

Transcript Prepared By the Clerk of the Legislature
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Government, Military and Veterans Affairs Committee
February 20, 2015

[LB465 LB479 LB562 LR26CA CONFIRMATION]

The Committee on Government, Military and Veterans Affairs met at 1:30 p.m. on Friday, February 20, 2015, in Room 1507 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB562, LB465, LR26CA, LB479 and gubernatorial appointments. Senators present: John Murante, Chairperson; Tommy Garrett, Vice Chairperson; Dave Bloomfield; Joni Craighead; Mike Groene; Matt Hansen; Tyson Larson; and Beau McCoy. Senators absent: None.

SENATOR MURANTE: Okay, everyone. Welcome to the Government, Military and Veterans Affairs Committee. My name is John Murante. I'm the Chairman of this committee and state senator for District 49, which includes Gretna, Chalco, a little bit of Papillion and La Vista and most of northwest Sarpy County. As our committee members continue to trickle in, we'll go through some of the processes and procedures, standard operating procedures for the Government Committee. We are here today to hear one gubernatorial appointment and four pieces of legislation. The order that we will proceed is the order that is listed on the agenda, which is posted outside of this room. If you are here to testify in support of our appointee or on any of the pieces of legislation, we ask that you fill out one of these green sheets and indicate whether you are a supporter, an opponent, or speaking in a neutral capacity on anything before us. When you come to testify, turn the green sheet into this bin right in front of our committee clerk. If you are here in support or in opposition to anything that we are discussing today but do not wish to testify, we have a sign-in sheet that is also located on both corners of the room. Sign in, let us know what you're here...what bill number you're here for or if you're here for the gubernatorial appointment, whether you support or oppose, and your opinions will be taken into consideration just as if you had testified. When you testify, if you testify, please begin by stating and spelling your name for the record. It's very important for our Transcriber's Office. The order of business for any piece of legislation is that we will begin with the introducer making opening remarks, followed by the proponents, the opponents, anyone who wishes to testify neutral, and then the introducer will have an opportunity to close. We ask that you listen very carefully to the testimony that has preceded yours and try not to be repetitive if somebody has already made a point which you wish to second or articulate. Again, please sign in and your opinions will be taken into account. We use the light system in the Government, Military and Veterans Affairs Committee. Each testifier is permitted to speak for four minutes. When the yellow light comes on, that means you have one minute remaining and we'd ask that you begin wrapping up your testimony. When the red light comes on, we ask that you conclude and we will open up the committee for any questions that they may have of you. At this time, I would ask that you turn off or silence any cell phones or other electronic devices, anything that makes noise. And the Government, Military and Veterans Affairs Committee is equipped for electronic devices so you may see committee members pulling up...taking notes or pulling up exhibits for the issues before us. We're just researching what's before us, so that's what we're doing with our electronic

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

Government, Military and Veterans Affairs Committee
February 20, 2015

devices. If you have a prepared statement, an exhibit, or anything you wish to distribute to the committee members, we ask that you provide us with 12 copies and as you come up to testify give it to the page who will distribute it to the committee members. If you do not have 12 copies, that's fine. Again, just give it to the page, he'll make the copies and distribute it to the committee members. Our page for today is Seth Thompson from Ogallala, Nebraska. And we'll now proceed to the introduction of our committee members, which should be very brief at the moment. To my immediate left is State Senator Matt Hansen from Lincoln, Nebraska. To his left, State Senator Beau McCoy will be here but is running a few minutes behind schedule. To his left, State Senator Joni Craighead will be here momentarily, she represents Omaha; followed by Sherry Shaffer who is our committee clerk. To my immediate right, Charles Isom is the committee's research analyst. Senator Tommy Garrett is a state senator from Bellevue, Nebraska, and the Vice Chairman of this committee and he will be here momentarily. To his right, State Senator Dave Bloomfield from Hoskins, Nebraska; followed by State Senator Tyson Larson. And I will slow the rate of my speech before I introduce State Senator Mike Groene from North Platte, Nebraska. So those are...back again, Senator Groene. So with that, we will proceed to the first item on the agenda, Ronnie Mitchell, a gubernatorial appointee to be the director of the Department of Aeronautics. Welcome to the Government, Military and Veterans Affairs Committee. [CONFIRMATION]

RONNIE MITCHELL: (Exhibits 1, 2) Thank you, Mr. Chairman. Good afternoon, Chairman Murante and members of the Government, Military and Veterans Affairs Committee. My name is Ronnie Mitchell, R-o-n-n-i-e M-i-t-c-h-e-l-l. I appear before you today to discuss my appointment and seek your confirmation as the Nebraska Director of the Department of Aeronautics. I came to the state of Nebraska as a second lieutenant of the United States Air Force in July of 1968. My assignment was flying RC-135 reconnaissance aircraft, some of which are presently flying in the Middle East and other countries today. Nebraska was to be my home during 18 of my 23-year Air Force career. After the Air Force I was fortunate enough to be hired by United Air Lines and flew both domestic and international flights for the next 11 years while commuting from Nebraska to domiciles in San Francisco, Washington, D.C., Chicago, and Denver. On September 11, 2001, terrorists crashed four aircraft into various United States locations. Due to these events and diminished airline passenger traffic, United grounded all 75 of the Boeing 727s on which I was then flying. As a result, I retired from United Airlines and was searching for a job when I was hired as executive pilot for the Nebraska Department of Aeronautics. That became my job for the next seven years until August 8, 2009, when Governor Heineman appointed me as director of the department. Since then I've been reappointed by Governor Ricketts, primarily due to my aviation experience--over 13,000 hours of flying time--and my familiarity with the department and its workings for the past 12.5 years. Governor Ricketts expects me to work closely with the FAA, our 81 public use airports and our five-member Aeronautics Commission to obtain adequate funding for airport improvement projects, thereby ensuring the continued safety and utility of Nebraska's extensive airport system. This

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

Government, Military and Veterans Affairs Committee
February 20, 2015

past year, 2014, over \$68 million was spent on 32 projects across the state. During my tenure as director, the state has acquired a new King Air C90GTx twin turbine aircraft for transportation of state personnel. The aircraft will add immensely to the savings of time for anyone who uses it. Our department also sold the state's 1982 Piper Cheyenne IIXL twin turbine aircraft whose proceeds will be utilized to lower air travel costs for all state people using our services. The professional staff of the Department of Aeronautics greatly assists me in accomplishing the duties of our agency. My thanks to Governor Ricketts for reappointing me to this important role, and I look forward to working with him as a member of his cabinet. Thank you for the opportunity to come before the committee today to discuss my reappointment and confirmation. I will be happy to answer any questions you might have. [CONFIRMATION]

SENATOR MURANTE: Thank you very much for your opening. Are there any questions from the committee? Seeing none, thank you very much for coming down. [CONFIRMATION]

RONNIE MITCHELL: Thank you. [CONFIRMATION]

SENATOR MURANTE: We much appreciate it. We'll now proceed to proponent testimony. Anyone who wishes to testify in favor of Ronnie Mitchell's appointment as Director of the Department of Aeronautics? Seeing none, are there any opponents? Is there any neutral testimony? Okay, with that we will close the hearing on the gubernatorial appointment of Ronnie Mitchell as Director of the Department of Aeronautics and we will try--depending on if Senator Morfeld takes a considerable amount of time on his bill--to Exec Session and vote on your confirmation today. If you would like to pass a note to Senator Morfeld, now would be the time. (Laughter) And with that, we'll proceed to the next item on the agenda, LB562. Senator Morfeld, welcome to your committee on Government, Military and Veterans Affairs. [CONFIRMATION]

SENATOR MORFELD: Well, I think I've got about 20 people to help testify in support on this one, so we should be quick. Good afternoon, Senator Murante and members of the Government Committee. For the record, my name is Adam Morfeld, that's A-d-a-m M-o-r-f-e-l-d, and I represent the "Fighting" 46 Legislative District here in northeast Lincoln. I appear before you today to introduce LB562. This is a bill to strengthen tourism in Nebraska and provide the necessary resources to do so effectively. As a young Nebraskan, I know that myself and many other young Nebraskans, when looking at communities to settle and work in, look for both cultural and natural opportunities in these communities as well. The intent of this legislation is to provide critical mass in funding to develop these projects, not only for young Nebraskans, but also to attract people from around the world and country to visit Nebraska and perhaps go just a little bit off the beaten path. Further, tourism is one of the largest industries in our state. In fact, I believe it is the third largest industry and it is most valuable when it includes attractions that not only draw our own citizens, but also visitors from other states and around the world. New money

