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Floor Debate
May 10, 2017

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PRESIDENT FOLEY PRESIDING

PRESIDENT FOLEY: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the eightieth day of the One Hundred Fifth Legislature, First Session. Our chaplain for today is Pastor Kathy Gerking of Saint Timothy's Lutheran Church in Omaha, Nebraska, Senator Craighead's district. Please rise.

PASTOR GERKING: (Prayer offered.)

PRESIDENT FOLEY: Thank you, Pastor Gerking. I call to order the eightieth day of the One Hundred Fifth Legislature, First Session. Senators, please record your presence. Roll call. Mr. Clerk, please record.

ASSISTANT CLERK: There is a quorum present, Mr. President.

PRESIDENT FOLEY: Thank you, Mr. Clerk. Are there any corrections for the Journal?

ASSISTANT CLERK: I have no corrections this morning.

PRESIDENT FOLEY: Thank you, sir. Are there any messages, reports, or announcements?

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ASSISTANT CLERK: Mr. President, a series of study resolutions: LR174, LR175, LR176, LR177 all by Senator Friesen; LR178 by Senator Kolterman. In addition to that, a series of gubernatorial appointments to the Nebraska Environmental Trust Board, the Boiler Safety Code Advisory Board, Technical Advisory Committee on Statewide Assessment, Commission on Problem Gambling, Natural Resources Commission, the Nebraska Power Review Board, the Motor Vehicle Industry Licensing Board, Commission on Industrial Relations. Notice of committee hearings from the Health and Human Services Committee and from the Judiciary Committee. That's all I have this morning. (Legislative Journal pages 1441-1448.) [LR174 LR175 LR176 LR177 LR178]

PRESIDENT FOLEY: Thank you, Mr. Clerk. (Visitors introduced.) We'll now proceed to the first item on the agenda, General File, 2017, committee priority bill. Mr. Clerk.

ASSISTANT CLERK: Mr. President, LB632 introduced by Senator Larson is a bill for an act relating to government regulation. (Read title.) The bill was introduced on January 18 of this year. It was referred to the General Affairs Committee, that committee placed the bill on General File with committee amendments. (AM1303, Legislative Journal page 1378.) [LB632]

PRESIDENT FOLEY: Thank you, Mr. Clerk. Senator Larson, you're recognized to open on LB632. [LB632]

SENATOR LARSON: Thank you, Mr. President. Since the committee amendment becomes the bill, I will start by explaining that and how the committee amendment changes it. I understand that many of you have been inundated throughout this session by the Craft Brewers Guild, its members, and lobbyists to the point that this bill becomes known as the craft beer bill. That depiction could not be further from the truth. LB632 contains a number of provisions intended to clarify and strengthen the Nebraska Liquor Control Commission's ability to regulate the alcohol industry. The bill also includes consumer protections for liquor licensees and others when interacting and entering into agreements with music licensing agencies. LB632 creates a definition for a "bottle club" and a proactive effort by the commission to close a potential loophole. The commission is concerned that individuals are operating businesses that allow for the consumption of alcohol that arguably doesn't require a liquor license. By defining "bottle

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clubs" the intent is for the commission to require these clubs to be licensed and appropriately regulated. LB632 includes a provision to assist the commission in regulating alcohol that is being shipped directly to consumers in Nebraska. This provision would require a third-party shipper, such as the FedEx and UPS, to file an annual report to the commission that would include shipment details, form a manner prescribed by the commission. This reporting requirement will provide the commission which will...with an essential regulatory tool and means to ensure that the appropriate exercise tax be paid...excise tax be paid. LB632 also contains a provision that would allow Class C retail license with a bottling endorsement to fill and sell growlers at 64-ounce containers. Under current law, such licenses are limited to bottling up to 32-ounce growlers. LB632 would provide the commission with a bigger hammer when it comes to dealing with licenses that violate the Liquor Control Act. Currently, the commission can only suspend a license for a second and subsequent offenses when its compliance check violation. LB632 would provide the commission with the authority to suspend licenses for second and subsequent offenses, as well as any other violation of the Liquor Control Act. LB632 also creates the Music License Agency Act. That act is intended to address the issues that alcohol liquor licenses and others are having dealing with music licensing agencies that are harassing them when demanding copyright license royalties for live music performances. We have heard concerns from venues, such as our farm wineries, that have received aggressive calls against firms claiming to hold copyrights to songs that may or may not be performed in their venue. In some instances, the agencies are uncooperative and won't answer questions regarding which copyright licenses they hold. The Music License Agency Act would provide the venue operators with necessary consumer protections, including a requirement that agencies provide a list of members and affiliates it represents, a catalog of music licenses, and would prevent music licensing agencies from harassing venue operators. The act would also require music licensing agencies to register and file annual reports with the Secretary of State or the Department of Revenue. However, the committee amendment puts the Department of Revenue instead of the Secretary of State's Office in charge of overseeing the act and collecting the 3 percent tax that agencies have been required to pay since 1945. The Fiscal Office discovered when preparing the fiscal note that only one agency has been paying the tax, and we know of at least two other agencies that have been doing business in Nebraska. The agency that has been paying the tax paid approximately \$140,000 in the 2016 calendar year. The Fiscal Office estimates that could be an additional \$100,000 in taxes that should be collected from the remaining agencies the past

