that the department had suggested, and there was a range that the Fiscal Office put on the note will be below \$100,000 roughly give or take between \$75,000 and \$90,000 for the fiscal note of this bill. So I appreciate the work Senator Campbell, the committee, and Senator Krist did in regards to reducing that fiscal note by bringing the evaluation in-house in the Legislature and negotiating a lower cost for an evaluation of the consultant coming in. With that, I'd urge the body to adopt AM1985 and the underlying bill. Thank you, Mr. President. [LB660]

SENATOR COASH: Thank you, Senator Mello. Senator Wallman, you are recognized. [LB660]

SENATOR WALLMAN: Thank you, Mr. President. Would Senator Krist yield to a question? [LB660]

SENATOR COASH: Senator Krist, will you yield? [LB660]

SENATOR KRIST: Yes. [LB660]

SENATOR WALLMAN: Thank you, Senator. You know, I noticed there was a few neutral, like one of them that grabbed my eye was like Appleseed. What was their concern? [LB660]

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SENATOR KRIST: The concerns are just that the present contract is doing what it needs to do. And thank you for asking that question. I have some statistics I was going to read on closing. Would you like to hear some of the things that are happening?
[LB660]

SENATOR WALLMAN: Yes, go ahead. [LB660]

SENATOR KRIST: Placement stability benchmark is being...for the first time in Eastern Service Area history being made. Absence of recurrent maltreatment benchmark is being met for the first time in the Eastern Service Area. Reentries into care within 12 months of discharge benchmark is being met for the first time in the Eastern Service Area. Permanency for children in foster care has consistently met federal benchmarks on this measure since NFC took over. And there are others. But I think that what we have done in terms of...I would never bring this forward knowing that NFC was not meeting those benchmarks or exceeding them, and I'd be happy to share this with you off the mike. But those are the concerns of those children organizations. Are they meeting their standards? And we have definitely seen the metrics that can. The other part of this bill that Senator Campbell put in which is the evaluative arm or the evaluation that will go on also is going to answer another question for us that is deep-seated. Should--and I know you've all heard this that have been involved in the conversation--should case management reside with the state or should it be able to be executed by the contractor himself? So that will be part of that as well. Thank you for the question. [LB660]

SENATOR WALLMAN: Thank you. Thank you, Senator Krist. Thank you, Health and Human Services Committee, and for getting on top of this. And I think we're finally going forward. I want to thank you again, Senator Krist. [LB660]

SENATOR COASH: Thank you, Senators Wallman and Krist. Senator Nelson, you are recognized. [LB660]

SENATOR NELSON: Thank you, Mr. President, members of the body. I guess I will ask a question of Senator Krist if he is willing to respond. [LB660]

SENATOR COASH: Senator Krist, will you yield? [LB660]

SENATOR KRIST: Yes. [LB660]

SENATOR NELSON: Thank you, Senator Krist. I was otherwise engaged when you started out and maybe you covered this. Senator Wallman asked about the neutral testimony. There was at least one opponent, OMNI Behavioral Health. Did you cover what their opposition was and was that taken care of perhaps by the committee amendment? [LB660]

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SENATOR KRIST: Yes, sir, it was. When we said "shall," there may have been a conflict in terms of telling the department what to do without an RFP. So we're allowing them to go back and do that. And one of the things that we talked about in committee and others is I have the case law for what might be considered special legislation. And that was Mr. Reay's concern was could this be interpreted as case legislation. And I have several case law examples that I can give you. If you don't mind, I'll read just two or three of them on your time if you'd like to. [LB660]

SENATOR NELSON: Sure, go ahead, please. [LB660]

SENATOR KRIST: Yant v. City of Grand Island, "The Legislature has the power to enact special legislation where the subject or matter sought to be remedied could not be properly remedied by a general law or the Legislature has reasonable basis for enactment of special law." HUD v. City of Omaha, the prohibition against special legislation forbids the Legislature from selecting a class from a larger group, and this is not. Gourley v. Nebraska Methodist Health Systems, "A legislative classification, in order to be valid, must be based upon some reason of public policy, some substantial difference of situation of circumstances, that would naturally suggest the justice or expediency." And what we determined and legal counsel determined and also the Legislative Research Office is that we are complying with those special terms in order to provide continuity and stability for the service area. This would not alleviate the department from having to go back and issue an RFP consistent with contracting requirements at the five- or six-year point, but it would allow them to extend the contract under these circumstances for as long as the Governor would, up to about six years. [LB660]

SENATOR NELSON: All right. Thank you. It's good to have that on the record, Senator Krist, and I appreciate that. Thank you, Senator, and thank you, Mr. President. [LB660]

SENATOR COASH: Thank you, Senators Nelson and Krist. Seeing no other members wishing to speak, Senator Campbell, you're recognized to close on the committee amendment. Senator Campbell waives closing. The question for the body is, shall AM1985 be adopted? All those in favor vote aye; all those opposed vote nay. Have all voted who wish? Record, Mr. Clerk. [LB660]

CLERK: 34 ayes, 0 nays on adoption of committee amendments. [LB660]

SENATOR COASH: AM1985 is adopted. Next item, Mr. Clerk. [LB660]

CLERK: Senator Krist, I have a note that you wish to withdraw AM1668. [LB660]

SENATOR COASH: AM1668 is withdrawn. [LB660]

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CLERK: I have nothing further, Mr. President. [LB660]

SENATOR COASH: We return to discussion on LB660. Seeing no members wishing to speak, Senator Krist, you're recognized to close on the advancement of LB660. [LB660]

SENATOR KRIST: Very briefly. This is about providing stability and continuity for our kids and for our families in the Eastern Service Area which is the only area of the state that is allowed to have a contract. One of the worst things that could happen is for privatization to happen in reverse or that we would have to go through an extensive RFP process, particularly at this time. So I ask for a green light on LB660. [LB660]

SENATOR COASH: Thank you, Senator Krist. Members, you've heard the closing to LB660. The question for the body is, shall LB660 advance? All those in favor vote aye; those opposed vote nay. Have all voted who wish? Record, Mr. Clerk. [LB660]

CLERK: 34 ayes, 0 nays on the advancement of LB660. [LB660]

SENATOR COASH: LB660 does advance. Items, Mr. Clerk. [LB660]

CLERK: Mr. President, Senator Avery would like to print an amendment to LB744. Senator Coash offers LB705A. (Read LB705A by title for the first time.) Senators Kintner and Schilz would like to add their names to LB75 as cointroducer. (Legislative Journal page 894.) [LB744 LB705A LB75]

Mr. President, Senator Davis would move to adjourn the body until Thursday, March 13, at 9:00 a.m.

SENATOR COASH: Members, you've heard the motion. All those in favor say aye. Those opposed say nay. We are adjourned.