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

Government, Military and Veterans Affairs Committee
February 20, 2015

brought into Nebraska is very important, but it is also important to encourage fellow Nebraskans to vacation in Nebraska as well. Tourism represents an opportunity for all parts of this beautiful state, and attracting young families and professionals to live in our state should also be a priority. It is for these reasons that I brought this legislation. This bill will grant one million dollars for four different sites around the state. These would be so-called Nebraska treasures. This would include a site in the 1st Congressional District, one in the 2nd Congressional District, and two sites in the 3rd Congressional District because of its size and variety. I do not have any projects in mind for these four locations and that is where the Nebraska Tourism Commission will come into play. I believe that you will hear from Kathy McKillip shortly, but the Tourism Commission would be responsible and I believe also in the best position to identify these sites. As a matter of good competitive economic development policy in the tourism industry, it makes sense to invest substantial state funds in the tourism projects that will attract more visitors and dollars to our state. The question is whether to approach...whether the approach should be broad and shower trying to help any and all potential sites with the limited pool of money, or whether we should target a smaller number of projects that would most likely draw out-of-state money as well. The second approach which focuses on a few sites is more difficult from a political perspective. However, I believe it's much more sensible in my point of view and that is the intent of the legislation. Competition for tourism dollars require us to compete both nationally and internationally. Without targeted and substantial support as provided in this legislation, we simply do not have the financial resources or the natural resources to compete nationally, much less globally, unless we focus on this industry and provide financial assistance to these important projects. The second component of this bill which I want to point out quickly, it's time these projects to highlight...and I'm not even going to try to pronounce it, the 150-year celebration for our state. (Laughter) I think I've only gotten it once right. I've presented a small amendment which removes the Sesquicentennial Commission from assisting and identifying these four sites. The amendment comes from discussions with the commission and Secretary of State Gale, who is the chair of the public commission. It is my understanding that this commission is already stretched thin and identification of these sites would add more to an already full plate with their preparations. And I feel, and they feel, that the Tourism Commission would be more than sufficient to identify sites and potentially tie them into the 150th birthday of Nebraska's statehood. As I close, I do want to acknowledge that \$4 million would be a significant investment from the state, and I do not take that number lightly. However, I think it is a vital industry and hope that this investment will be a catalyst and will draw visitors to our state who will spend that amount, and much more, as they take in tourist attractions across our state. The investment will pay dividends. Thank you for your consideration. I'm more than happy to answer any questions. [LB562]

SENATOR MURANTE: Thank you, Senator Morfeld. Are there any questions from the committee? Senator Craighead. [LB562]

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

Government, Military and Veterans Affairs Committee
February 20, 2015

SENATOR CRAIGHEAD: Senator Morfeld, thanks for being here for a couple of things. Many Nebraskans currently vacation in our state and how many more do you anticipate will vacation here because of this project? [LB562]

SENATOR MORFELD: Certainly hard to come up with a number because obviously the projects have to be targeted and they have to be ones that...in the bill, actually it lists that they need to be...I can't remember the exact language, but have a high propensity for success in drawing and maximum potential. And so, I think it's hard to say. The tourism folks behind me might be able to talk a little bit more specifically, but I think that it really depends on how effective we are at promoting the sites and then picking the right ones. [LB562]

SENATOR CRAIGHEAD: Okay. And, obviously, we've got a pretty nice fiscal note on here. How do we anticipate...I see it's coming out of the General Fund. How do you anticipate raising these additional funds to cover that cost? [LB562]

SENATOR MORFELD: Well, it's going to have to be balancing the different competing interests in the budget obviously. I think that from a business point of view, sometimes you have to invest a little bit of money to make a little bit of money. And I see this as an important investment. [LB562]

SENATOR CRAIGHEAD: Okay. Now, of course, when we talk about this, I think the Kearney Archway comes to all of our minds. So, what constraints...and that's not the right word, but what do we have in place to guarantee that another Kearney Archway won't happen? [LB562]

SENATOR MORFELD: Yeah, I...other than the Tourism Commission, you know, fulfilling their job and being very diligent about making sure the funds are used in a responsible manner, you know, I can't give you any assurances beyond that. You know, I think that for me, I think that we have a lot of natural sites that could be better developed that could attract families and other folks off the Interstate. That would be very viable projects. Obviously, the Kearney Archway might be a good example of what not to do, (laughter) but I also know that...I also know that there are some folks working hard to make that a success as well. And there's maybe some potential down the road for that project. I haven't actually visited the Kearney Archway, I have to be honest. [LB562]

SENATOR BLOOMFIELD: Neither has anybody else. (Laughter) [LB562]

SENATOR CRAIGHEAD: It's a great place, if you can get there. Thank you. [LB562]

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

Government, Military and Veterans Affairs Committee
February 20, 2015

SENATOR MORFELD: Yeah, thank you, Senator. [LB562]

SENATOR MURANTE: All right. Any additional questions? Senator Bloomfield. [LB562]

SENATOR BLOOMFIELD: This would be a fine place...this would be a fine opportunity to throw in a shameless plug for removing helmets from motorcycle riders. We can use that to increase tourism. Thank you for being here. [LB562]

SENATOR MORFELD: Already signed on to your bill, Senator. You don't need to (inaudible). (Laughter) [LB562]

SENATOR MURANTE: And thank you, Senator Bloomfield. [LB562]

SENATOR MORFELD: I don't think it's me you have to be worried about extending this hearing, Senator. I'd just like to point that out. (Laughter) [LB562]

SENATOR MURANTE: There would be a lot of evidence to support that, Senator Morfeld. Senator Garrett. [LB562]

SENATOR GARRETT: Thank you, Chairman. A quick question. What kind...\$4 million is a lot. What kind of sites are we talking...like a Six Flags over Nebraska? You know, I mean, what exactly would... [LB562]

SENATOR MORFELD: Good question, Senator. I mean, if you look into the bill it does have specifications so it needs to be for a nonprofit entity or state entity or political subdivision. So it could be a project that comes from the state agency, like Game and Parks that's proposed to the Tourism Commission. It could be a nonprofit entity that is currently...owns some land and has a partnership with maybe a local municipality or political subdivision. It could be a political subdivision, a city or some other type of political subdivision. So there are some limitations. It's not just going to be any for-profit business that can come in. In fact, that's not allowed in here. So, there's a wide variety. I mean, I'm...personally, I'm a back-country camper and so I do a lot of back-country camping and I go to different places. And the type of attractions that I would go to, it's, you know, it's not as well-developed. But for instance, I know that there's a lot of families that simply won't go into the wilderness or the wild or whatever in Nebraska because there's not, you know, developed sites and other things like that. This could go to one of those things. There's also, you know, tall grass prairie and a lot of other different sites that could be developed, but the problem is there's often not the infrastructure to get people there. And then to provide the type of facilities to want people to...or for people to want to go there. And this is what that is

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

Government, Military and Veterans Affairs Committee
February 20, 2015

doing is making sure that we have enough critical mass to actually make it so that people want to go off the beaten path and experience some of our different natural wonders here in Nebraska. I don't know if that answers your question. If it doesn't, Senator, let me know, so. [LB562]

SENATOR GARRETT: No, I...being a small business guy, I'm fully...you know, when you say you got to spend money to make money, I'm fully aware of that. I just was wondering what (inaudible). [LB562]

SENATOR MORFELD: You know, to be honest with you, Senator, I do have some ideas of what I think would be good, but I don't want to put them on the record because for me it's up to the Tourism Commission. And that's...I think it needs to be a separate decision outside of, you know, my...what I think would be a good thing. But I think that there's a lot of potential in a lot of different sites out there that could...that could be developed. [LB562]

SENATOR GARRETT: I've got relatives in Colorado that come out to watch migratory birds. So, I mean, so there are things that work. [LB562]

SENATOR MORFELD: Absolutely. [LB562]

SENATOR GARRETT: Okay. Thank you. [LB562]

SENATOR MURANTE: Thanks, Senator Garrett. Senator Craighead. [LB562]

SENATOR CRAIGHEAD: I don't know if this is question or a comment, but to me this a bit nebulous. And being a businesswoman, it's like if you're going to come up with that, with a business, you go to a bank with a pro forma and a business plan and projections and things like that. And I think just with...I think it's a great idea, but I think just in listening, I would feel much more comfortable making any kind of decisions if we had more concrete evidence. [LB562]

SENATOR MORFELD: Yeah, well, and, you know, if I may respond, I mean my...you know, I can guarantee you that the process that the Tourism Commission is going to put together is going to require that and people will come with plans. I've had discussions with some other state agencies like Game and Parks. I mean, they have several different projects that they can think of, but I don't want it to be just limited to one state agency. I want to make sure that the projects are geographically diverse and open to local governments and state governments and then also nonprofit agencies that have some really good opportunities. I'm hoping that this money will also be leveraged so, you know, maybe the grant company...I think a good grant application would be, you know, a million dollars is kicked in from the state, a million is from philanthropic

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

Government, Military and Veterans Affairs Committee
February 20, 2015

community and then, you know, maybe a million private funds. I don't know. So, I see where you're coming from though. [LB562]

SENATOR CRAIGHEAD: Did you carry this bill for someone or is it your bill, or...? [LB562]

SENATOR MORFELD: No, this is something that I think is a good idea. I didn't even talk to the Tourism Commission. I think they're here to testify in favor, but I hope anyway. (Laughter) But that's what they told my legislative aide. No, so, you know, for me, I think this has been proposed in the past too. I don't think there's rarely any new ideas that come before the Legislature, but for me, I think that this is a good direction to go down. [LB562]

SENATOR CRAIGHEAD: Thank you. [LB562]