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calendar year alone. Therefore, a collection of unpaid taxes would eliminate any General Fund expenditure this bill may have. The committee amendment also places an operative date of January 1, 2018, on the registration requirement, with a late fee of \$10,000 every 30 days that an agency fails to register starting January 1, 2018. LB632 also contained a few provisions dealing with special designated licenses that were either removed or modified by the committee amendment. First, LB632 had limited SDLs to 12 per year for certain licenses. This provision was removed. Secondly, under current law, the commission is issuing SDLs it may waive a certain statutory requirements, except for regarding alcohol consumption by minors. LB632 would also prohibit the commission from waiving the requirement that an SDL license go through a distributor. Hobie Rupe, the executive director of the Liquor Control Commission, expressed concerns about not being able to waive that requirement that alcohol be purchased through a wholesaler when issuing SDLs to nonprofits, churches, municipalities, etcetera. Therefore, the language was added to allow for such waivers to those entities continue. The last SDL provision required that before the commission could waive any allowable statute they had to be showing substantial need or undue hardship. The committee amendment removed this requirement. The committee amendment also addresses an issue that was raised during the hearing regarding the situation where a retailer that has purchased wine or spirits from a distributor on credit files for bankruptcy and a bank is given the possession of the alcohol, resulting in substantial loss to the distributors. The committee amendment requires that the commission maintain a list of retailers that are overdue on their accounts and prevents distributors from selling wine or spirits to a retailer that is more than 34 days overdue. The retailer may dispute the claim that they are overdue and a hearing may be held. A retailer may not voluntarily cancel or suspend its license on the commission's list. The intent of this provision is to allow for additional transparency, so that people are made aware of the retailers that are not current on their accounts. This provision also has an operative date of January 1, 2018. Before I discuss the portions of the bill that deal with the craft brewing industry, it is important to mention how the three-tier system works and why it is essential in the order of the commission to properly regulate the alcohol industry. As Prohibition ended, states created three-tier systems consisting of manufacturers, retailers, and distributors. That three-tier system provides the commission with the means to regulate the industry, which includes collecting the proper excise tax and ensuring the public's health and safety. The three-tier system provides a structure for accomplishing these objectives in that the commission can compare the manufacturer,

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wholesalers', and retailers' books. Because these books are independent of each other, the three tiers provide checks on each other. Keep in mind that the commission is responsible for approximately \$33 million in revenue, with an operating budget of around \$1.3 million. Without the three-tier system to assist in a regulating industry, the commission's operating and enforcement budget would be considerably higher. One of the provisions that is removed by the committee amendment was the requirement that craft brewers' five satellite locations have on-site production. Concerns over this provision were raised by craft brewers at the committee hearing and the response to those concerns to that requirement were removed. The intent of last year's liquor omnibus bill was for the craft brewery retail locations to be wholly owned. There are now concerns that small interests are being acquired as a result, allowing craft breweries to transport the beer to partially-owned retail locations without going through a wholesaler. Craft breweries would be only allowed to...and its beer to wholly-owned satellite locations and not partially-owned ones. Also, there is currently no definition for "satellite locations", so the committee amendment further clarifies in addition to satellite locations being wholly-owned, that they only consist of bars and/or restaurants, not just the retail location like a grocery store or gas station. LB632 clarifies and codifies the at-rest provision in the commission's rules and regulations that require beer to be taken to the wholesaler's warehouse where it is placed at rest before being transported to a retail location. This requirement is important, because it allows the commission the opportunity to investigate and audit shipments for regulatory purposes, including excise tax collection and health and safety concerns. To allow in-state craft brewery beer not to come at rest in the wholesalers' warehouse, but require out-of-state beer to do so, also raises constitutional issue involving the dormant commerce clause. The U.S. Supreme Court held in Granholm v. Heald in 2005 that while the Twenty-first Amendment of the U.S. Constitution grants states the authority to regulate alcohol, they cannot do so in a way that violates the dormant commerce clause... [LB632]

PRESIDENT FOLEY One minute. [LB632]