SENATOR MURANTE: Thank you, Senator Craighead. Any final questions for...excuse me. Senator Groene. [LB562]

SENATOR GROENE: Thank you, Senator Murante. If we use this money to pay off some of the bad investments we already made, I've got Golden Spike in North Platte. It brings in about 20,000 locals and it costs us \$450,000 a year in tax dollars. I've got a golf course that was built as a destination golf course cost us \$11 million already. What bothers me about this bill, and tell me I'm wrong, is when you put money out there then the locals think if we get this free money, then pretty soon we get \$500,000, and \$10 million later, after about ten years, \$500,000 didn't look so good. So how are you going to make sure that the projects get feasible before somebody goes to the county commissioner or something, well, we can get a half a million dollar grant, and then ten years later we're licking our wounds. [LB562]

SENATOR MORFELD: Well, if you read in the bill, Senator, there are criteria in the bill that makes sure that it's a viable project and it also has a capacity to bring people in and make it so that it's actually a revenue generator for the state or the locality too. You know, you brought up some examples. I'm not familiar with the examples or the process that went through and the scrutiny, but 20,000 people that go and see a Golden Spike, I think that's pretty good actually, so. [LB562]

SENATOR GROENE: Local people. [LB562]

SENATOR MORFELD: Local people, well, I don't know. But in any case, yeah, I mean, that's why there's a state agency that is in charge of making sure that the projects are viable. [LB562]

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

Government, Military and Veterans Affairs Committee
February 20, 2015

SENATOR GROENE: I understand you're doing good. I'm just...I've been around the block a couple of times...(inaudible). [LB562]

SENATOR MORFELD: I'm not going to decide who they are. That's the bottom line. (Laugh) [LB562]

SENATOR GROENE: Thank you, Senator Morfeld. [LB562]

SENATOR MORFELD: Yeah, thank you, Senator. [LB562]

SENATOR MURANTE: Thank you, Senator Groene. Any final questions? Seeing none, thank you very much, Senator Morfeld, for your opening. [LB562]

SENATOR MORFELD: Thank you. Looking forward to the closing, Senator. (Laughter) [LB562]

SENATOR MURANTE: We'll proceed to proponent testimony to LB562. Welcome, Mayor Beutler, to your committee on Government, Military and Veterans Affairs. [LB562]

CHRIS BEUTLER: (Exhibits 1, 2 and 3) Senators, thank you for allowing me to take a little bit of your time. Members of the committee, I'm delighted to be here today in support of the bill. The last name is spelled B-e-u-t-l-e-r. As Senator Morfeld has indicated, the bill proposes significant state economic development investment in four tourism projects across Nebraska. As he mentioned, one in each congressional district with an extra one to the 3rd District because of its geographic resources. It would target new resources on focusing on unique treasures of the state to develop them into truly special places. And the whole idea of this is to shift the focus on to several important tourism resources, as I understand the bill, so that we can create places that will truly in effect draw people from across the country. I've taken an interest in this because of some local Sesquicentennial--did I pronounce that right, Mr. Chairman--supporters who were in the process of exploring bricks and mortar types of ideas as part of the celebration. And we wanted to get...wanted to help local supporters with ideas. The timing hasn't been right for this bill for quite a while, I think. We've been trying to deal, as you all know, with the fallout of the national recession for a while now. But now the timing appears to be much better for a number of reasons including the fact that our economy is much stronger. But more than that, the strength of the Nebraska Tourism Commission, I think, has been enhanced by their personnel and by their resources in recent times. And like many of you, I'm proud of the Tourism Commission what they've accomplished over the past several years working with local partners. They've made great strides in marketing our state, both regionally and nationally. They've made the most of the very

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

Government, Military and Veterans Affairs Committee
February 20, 2015

limited resources they've been given. I think they're third from the bottom in terms of state financing for the tourism industry, but they've made comprehensive efforts to increase revenues and have done a great job of that over recent years. So I think they develop great expertise in getting the biggest bang for their buck and we want to make use of that expertise in this bill, as I see it, by relying upon them to bring in experts and other people to start making some determinations and making some good judgments about what we could do with some resources by focusing them on those projects that are most likely to succeed. And I think I'm running out of time here fairly quickly, but I would be glad to answer questions. The state, the Lincoln and the Omaha Visitors Centers and Convention Centers are both endorsing this bill as has the League of Municipalities. And Mr. Chairman, I would be delighted to try to answer questions from the committee. [LB562]

SENATOR MURANTE: Thank you, Mr. Mayor. Are there any questions? Senator Craighead. [LB562]

SENATOR CRAIGHEAD: Mayor Beutler, thanks for being here today. Okay, so if I'm correct on this, Nebraska's 150th anniversary is in two years, correct? [LB562]

CHRIS BEUTLER: Is what? I'm sorry. [LB562]

SENATOR CRAIGHEAD: Our Nebraska's 150th birthday that we're trying to tie these around is in two years, correct? [LB562]

CHRIS BEUTLER: Yeah. [LB562]

SENATOR CRAIGHEAD: Okay. So how, because we know that sometimes accomplishing things is like moving an ocean liner 180 degrees. We can get it done but it takes a while to do it. So how do you anticipate that we can accomplish some projects in two years in time to tie in with Nebraska's Sesquicenten...150th birthday. (Laughter) [LB562]

CHRIS BEUTLER: Senator, I don't think we're going to be able to do projects like these and get them done in two years. These projects, I think, have to be done carefully. I appreciate your earlier remarks. If we...if you wanted us to tidy up the bill, if Senator Morfeld was agreeable, we could put more material in there about doing analysis beforehand, before construction starts with regard to different suggestions that may be made. We can put more material in the bill instead of leaving it to rule and regulation. I would look forward if the senator was so inclined to working with individual members of the committee to see what it is...what safeguards they would like to

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

Government, Military and Veterans Affairs Committee
February 20, 2015

have in the bill that would help assure them that we have the very...that we maximized our opportunity to create projects that would be successful. [LB562]

SENATOR CRAIGHEAD: I think it's a fabulous idea, but again I've done a lot of consulting and people say like, I've got a great idea. Well, there's lot of great ideas out there but you've got to put, you know, the business plan and the numbers and it's got to be...it's got to be detailed down to where it's actually concrete. And I think...I would feel much better if we could do that. [LB562]

CHRIS BEUTLER: Yeah, well, let us work on that again, if the senator is agreeable. We would be glad to put resources into getting the right language that would make you feel more comfortable and make me feel more comfortable. And then we don't have to leave it to rule and regulation. You could even structure this so that the Tourism Commission went about the process of picking projects and then came back to you before they proceeded with investment in those projects. There are a number of ways of doing this. I think the senator is mostly interested in the idea of whether you believe as he believes and as I believe, that focusing resources and focusing them on those projects that are most likely to bring money into Nebraska, to bring tourists into Nebraska, is something that we've never done. And we have a number of things, I think, that we could make into truly national treasures as well as Nebraska treasures. [LB562]

SENATOR CRAIGHEAD: Well, we might even want to think about a public-private partnership for the simple reason that I think, you know, many hands and many minds come up with great ideas. And also if you pull on a private...the private side partnership, you may have access to more funding than you would if maybe it's just asking the Legislature for the money too. [LB562]

CHRIS BEUTLER: Okay. That's a distinct possibility also. Certainly you could tie it to some extent to philanthropic interest, too, if you were so inclined to do that. [LB562]

SENATOR CRAIGHEAD: Thank you so much. [LB562]

SENATOR MURANTE: Thank you, Senator Craighead. Are there any additional questions? Seeing none, thank you very much for coming down today, Mr. Mayor. [LB562]

CHRIS BEUTLER: Thank you. [LB562]

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

Government, Military and Veterans Affairs Committee
February 20, 2015

SENATOR MURANTE: Are there additional proponents wishing to speak on LB562? How many proponents do we have on LB562? Let's do it that way. Okay. Everyone else is here in opposition then. (Laughter) Welcome, Mr. Pollock. [LB562]

ANDY POLLOCK: Thank you, Senator Murante and members of the Government, Military and Veterans Affairs Committee. My name is Andy Pollock. That's A-n-d-y, Pollock is P-o-l-l-o-c-k. I appear before you today in support of LB562 on behalf of the Nebraska Travel Association. That's a group of Nebraska entities, large and small, from all across the state that recognize the value of tourism and are here to promote travel and tourism in the state. It's nongovernmental entity, it's not affiliated with the Nebraska Tourism Commission, although we value and appreciate their work and try to cooperate with them as much as possible. We appreciate Senator Morfeld bringing LB562. We think it's a very good...a very good idea, a very good bill, a very well-thought-out bill. Our support is...it's important to our support that the bill would fund projects, not just in Lincoln and Omaha, but in all of the legislative districts and the emphasis on the 3rd District because of its geographic size was important to our group. I think if our group is loaded heavily one way or the other, it's probably more so to the rural areas of the state, and we recognize the value of tourism in those parts of the state. Senator Morfeld is exactly correct. Tourism is the third largest industry in the state of Nebraska. It's over a 3.6 billion...billion dollar industry in the state, employs 41,000 people and right now, we do it on a shoestring. We really do and we think this is a step in the right direction, but probably, frankly, not enough. We think it's good to focus on some big projects like Senator Morfeld does in his bill, but Nebraska is behind in its investment in its travel sites. Compared with other states, we're looking at spending about \$6 million as opposed to about \$15 million on average on tourism activities in the state. So with that, I would close. Ask you to advance LB562 and I'd be glad to try to answer questions. [LB562]

SENATOR MURANTE: Thank you, Mr. Pollock. Are there any questions? Senator Craighead. [LB562]

SENATOR CRAIGHEAD: Thank you. Thank you for being here today, Mr. Pollock. With the Travel Association, obviously they're good at marketing. Have they thought of any marketing campaign that might work with this at all, or...? [LB562]

ANDY POLLOCK: Not any specific campaign. I mean, they're actively marketing both on the local level, and the Nebraska Tourism Commission, Senator Craighead, is marketing the state on the state level. Have we thought about a campaign particular to this particular piece? No, it's not a bill that we asked to be introduced. It's certainly one we support. I have a sense, and I could get back to you with an answer that the Travel Association and its various members are looking at promoting the Sesquicentennial...(laughter) I try my...the 150th anniversary of the state. And I'm

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Government, Military and Veterans Affairs Committee
February 20, 2015

sure there are activities going on at the local level as well as the state level for that. I should point out that the Travel Association itself does not do any marketing, is not an organization that goes out and does work itself. It basically supports its local members. [LB562]

SENATOR CRAIGHEAD: Okay. Thank you. [LB562]

ANDY POLLOCK: Thank you. [LB562]

SENATOR MURANTE: Thank you, Senator Craighead. Any additional questions? Seeing none, thank you very much for coming down today, Mr. Pollock. Additional proponent testimony to LB562. And welcome to the Government, Military and Veterans Affairs Committee. [LB562]

KATHY MCKILLIP: (Exhibit 4.) Thank you, Chairman Murante. Good afternoon, everyone. I'm Kathy McKillip, K-a-t-h-y M-c-K-i-l-l-i-p, and I am the executive director with Nebraska Tourism Commission. I'm a little reluctant to sit...I think I'm in the hot seat right now, so we will proceed forward with all good thoughts here. I want to thank the committee for the opportunity to be here today to talk about LB562 and this opportunity to testify before all of you. So why does this matter and why are we talking about it? Our tourism supports existing companies and stimulates new business development. Tourism levels the playing field for communities statewide and when it comes to attracting visitors and increasing revenue, tourism is a champion for Nebraska by promoting our natural attractions, scenic beauty, historic sites, unique findings, outdoor adventures, cultural and arts, foodie finds and dining establishments along with agri-ecotourism, festivals, and cultural celebrations. Nebraska has a great deal to offer. As senators, you know that better than any of us. Most importantly, tourism is a source of immediate revenue to Nebraska's communities, counties and to our state. In 2013, according to the research conducted by the U.S. Travel Association, the Travel Economic Impact Model, which the acronym is TEIM, and I won't use it again, but I just want to make sure. On behalf of the commission, visitors spent more in 2013 of \$4.4 billion on the state in travel. Mr. Pollock referred to 3.3. That was the previous year in 2012. We jumped that much. This is a 2.6 percent increase and this is the highest visitor spending, higher than South Dakota and what Wyoming are currently receiving. When the visitor experience is what Nebraska has to offer, those visitors spend and enjoy at a higher level. Direct jobs generated by domestic and international travelers equalled 4,300. Tax revenues generated by domestic and international travelers totaled more than \$612 million, up 2.4 percent from 2012. More than 6 of the 93 counties received more than \$100 million each in domestic travel expenditures and had a 1,000 or more job increase supported by their domestic travel expenditure opportunities. In addition, visitors that travel Nebraska outspent visitors in Wyoming and South Dakota, states that each have major ranking national parks, and budgets two to three times the size of ours, had spending in the millions. Wyoming visitors' spending was 2,969.70 million (sic) and South Dakota was two million seven hundred and

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Transcriber's Office

Government, Military and Veterans Affairs Committee
February 20, 2015

eleven (sic). Nebraska's for the same period was four million, three hundred eighty-five thousand, ninety (sic). How we succeed depends greatly upon the relationships we develop and the partnerships we entrust. Our partnerships are statewide and include private businesses, manufacturing, agriculture, corporate Nebraska, the government sector and nonprofits. Nebraska Tourism has partnered with all of these entities. We need to strengthen and support the private sector in our partnerships and develop and grow this industry and grow the state. LB562 sends a strong and positive message to the private sector and encourages them to invest even more. The Nebraska lodging tax receipts have increased on an average of 7.6 percent each year for the past three years. The cash funds generated by the lodging tax represents 99.5 percent of the Commission's budget. At this point in time the Commission receives \$500,000 in General Funds from the state to operate. As a state agency that money for the state, we view LB562 as an opportunity for the state to acknowledge the economic impact and value that tourism industry brings. Simply put, we need to grow this industry, not just for this commission, but for the economic health and development of Nebraska and for our fellow Nebraskans. The time is right. We have established ourselves nationally and internationally on several fronts and as a state we can host high-caliber events, such as the College World Series, the U.S. Olympic Swim Trials, and we need to continue to build upon such national opportunities. This includes our historic sites, our natural DNA and the start of our growing product. With permission, do I have... [LB562]

SENATOR MURANTE: Why don't you go ahead. [LB562]

KATHY McKILLIP: Thank you very much. I wanted to ask first because I saw the light. No other state can claim to be the home of some of the historic wagon trails in history that we have and the federally proposed now Standing Bear Trail. No other state can claim the beautiful landscape of the Sandhills and our native prairies. No other state can claim or grasp the impact of the Central Flyaway Migration, and no other state can claim historic Boys Town. There are more opportunities out there and we need to discuss ways to grow our industry and the state. We need the support from all of our partners to do so and the state of Nebraska should be one of those key supporters and leading partners. Tourism is a key segment of the Nebraska state's economic base. It provides the quality of life component for which residents and visitors alike seek, enjoy, experience, and embrace our product. As the second lowest funded tourism state in the nation, LB562 can help Nebraska tourism compete with other states with their investment with tourism. At this time, the Nebraska Tourism Commission offers support for LB562, and we would like to thank Senator Morfeld and Senator Stinner and his committee for bringing the value of this importance, and this industry before the body and believes the future of tourism plays an important role in generating income for our communities, our counties, our citizens, and the state of Nebraska. And thank you for your service to our state as well. [LB562]

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

Government, Military and Veterans Affairs Committee
February 20, 2015

SENATOR MURANTE: Thank you very much for coming down. Are there any questions for the testifier? Senator Craighead. [LB562]

SENATOR CRAIGHEAD: Thank you, Mr. Chairman. Thank you so much for being here today, Ms. McKillip. Nice to meet you. Okay, you mentioned there were four counties and the different amounts, so I'm guessing it's probably Douglas, Sarpy, Lancaster, and what, Buffalo or Hall County are the four top with...? [LB562]

KATHY MCKILLIP: Buffalo, Lincoln, and Hall. [LB562]

SENATOR CRAIGHEAD: Okay. Okay. I was just curious. So I like this idea, but I want to know, what kind of ideas do you have if we did something like this. [LB562]

KATHY MCKILLIP: I knew this was the hot seat. [LB562]

SENATOR CRAIGHEAD: No, it's not. [LB562]

KATHY MCKILLIP: You know what, no good policy can come before anybody without the discussion and this is a great opportunity to have that today. So I think one of the most important things that comes out of this is a belief from the state that this industry has value. And that this industry generates economic impact from the small business owner to the cottage business industries all the way up to our historic DNA, such as our federal or national attractions as Chimney Rock, or as Boys Town, which is, you know, operated as a nonprofit or with another partnership. There's a lot of opportunities to look at and there's opportunities yet to be unknown or developed such as the Standing Bear Trail, which is receiving a lot of federal support right now, which would also partner us with other states but more importantly it recognizes our Native Americans and the history of Standing Bear as a leader within our own state and within the country. So there's a lot of opportunities. If you were to say, what were your four right now? I would respectively decline to answer that only because... [LB562]

SENATOR CRAIGHEAD: I was just kind of (inaudible) myself. [LB562]

KATHY MCKILLIP: I don't know myself. I don't know myself. I know that the Commission when we go through our granting process, the criteria is very rigorous. There is a financial plan, there's a financial component, there is a match. There is a tracking method and benchmarks for every component. The \$500,000 I mentioned in General Funds right now, we do only use for grants. We allocate those throughout the state statewide for either, one, category, marketing grants; or two, the other category is to attract national, international events. And we call that the

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

Government, Military and Veterans Affairs Committee
February 20, 2015

committee to impact grants. Those are funds that allow us to help communities that are ready to go to that next level to track in something that uniquely fits within their niche. An example would be maybe the National Hereford Show, would be a great fit for Grand Island. Those stock facilities out there, those animal barns are amazing. They're the envy of the National Western Stock Show. And at the same time, it would be wrong of us not to embrace the fact how well we've done with the U.S. Olympic Swim Trials and the College World Series. So there's the niche market out there for every one of these counties and communities in different attractions and that's probably what we'd have to dive into. When I mentioned our DNA, it's what represents us best, whether it's our Sandhills, our native prairies, or whether it's those historic Oregon, Mormon, California Trails, the Pony Express, that are uniquely defined by Nebraskans. [LB562]