SENATOR LARSON: ...which prevents the states from discriminating against out-of-state producers of their products. If in-state brewers may disregard the at-rest requirement, but out-of-state brewers must comply, then there would be a dormant commerce clause violation that could be challenged in court. In order to remedy the concern, the committee amendment would require

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all beer going through the distributor to be at rest at the distributor's warehouse. Related to the at-rest requirement is the issue of excise tax collection and specifically who collects it. Currently, the wholesaler pays the excise tax on all out-of-state beer, which attaches once the beer reaches the warehouse. The craft brewer pays excise tax whether it sells it at retail or through a wholesaler. LB632 clarifies that the wholesaler must pay the excise tax on all beer, whether from a craft brewer or out-of-state brewer. From a regulatory standpoint... [LB632]

PRESIDENT FOLEY: Time, Senator. [LB632]

SENATOR LARSON: I am the committee amendment, right? [LB632]

PRESIDENT FOLEY: Yes. You may proceed on the committee amendment, AM1303. [LB632]

SENATOR LARSON: Thank you. From a regulatory standpoint, this provision would assist the commission in ensuring that the appropriate excise tax is being paid on all beer that comes into the possession of a wholesaler. As I stated before, the at-rest provision simply codifies what the commission has already adopted in its rules. But having this provision in statute strengthens the three-tier system and addresses the constitutional concerns in a way that a mere rule and regulation does not. Finally, the committee amendment contains a severability clause in case any portion of this bill is deemed unconstitutional and an emergency clause so it will take effect upon the Governor's signature, except for provisions with specific operating dates. Colleagues, I understand that many of you have received many calls on this issue. I think it is important that you do understand the entire history of the at-rest provision and everything that has happened since the hearing of LB632. As I said, the Liquor Control Commission has already adopted a rule that will require at-rest. It specifically states satellite location of a Nebraska...products produced in a Nebraska craft brewery location must be transferred to a satellite...sorry. Excuse me. "All alcoholic beverages purchased for resale in this state prior to being resold at a retail shall physically come into the possession of a licensed wholesaler" to "be unloaded into and distributed from the licensed wholesaler's warehouse located in this state." And it strikes the words, "This rule does not apply to holders of Nebraska craft brewery licenses." The Liquor Control Commission struck that. They reinforced at-rest and by rule and regulation, the at-rest, they are already trying to do it via rule and regulation and the Liquor Control Commission has

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asked the Legislature to codify it in statute because they understand that a rule and regulation does not carry as much weight as statute. I went through and explained the 2005 Supreme Court case, Granholt v. Heald and the states that are being sued across the country because of this case. Will Senator Blood yield to a question? [LB632]

PRESIDENT FOLEY: Senator Blood, would you yield, please? [LB632]

SENATOR BLOOD: Yes, I will yield. [LB632]

SENATOR LARSON: Thank you, Senator Blood. I understand that you are working an amendment that would essentially make it to where we do not codify the at-rest provision. Correct? [LB632]

SENATOR BLOOD: That is part of the amendment. [LB632]

SENATOR LARSON: Thank you. [LB632]

SENATOR BLOOD: You're welcome, Senator Larson. [LB632]

SENATOR LARSON: So it would not, AM1350 would not codify the at-rest provision. Did the Liquor Control Commission in their last hearing pass the at-rest provision? [LB632]

SENATOR BLOOD: Are you actually going to let me answer this or is this going to be a yes or no? [LB632]

SENATOR LARSON: It is a yes or no question. Did they pass... [LB632]

SENATOR BLOOD: Then I will not answer that, Senator Larson. I would like to give the correct explanation. Thank you. [LB632]

SENATOR LARSON: They did put the at-rest provision in. And do you know if the craft brewers were supportive, neutral, or opposed to that as a guild? [LB632]

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SENATOR BLOOD: Senator Larson, I think you know the answer to that question. [LB632]

SENATOR LARSON: I do. Do you? [LB632]

SENATOR BLOOD: I do know the answer to that question. [LB632]

SENATOR LARSON: And what was it? [LB632]

SENATOR BLOOD: They are not in favor of the at-rest. [LB632]