SENATOR CRAIGHEAD: Do you think if we get this wonderful growth with the tourism, do the communities who might have projects have the infrastructures within the community such as restaurants, lodging, those kind of things, is the infrastructure there that can handle this growth in tourism? [LB562]

KATHY MCKILLIP: There's no doubt that when you go out to build product there's going to be that shift, if you will. And we have found that no more importantly than with our Passport Program where you can travel the state and go to 80 stops. It is amazing that some of these small businesses that are participating in the program have said to us...it starts May 1 and by June they said, we have doubled or tripled our revenues for last year and as a result of doubling or tripling, we're hiring more staff. And sometimes by August they say...the program goes to September 30, they will call and say, we've got to be closed an extra three days. We're just exhausted, we've been so busy. So there's no doubt there will be a curve, but having that infrastructure in place or looking at those applicants that are best equipped to take on the partnership and the challenge and go out and gather the resources and packaging is probably no different than a good business plan. [LB562]

SENATOR CRAIGHEAD: Thank you. [LB562]

SENATOR MURANTE: Thank you, Senator Craighead. Senator Bloomfield. [LB562]

SENATOR BLOOMFIELD: Thank you, Chair. I think you and I have discussed before the possibilities of highlighting our Native American powwows and I haven't seen any movement in that direction. Is there any movement toward that or not? [LB562]

KATHY MCKILLIP: Well, you're correct, Senator Bloomfield, that we have discussed about highlighting those great resources that we have and we work very close with Director gaiashkibos with the Indian. We are sitting on the committee for the Standing Bear Trail and the

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

Government, Military and Veterans Affairs Committee
February 20, 2015

Ho-Chunk Nations Art Gallery, the Winds Art Gallery, has been on our Passport Program before. So we are embracing that. I will be honest in sharing that bringing different cultures together is always a process that's interesting and sometimes it takes a little bit longer timewise in a time line than maybe other projects. But we are very pleased to be partnering with the Indian Commission, with the Sesquicentennial. That was Sesquicentennial, that was Sesquicentennial. (Laughter) I've been meeting with them...I've been meeting with them and so we are already by statute a partner with those groups. We're partnering with the Nebraska Arts Council to enhance those relationships with our Native American nations and we look forward to working with Judi and her team on that. So I can't say like, yes, today. This is...what we're close with is the Standing Bear Trail and the federal support we have for that, and then we're looking at how we're going to celebrate that for the Sesquicentennial. [LB562]

SENATOR BLOOMFIELD: Okay. Thank you. And just a comment, I'd like to have you follow up on a little bit. You were talking about infrastructure with Senator Craighead. That same question came up on another bill that I suppose I shouldn't mention here. It has to do with motorcycles. [LB562]

KATHY McKILLIP: I didn't hear that, but...yes. [LB562]

SENATOR BLOOMFIELD: We don't have the infrastructure to handle the extra traffic that would come, and to me, if we bring the bodies, the infrastructure will soon appear. It's called free enterprise. [LB562]

KATHY McKILLIP: Well, and you know, I think that it was interesting with Senator Groene's comment, and I'm sorry that he's not here and I'm mentioning him but you will hopefully as committee members share with him about free money, and I think that it's fair to assess that nothing is free out there. And so when even we do projects like this there will have to be those discussions. As we discussed the Sesquicentennial even though they've kind of stepped over to the side about the celebration of our 150th statehood is that we are working with the Department of Roads and the State Patrol, and I think those are real questions we're going to have to look at. Nebraska, as far as a state for the visitor, can be a logistic challenge because we have such a land mass. When you travel across Nebraska, if you were in the east, you could be through six states. So it's our job to try to figure out better ways of getting people from point A to point B or to Z, wherever that is, in a safe and efficient manner. So we will have to have those discussions. [LB562]

SENATOR BLOOMFIELD: I think it's our job to get them to spend money between point A and point B. Thank you. [LB562]

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

Government, Military and Veterans Affairs Committee
February 20, 2015

KATHY MCKILLIP: I think it's always our job to get them to spend money and there's nothing wrong with making money. So I think that it's great that we have that theory, we share that collective thought. Because when we're here, we know they're outspending Wyoming and South Dakota. They're enjoying what they see. It's a good, good product for the price and it's a great opportunity to build on it. [LB562]

SENATOR MURANTE: Thank you, Senator Bloomfield. Are there any remaining questions? Seeing none, thank you very much for your testimony. [LB562]

KATHY MCKILLIP: Well, thank you very much. Thank you, members of the committee. [LB562]

SENATOR MURANTE: We appreciate it. Are there any additional proponents wishing to speak on LB562? Seeing none, is there any opposition testimony? Is there any neutral testimony? Senator Morfeld, you are recognized to close. [LB562]

SENATOR MORFELD: Well, I want to thank the committee for the good discussion here, and I'm certainly more than willing to work with Senator Craighead and the committee to tighten up the language or provide a little bit more requirements if that makes you guys feel a little bit more comfortable. I do believe, though, that the grant process and not having simply projects in mind and just bringing them to the Legislature, I think the grant process really fosters, you know, competitiveness. And then also bringing in some of those good ideas. You know somebody who runs a nonprofit, the fact that we apply for competitive grants really makes us, you know, think outside the box in bringing forth the best ideas. And I think the Tourism Commission is in, you know, the right place and has the right expertise to sort through those because they already do it. You know, in terms of the success of the projects, there definitely needs to be scrutiny and there needs to be a business plan and there needs to be a process in place to measure that. But I think, you know, to quote Field of Dreams, you know, if you build it, they will come. And that's...and I think that type of scrutiny with the different types of natural treasures that we have in Nebraska, I think that that will be the result. So I'm more than happy to answer any questions. [LB562]

SENATOR MURANTE: Are there any final questions for Senator Morfeld? Seeing none, thank you very much, Senator, for your introduction of LB562. [LB562]

SENATOR MORFELD: Thank you very much. [LB562]

SENATOR MURANTE: (Exhibits 5, 6 and 7.) We do have letters of support for LB562, one from Kathy McKillip, the executive director...well, no, she just testified so we don't have to count

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

Government, Military and Veterans Affairs Committee
February 20, 2015

that one; Dean Miller, the director of operations for the Omaha Convention & Visitors Bureau; Wendy Birdsall, President of the Lincoln Chamber of Commerce; Lynn Rex, executive director of the...member of the League of Municipalities. With that, we close the hearing on LB562 and welcome back Senator Burke Harr to introduce LB465. [LB562]

SENATOR HARR: (Exhibit 1) Chairman Murante, members of the Government, Military and Veterans Affairs Committee, thank you for having me back and especially on this no-questions Friday. Right? Last session I introduced an interim study, LR538, to examine issues surrounding the implementation of an electronic notary system in Nebraska. During the interim, my office researched this issue with other interested parties and looked at how other states had implemented systems in their states. As a result, I introduced LB465 to establish an electronic notary system in our state. It is modeled primarily after the law and system in North Carolina. Under the system established in LB465, an individual who would have to register with the Secretary of State, pay certain fees, take a course of instruction, pass an examination for such a course in order to become an electronic notary public. The act also prescribes what actions can be performed by an electronic notary public and directs the Secretary of State to adopt and promulgate rules and regulations to ensure the integrity, security, and authenticity of electronic notarization in accordance with this act. And just to make things difficult, I am Burke Harr, H-a-r-r. Sorry about that. [LB465]

SENATOR MURANTE: Apology accepted. [LB465]

SENATOR HARR: Thank you. This bill would allow Nebraska to take advantage of technology that is moving across the country and the globe. E-notarization simply allows a notary public to notarize documents electronically through the use of digital signature and notary seal. LB465 lists which acts would be allowed to be performed by an electronic notary public and it also makes it clear that the act cannot be performed if the signer of the electronic document is not in the physical presence of the electronic notary public. There will be testifiers today who will be able to share why they think that this would be a benefit to them and their customers and why it is needed in Nebraska. Since the bill was introduced, the Secretary of State has shared some suggestions for potential changes to the bill. Grab amendments. As a result, I have an amendment that makes two substantive changes to the bill. First, it changes the operative date to July 1, 2016, in order to give the Secretary of State more time to implement the act. Second, it provides for regulations of the e-notary technology provider who will sell the software to a realtor or someone else who wants to be an e-notary. I want to publicly thank Secretary of State Gale and his staff for working with us on this legislation and for their suggestions on ways to improve it. With that, I would ask you to support LB465. Thank you. [LB465]

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

Government, Military and Veterans Affairs Committee
February 20, 2015

SENATOR MURANTE: Thank you, Senator Harr. Are there any questions? Seeing none, thank you for coming down today. [LB465]

SENATOR HARR: Thank you. [LB465]

SENATOR MURANTE: And we will open it up for proponent testimony on LB465. Welcome to the Government Committee. [LB465]

HEIDI PROSKOCIL: (Exhibit 2) Thank you. Good afternoon, Senator Murante and members of the committee. My name is Heidi Proskocil, H-e-i-d-i P-r-o-s-k-o-c-i-l. I am employed by Springdale Title and Realty in Ord, Nebraska, where I've worked for about 13 years. I am also the president of the Nebraska Land Title Association and I'm here to testify on behalf of the association in support of LB465, the Electronic Notary Public Act. In my daily work, along with many of my associates across the state, I close real estate and loan transactions. Notarization is an important part of each of these transactions. As electronic communication continues to become more and more commonplace, consumers can handle many of their financial transactions electronically. They can open a checking or savings account on-line, they can apply for and close an auto loan without ever putting pen to paper, they could apply for a mortgage in the comfort of their own home. When they walk into our office, they don't understand why closing their home loan or sale can't happen electronically as well. With the passage of LB465, a fully electronic real estate transaction is possible. Electronic notarization would reduce costs for businesses and consumers. A home loan closing package easily uses 70 to 100 pages of paper, plus an additional copy made and given to the borrowers at closing. Electronic notarization would enable us to perform closings entirely on a computer or a tablet, eliminating paper waste. Electronic notarization could eliminate mail and shipping costs and delays. As fuel prices increase, shipping costs continue to increase. Most lenders require that their closing package be returned to their office within 24 hours after closing. In rural Nebraska, distance, weather delays, and limited pickup and delivery options can slow or stall a closing, disbursements, or recording of documents. Electronic notarization would allow us to complete a closing; and before the borrower ever leaves the table, documents could be electronically filed with the county register of deeds, returned to our office, and a fully executed and recorded closing package could be e-mailed to the consumer and to the lender. As an industry, we are ever conscious of ensuring the safety of our consumers. As with paper and ink notarization, electronic notarization would require the notary to verify the identity of the signer. LB465 also specifies that the signer of the electronic document must be in the physical presence of the notary public at the time of signing. No web cam or video notarization would be allowed. In addition, the Secretary of State would regulate the electronic notary software providers allowed to do business in the state. In closing, electronic notarization would allow us to reduce paper, reduce costs, save time, and streamline the closing process, benefiting the title industry and our consumers while ensuring a safe and secure transaction. As the TILA-RESPA Integrated Disclosure implementation approaches and

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

Government, Military and Veterans Affairs Committee
February 20, 2015

we are required to comply with the requirements of the Consumer Finance Protection Bureau, the title industry will be encouraged to move toward electronic closings. On that note, the amendment has an effective date of July 2016, 16 months from now. I would encourage the committee to consider an effective date that is sooner, perhaps January 1 of 2016. The reason for that quicker implementation is that the CFPB, which regulates residential loan closings, is pushing for electronic closings and the proposed regulations do go into effect this August. We will not be able to complete these closings electronically without e-notary. LB465 would allow us to provide our customer with a fully electronic real estate transaction that is safe, efficient, and cost effective. [LB465]

SENATOR MURANTE: Thank you very much for your testimony. Are there any questions? Seeing none, thank you very much for coming down today. Much appreciated. [LB465]

HEIDI PROSKOCIL: Thank you. [LB465]

SENATOR MURANTE: Additional proponent testimony to LB465. And welcome to the Government Committee. [LB465]

MARCY WAGNER: (Exhibits 3, 4) Thank you very much. Good afternoon, Senators. My name is Marcy Wagner, M-a-r-c-y W-a-g-n-e-r. I work for a title insurance company located in Plattsmouth. I have been a notary for 21 years. I am here on behalf of the Nebraska Land Title Association to testify in support of LB465, the Electronic Notary Public Act. We are an association of land title professionals with 6 underwriter members, 109 member agencies, and 450 individual members. We would like to personally thank the Secretary of State's Office for working with us on this legislation. I have personally been involved in the research process that has went into this proposed legislation. There are approximately 22 states that have electronic notary laws at this time. I spent a considerable amount of time researching those state laws and contacting staff at secretary of states' offices across the country to discuss their successes and difficulties with the laws in their state. I also had many discussions with the National Notary Association. We wanted to make sure that the legislation we brought forth for Nebraska would have an ease of use for our notaries, but still have safeguards built in for the Secretary of State to be comfortable with this technology. I believe we can accomplish this with LB465, which is based on North Carolina's law. North Carolina had a number of consumer safeguards in their law that I feel fit our state well. There is an educational requirement for notaries public that apply to perform electronic notarizations. Additionally, the Secretary of State would be able to regulate the electronic notary software providers allowed to do business in the state. As a land title professional, we act as an escrow agent in real estate property transactions. In this position, we ensure that all of the legal documents that need to be signed by the consumer for a land transaction are done completely and accurately. Many of the legal documents required to be

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

Government, Military and Veterans Affairs Committee
February 20, 2015

signed at closing must be executed in the presence of a notary public. Our duty as a notary public is to confirm the identity of the individual signing a document by either personal knowledge or a form of acceptable identification, then to witness their signature in our presence. The notary then places their signature and official stamp on the document as confirmation. This bill would allow consumers to sign legal documents electronically by the use of an iPad, tablet, or signature pad and for the notary public to witness their signature and place their stamp on the documents electronically in the same manner. It would still require an individual to show proper identification and to be in a notary public's presence when the act of signing is taking place. In my office, we are often asked by consumers why their transaction cannot be done electronically. We often wait for documents to be "overnighted" or mailed to us. An electronic transaction would cut down the amount of paper that would need to be printed for a transaction and the wait for documents via mail delivery. We would also be able to deliver legal documents to the courthouse in a timelier manner. To a consumer that would mean that they are shown as legal record owner of the property in a shorter amount of time. To a lender, their lien would be shown of record faster. In closing, notaries public started signing documents with a quill and an ink well in our earliest history. That has changed over time to a pen and a stamp. By passing LB465 we are, in essence, just changing the type of pen. Thank you, Senators. [LB465]

SENATOR MURANTE: Thank you very much for your testimony. Are there any questions?
Senator Groene. [LB465]

SENATOR GROENE: Thank you, Chairman Murante. How many states do this? [LB465]

MARCY WAGNER: Twenty-two and I did give you a copy of the states that do have e-notarization. [LB465]

SENATOR GROENE: Thank you. [LB465]

SENATOR MURANTE: Thank you, Senator Groene. Any additional questions? Seeing none, thank you very much for coming down today. [LB465]

MARCY WAGNER: Thank you. [LB465]

SENATOR MURANTE: Additional proponents wishing to speak on LB465. Welcome to the Government Committee. [LB465]

DAVID CARY: (Exhibit 5) Good afternoon, Senators. Thank you very much. My name is David Cary, D-a-v-i-d C-a-r-y, I'm the acting director of the Lincoln/Lancaster County Planning

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

Government, Military and Veterans Affairs Committee
February 20, 2015

Department. I'm here on behalf of the city of Lincoln in support of LB465, the Electronic Notary Public Act. I want to thank the bill sponsor, Senator Harr, for introducing the bill and I want to thank the committee for the opportunity to come here today. The Electronic Notary Public Act provides an option to anyone that uses notaries public in their daily operations to use their services in a more efficient manner. In the case of the Lincoln/Lancaster County Planning Department, I'd like to give you a very good single, among many, example of how this is a good idea for us. We use notarization regularly on items such as final plats as part of the land development project approval process. Under current law, these multipage documents are required to be sent in hard copy form, often out of state and to multiple participating parties for notarization. This is due to the fact that currently the notary public is required to place a physical stamp on the documents under review. This requires additional time and cost for all involved in the final plat process which is often perfunctory and after all issues and questions have been resolved for the project that's being reviewed and approved. This is in addition to the fact that our entire plan review process for Lincoln and Lancaster County is an electronic process for all plans up until that point. With this Electronic Notary Act, the option to use electronic files instead of paper is available for those that wish to use it. This would save time and money in the final plat process for the Planning Department and this is just one of many examples throughout business and government activities that could benefit from this legislation. It is also important to note that this would be optional so those that do not see a need for this would not be required to use it. Also, the physical presence of the notary would still be required when the electronic stamp is provided on a document, which limits the potential abuse of the system. This legislation is a good step forward. It offers cost and time savings and improves efficiency in operations for those that choose to use it. Thank you very much, and I'm available to answer any questions you may have at this time. [LB465]

SENATOR MURANTE: Thank you very much for your testimony. Are there any questions at this time? Senator Groene. [LB465]

SENATOR GROENE: It just popped in my head. Thank you, Chairman Murante. You might not be the right person to ask, but when we went to electronic banking and everything, said, well, it's quicker, you don't have to do this. But the people who wanted paper said, no, send me a statement. After about four or five years we got, we're going to charge you two bucks since you're getting a statement instead of electronic. Is there anything in this bill to make sure that the people who want paper aren't charged or coerced into doing electronically because they're going to be charged? [LB465]

DAVID CARY: Perhaps Senator Harr might be the better person to answer that question, but I don't believe there is anything in there about being a requirement for that. [LB465]

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Transcriber's Office

Government, Military and Veterans Affairs Committee
February 20, 2015

SENATOR GROENE: To keep the title company from doing that? I don't know. You know the question (inaudible). [LB465]

DAVID CARY: You know, again, I wouldn't know the answer to that. Sorry. [LB465]

SENATOR GROENE: (Inaudible.) [LB465]

SENATOR MURANTE: Thank you, Senator Groene. Are there additional questions? Seeing none, thank you very much for coming down today. [LB465]

DAVID CARY: Thank you. [LB465]

SENATOR MURANTE: Additional proponents wishing to speak on LB465. Welcome. [LB465]

KORBY GILBERTSON: Good afternoon, Chairman Murante, members of the committee. For the record, my name is Korby Gilbertson, it's spelled K-o-r-b-y G-i-l-b-e-r-t-s-o-n, appearing today as a registered lobbyist on behalf of the Nebraska Realtors Association. I'm not going to try to...I'm not going to repeat everything everyone else has said. I think everyone has done a very good job of explaining the bill to you. One thing that the realtors did want to...discussed at their meetings and want to make clear to the senators is Section 8 of the bill, which requires that notaries still be in the physical presence of whoever is signing the document. And this is important for a number of reasons, but especially to the realtors for the reasons of another bill that was just advanced out of the Judiciary Committee which would eliminate the need for a notarization on a homestead purchase agreement. And the discussion that's been had here today talks a lot about the importance of maintaining the notarization on a closing for homesteads and other real estate transactions. So I just wanted to make that point that that would still be required and that you would still have to be in the physical presence of the notary. With that, I'd be happy to take any questions. [LB465]

SENATOR MURANTE: Thank you very much for your testimony. Are there any questions? Seeing none, thank you very much for coming down. [LB465]

KORBY GILBERTSON: Thank you. [LB465]

SENATOR MURANTE: Additional proponents wishing to speak on LB465. Seeing none, are there opponents? Any neutral testimony? Senator...oh, jumped the gun on that one. Well, welcome back to the Government Committee. [LB465]

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Transcriber's Office

Government, Military and Veterans Affairs Committee
February 20, 2015

COLLEEN BYELICK: Sorry. Thank you for having me. For the record, my name is Colleen Byelick, it's C-o-l-l-e-e-n B-y-e-l-i-c-k. I'm the general counsel for the Secretary of State's Office here on behalf of Secretary of State Gale testifying in a neutral capacity. So over the last 10 to 15 years we've seen a lot of changes in technology, we've seen changes in business practices, we've seen advances in electronic recordkeeping systems, and we've seen changes in laws that allow electronic signatures to have the weight as a traditional ink signature. So a natural consequence of that is talking about electronic notarization. Currently, Nebraska law requires notary to use an ink stamp seal. So currently, that really precludes use of an electronic notary process to perform a notarization. So the bill before you today would establish a registration process that would be implemented by the Secretary of State's Office. It does follow the North Carolina model and it also follows standards that were adopted by the National Association of Secretaries of State. As we've talked about, it does reiterate the two major capstones of notarization that there is a requirement for physical presence and there is a requirement for proper identification of the person signing the document, just as you would in a traditional paper process. It also allows for rule and reg authority and it provides an education component. So these are some additional safeguards that the bill has to prevent abuses of the system. As mentioned, our office was consulted during the drafting of the legislation and we're very grateful to Senator Harr for allowing us to be a part of that and for taking our suggestions into consideration in the bill and the amendment that was discussed today. So we feel like that this is a good bill, that this is something that we can administer if that's the direction that we receive from the Legislature. We do want to kind of highlight some additional things that you may want to consider. Obviously, we realize that the topic of electronic notarization may be new to the general public and we think that there may be some confusion. We've talked about is this a videoconference or is this something you do over a web cam? And the bill makes it clear that it's not, but there may be that confusion in the general public. And if this goes through, our office is going to have to do some public education to explain what electronic notarization is all about and what can and cannot be done on that front. Also there is a fiscal note with regard to this bill. We've only a general funding for our office. We don't believe that this will probably be a self-sustaining program. In our research in looking at what other states have done, the percentage of e-notaries or electronic notaries as compared to traditional notaries is typically quite small, usually around 1 percent. So, for example, North Carolina has approximately 80,000 notarizes...or, I'm sorry, Colorado has approximately 80,000 notarizes and about 900 of those are e-notaries. So it's a very small percentage overall of notaries that would be interested in doing this. However, we do recognize that there are some industries, such as industries involved with the sale of real estate, that will be interested and will use this type of system. This legislation does create additional duties for our office. It's going to require additional staffing and resources to maintain the registrations, to create and provide training and testing, to promulgate rules and regs, to create the forms, to interact with the vendors, and to do general outreach on the topic. And so I think we're interested in hearing from groups that want to utilize this legislation and to get a better sense of the extent that this law would be used in Nebraska. Like I mentioned, we deeply appreciate the fact that

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

Government, Military and Veterans Affairs Committee
February 20, 2015

we've been involved in this legislation. And I'm happy to be here today and happy to answer any questions you may have. [LB465]

SENATOR MURANTE: Thank you very much for your testimony. Are there any questions? Seeing none, thank you very much for coming down today. [LB465]

COLLEEN BYELICK: Thank you. [LB465]

SENATOR MURANTE: Additional neutral testimony for LB465. Seeing none, Senator Harr, you are recognized to close. [LB465]

SENATOR HARR: Thank you, Chairman Murante. I was planning just to waive closing, but I wanted to just quickly address the two issues by Senator Groene. Well, one I know of and the other I'm assuming is coming. Your question...and we can definitely amend this so that there isn't a fee assessed for that; that's not a problem. I understand your concern and that's very valid. As far as the fiscal note, you know there...this is...I'm very open to amendments. We can do it either, Secretary of State sets the fee or we could set it at a higher amount because it is a great convenience. I do real estate transactions all the time and I see the importance of this...a time saver. It would save a lot of money for attorneys and closing agents. So I'm more than willing to work with you on the fiscal note issue so that we can eliminate that. So, with that, I would close and entertain any questions you may have. [LB465]

SENATOR MURANTE: Thank you, Senator Harr. Are there any questions? Seeing none, thank you very much for coming down. [LB465]

SENATOR HARR: Thank you, appreciate it. [LB465]

SENATOR MURANTE: (Exhibit 6) And before we close the hearing on LB465, I have one letter of support from Jerry Stilmock from the Nebraska Bankers Association. And with that, we close the public hearing on LB465 and proceed to the next item on the agenda, LR26CA. Senator Larson, welcome back to your Government, Military and Veterans Affairs Committee. [LB465]

SENATOR LARSON: It's great to be here. Good afternoon, Chairman Murante and members of the Government, Military and Veterans Affairs Committee. My name is Tyson Larson, T-y-s-o-n L-a-r-s-o-n, and I am the representative from Legislative District 40 from O'Neill. And I am here to introduce LR26CA. LR26CA would change the eligibility to run for public office to the federal voting age. Right now, the age to run for the Legislature is set at 21 years old, the age to

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

Government, Military and Veterans Affairs Committee
February 20, 2015

run for Governor and Lieutenant Governor is 30 years, and the age for Chief Justice or Judge of the Supreme Court is also 30. LR26CA would lower the minimum age to run for any public office, whether elected or appointed, to 18 years. This amendment would be placed on the November 2016 General Election ballot. This is a very straightforward constitutional amendment, but it is an important one. I would like to offer some history on why the age is currently 21 for specifically the Nebraska Legislature. When George Norris envisioned the Unicameral in 1934, the standard voting age across America was 21 years old. The fact that George Norris realized that it would be a disenfranchisement of an individual's rights not to let them serve in the new Nebraska Legislature I believe is very telling. However, when the Twenty-Sixth Amendment was ratified in 1971, the minimum federal voting age dropped to the age of 18 leaving the Nebraska Constitution behind in the intent of its makers. This is an attempt to return the balance to the Nebraska Constitution that George Norris envisioned nearly 80 years ago. If 18-year-olds are old enough to exercise their right to vote, they should have the opportunity to serve as an elected member of the Legislature or any office. Limiting an individual's ability to run until they are 21, 30...or even 30 restricts the person's right to represent the issues and ideas that are important to them and their potential constituents. It also limits the voter's right to elect the person they consider to be the best candidate for the job. If voters feel an 18-year-old would be the best person to represent them, those voters should have that opportunity to choose that person. Seventeen other states allow individuals who are at least 18 years old to run for a position in their state legislatures. The same chance should be extended to all those who are at least 18 years old in Nebraska as well. Individuals who already hold the right to vote and feel qualified and motivated to serve as a Nebraska state senator or in other capacities should have the opportunity to make their case to the voters. And the individual that believes that just because one is too young means that they are unfit to serve I believe is discounting the people of Nebraska. Nebraskans should be able to choose whom they believe will best represent them in the Nebraska Legislature as well as any constitutional office. This issue is a core First Amendment issue. We are currently infringing not only on the First Amendment rights of those individuals who are not able to run for these offices, but also the First Amendment rights of those who are not able to possibly elect the best-suited person to represent them in public office. Giving those who are eligible to vote the ability to run for office ensures that our residents have the ability to fulfill...fully participate in the democratic process. Thank you, and I'd be happy to entertain any questions. [LR26CA]

SENATOR MURANTE: Thank you, Senator Larson. Are there any questions? Seeing none...excuse me, Senator Garrett. [LR26CA]

SENATOR GARRETT: Just real--thank you, Chairman--just real quickly, what was the impetus for this? [LR26CA]

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

Government, Military and Veterans Affairs Committee
February 20, 2015

SENATOR LARSON: Yeah. Two years ago, I introduced LR1CA which was just the Legislature to 18. And then I started considering, you know, put my money where my mouth is. It should be every office because I truly believe that anybody that is able to vote should be able to serve. And to know...and to say one is too young, you're really discounting or disrespecting the voters because I think it would be extremely difficult for an 18-year-old to get elected to the Legislature, let alone the Governor's Mansion. To be honest, I don't think that would ever happen, an 18-year-old getting elected to the Governor's Mansion, especially considering there's only been five people in Nebraska history that were elected to the Legislature under the age of 25. So the concept of this happening, I think, would be unlikely. But to tell someone that they can't because of their age I think is a direct violation not only of their First Amendment rights but disrespecting the voters and their ability to choose who's best for them. [LR26CA]

SENATOR GARRETT: I'm one of those old draft age; they had the draft back when I was in high school. And I've always been of the opinion if you can be drafted and go fight and die for your country, you ought to be able to get a drink. You ought to be able to vote. You ought to be able to... [LR26CA]

SENATOR LARSON: And you're exactly right. You know, Congress sends our young men and women to war. And if you're drafted at the age of 18, you're...between 18 and...well, in the U.S. Constitution, it's age 25, they're the only ones that can't decide whether or not they do go to war. Everybody else over the age of 25 has the ability to run for the House or the Senate--30 years old for the U.S. Senate. So to me, that's a shame. They don't get to choose whether they go to war. But I think it should be the same under the U.S. Constitution, but I can't change that right now. [LR26CA]

SENATOR MURANTE: All things in time, Senator Larson. Senator Groene. [LR26CA]

SENATOR GROENE: Thank you, Chairman Murante. So then would you accept an amendment that you have to be 18 years old and you went to war in order to run for office first? [LR26CA]

SENATOR LARSON: You have to go to... [LR26CA]

SENATOR GROENE: But not all 18-year-olds are responsible enough to take those...and they also can run for office. [LR26CA]

SENATOR LARSON: I think any 18-year-old should be able to run for office, not if you've gone to war. It comes back to the thing, the concept of trusting the voters. As I said, only five have ever been elected under the age of 25 to the Legislature. I find it highly unlikely that...and I think

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

Government, Military and Veterans Affairs Committee
February 20, 2015

the youngest was still 22. Robbie (sic--Steven) Fowler, I think, in the '70s was 22 and two 23-year-olds and then two 24-year-olds. And so the concept that it would happen, I think, is unlikely. But it could. Let's let the voters decide. There's...I know the voters in my district. I represent the oldest, I have the most 65-plus-aged people of any legislative district in the state in Legislative District 40. Yet they now have the second-youngest state senator in the Legislature. And I think they understand the value of youth. But they also...when I've run for office twice against gentlemen that were both significantly older than I, I'd hope to think that both times they picked the one they thought was going to be able to best serve them. And I've appreciated the confidence that the voters of District 40 have given me. [LR26CA]

SENATOR MURANTE: Thank you, Senator Garrett. Any additional questions? Seeing none, thank you very much. Proceed to proponent testimony to LR26CA, any proponents? Are there any opponents? Is there any neutral testimony? Senator Larson waives closing. And that ends the best public hearing of the year. (Laughter) (Exhibit 1) Actually, before we close the hearing on LR26CA, I have a letter of support from Bri McLarty of Nebraskans for Civic Reform. And that does close the hearing on LR26CA. We'll proceed to the final item on the agenda, LB479. [LR26CA LB479]

SENATOR BLOOMFIELD: Good afternoon, Chairman Murante and fellow members of the Government, Military and Veterans Affairs Committee. For the record, my name is Senator Dave Bloomfield, D-a-v-e B-l-o-o-m-f-i-e-l-d, and I represent the 17th Legislative District. I'm here today to present LB479 to the committee for your consideration. John Hilgert, director of the Department of Veterans' Affairs, brought a version of this bill to me. Simply put, I'm not adding anything to current statute. I'm actually striking language from 80-201. Currently, 80-201 states that cities, counties, villages may erect on public property, memorials or monuments commemorating the service of members of the Armed Forces of the Civil, Spanish American, World Wars, or the Korean or Vietnam Conflict. At the very least, we need to update this section of statute to include the most current wars. LB479 goes one step further and strikes the language that identifies the specific conflicts, opening it up to allow for the commemorating of the services of the members of the Armed Forces of the United States of America, regardless of when they served. With that, I'll attempt to answer any questions you might have. [LB479]

SENATOR MURANTE: Thank you, Senator Bloomfield. Are there any questions? Seeing none, thank you very much. Proponent testimony to LB479. Welcome. [LB479]

JOHN HILGERT: Good afternoon, Chairman Murante and members of the Government, Military and Veterans Affairs Committee. My name is John Hilgert, J-o-h-n H-i-l-g-e-r-t, and I am the director of the Nebraska Department of Veterans' Affairs. Thank you, Senator Bloomfield, for introducing LB479. Senator Bloomfield is correct, he described the bill very

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

Government, Military and Veterans Affairs Committee
February 20, 2015

well. Streamlining this section, 80-201, in this manner will not only allow monuments and memorials to wartime service to those wars not currently listed, but it would allow monuments and memorials to those servicemembers who had extraordinary service outside of a recognized war. The example I always use, those peacetime veterans that had Armageddon on the end of a key that kept our Democracy and our atmosphere safe from the Soviet Union. They wouldn't be recognized and this statute just opens it up. Those who served in the Armed Forces should be recognized and allows the people to do that. So thank you, again, for introducing the bill. I would have...entertain any questions that you might have. [LB479]

SENATOR MURANTE: Thank you, Director Hilgert. Are there any questions? Senator Groene. [LB479]

SENATOR GROENE: Senator Murante, I'm going to ask a Dave Bloomfield question. It says, Armed Forces. What if they were in Cuban Armed Forces and they migrated here or if they were in the French Armed Forces? Should we put American Armed Forces? It doesn't say (inaudible.) [LB479]

JOHN HILGERT: I'm wondering if this has to do with the Bay of Pigs, I...the French, it gets...Senator, you know it's interesting because we did open it up for those veterans who are allied with the United States in some sections. I'm trying to respect those who'd gone before us in the Legislature who put this section in originally. I think this was done as kind of--what we would call today--as a green dot. Those things that we do to make sure people know they can do them, even though there's no prohibition against it. If there was a need or a desire to recognize a foreign power, for example, Russia when they put their fleet in Boston Harbor when England was on the verge of recognizing the rebel Confederacy. That blocked and made England think twice. They helped us. They mediated the end of the War of 1812. If someone wanted to erect a statue to the service of Russia in our history, they could do it. There's no prohibition against it...or France or Cuba, for that matter. This legislation though said, hey, you can do these monuments for these wars. And it was our intent to say, you know, hey we ought to add the recent wars. And then we thought about it more and said, hey, eliminate all references because we should be honoring all those who served honorably. So I did not think of an amendment, Senator. [LB479]

SENATOR GROENE: Just put American Armed Forces. [LB479]

JOHN HILGERT: Yes, we could do it. I'm sure that would be fine to define that. That was an assumption on our part that said Armed Forces was ours, but... [LB479]

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

Government, Military and Veterans Affairs Committee
February 20, 2015

SENATOR MURANTE: Okay. Thank you very much. Are there any additional questions? Seeing none, thank you very much for coming down. [LB479]

JOHN HILGERT: Thank you. Thank you. Thank you, Senator. [LB479]

SENATOR MURANTE: Are there additional proponents wishing to speak on LB479? Are there any opponents? Any neutral testifiers? Senator Bloomfield, you're recognized to close. [LB479]

SENATOR BLOOMFIELD: Thank you, Senator Murante. I had had every intention of waiving. But thank you for that good question, Senator Groene. I appreciate the acknowledgement. We discussed briefly yesterday Senator Harr's bill, which included some of this same language. We caught that and put that amendment on that bill. It was in my opening that it said, commemorating the service of the members of the Armed Forces of the United States of America, regardless of when they served. It is an easy amendment, and it will be provided. It's just an oversight on my part. [LB479]

SENATOR MURANTE: Okay. Senator Garrett. [LB479]

SENATOR GARRETT: Thank you, Chair. Would you be amenable to an amendment that required that this only be for people who wore helmets? Sorry. [LB479]

SENATOR BLOOMFIELD: Probably not. [LB479]

SENATOR GARRETT: A little levity, it's Friday. [LB479]

SENATOR MURANTE: We were so close to the finish line. [LB479]

SENATOR BLOOMFIELD: But thanks for the question. [LB479]

SENATOR MURANTE: Okay. And that will close the hearing on LB479 and end our hearings on the day. We will have a very brief Executive Session, however.