SENATOR LARSON: They were neutral at Liquor Control Commission. Just for the record, the Nebraska Craft Brewers Guild were neutral at the Liquor Control Commission hearing on the at-rest provision. Yet, in the Legislature they are now opposed. We have the records from the Nebraska Liquor Control Commission that showed they were neutral on the rule and regulation. So colleagues, I think there is again a little deception happening when the guild as a whole is neutral of something becoming a rule or reg, but they are opposed to it being codified in statute. There was one craft brewer that was opposed, just one that submitted a letter, but the guild as a whole was neutral to the rules and regulations that the Liquor Control Commission adopted. And that is the truth. They may be opposed to the at-rest being codified, but really that says more about the type of business that they are...let me rephrase that. That begs the question of why they are okay with a rule and regulation, but not wanting it to be codified. It is important for the three-tier system to have the at-rest provision. It is important for the three-tier system to ensure that the taxes are collected by the distributor. So as I said, yes, the guild may be opposed to it being codified, but they were neutral at the hearing. And I think, colleagues, that should raise a lot of questions why you can be neutral of something just being a rule or reg, and why to codify it you oppose. It just doesn't smell right. I would urge my colleagues, this bill does have a lot in it. I know it deals with an issue in Omaha that is dear to many. It deals with music licensing where our bars and restaurants and farm wineries are being harassed by companies to pay, without being able to see who those music licensing companies cover. And there are two music licensing companies, one of which I think has the same lobbyist that the guild does, that hasn't paid taxes since 1945. And the Fiscal Office anticipates at least last year, that was \$100,000. They have not paid taxes since 1945. Colleagues, Granholm v. Heald was...happened in 2005. There is a group

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of law professors that are going state by state and suing us. And it will happen in the state of Nebraska, regardless of what Senator Blood says. It will happen. And if it stays as it is, we will lose as other states have. So as I said, I know you've heard a lot, that this harms business, but they're going to have to do it anyway because the Liquor Control Commission passed the rule that struck out the craft brewers' exemption. They're going to have to do it. And I'd ask how many of you were told that, that the Liquor Control Commission is going to attempt to enforce this anyway, but they want it codified to cover themselves because the Liquor Control Commission understood how big of a risk we were at. [LB632]

PRESIDENT FOLEY: One minute. [LB632]

SENATOR LARSON: So if your regulatory agency is telling you we are at risk, we are trying to change this rule and reg, we want to codify it because we are that far at risk, why would you turn down what they're going to enforce anyway? They're going to enforce at-rest. And they're asking us to codify it to protect the state. So we can either codify it and protect the state or they will continue to enforce it as is, enforce the at-rest, and the state will continue to be liable for a lawsuit. Those are your choices. At rest will happen either by regulatory, just by an agency, or by statute, but the statute protects us from a lawsuit. So that's really what this boils down to. [LB632]

PRESIDENT FOLEY: Time, Senator. Thank you, Senator Larson. (Doctor of the day introduced.) Mr. Clerk. [LB632]

ASSISTANT CLERK: Mr. President, Senator Blood would offer AM1350 to the committee amendments. (Legislative Journal page 1370.) [LB632]

PRESIDENT FOLEY: Senator Blood, you're recognized to open on AM1350. [LB632]

SENATOR BLOOD: Thank you, Mr. President. Fellow Senators, friends all, today I am a tree standing by the river, because I refuse to be moved. Let me clarify what's really going on today. Today I rise to offer AM1350. My amendment is a compromise amendment that removes the warehouse requirement from Page 2, Lines 27 and 28 of AM1303 and maintains the requirement

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that distributors take possession of beer. This amendment will ensure that rural businesses can continue to grow and invest in local economic development while fostering competition among distributors and true partnerships with breweries for market share in greater Nebraska. Most importantly, it preserves all other provisions within AM1303 that the Senator himself says is needed and includes bottle clubs, growler size increase, and music licensing. Now, I know some of this is very confusing, so I'd like to break down the concerns that many have with LB632 and AM1303. There, and I hope that you're listening, are portions of this bill and amendment that impact craft brewers and it would appear that some sort of stakeholders who oppose the growth of craft beer in Nebraska are involved. The bill and amendment require all beer to come to rest at a warehouse, as you can see on Page 2, Lines 27 through 28. Current law requires that a distributor take possession of beer prior to being sold at retail off the licensed premises of a craft brewery or beer manufacturer licensee. What that means is that a distributor can load beer onto their truck at a brewery and deliver the beer directly to any retail licensee. However, under LB632 and AM1303, a distributor must transport all beer back to a warehouse prior to delivering it to a retail licensee. That may not sound like a burden, but for breweries outside of Lincoln and Omaha, such as the ones in Senator Brewer's and Lowe's area, this requirement will add hundreds of miles to every retail delivery and will significantly increase costs for breweries to reach retail markets. The warehouse requirement reduces or eliminates competition among distributors and limits choices for breweries to choose a distribution partner. Now, the most confusing part of the bill is a regulation of the three-tier system. Chapter 53 requires the NLCC engage in rule-making to regulate the three-tier system, including the come-to-rest requirement, as was mentioned by Senator Larson. The NLCC has adopted and implemented regulations and rules to enforce the come to rest requirement for over 30 years. This process ensures that all stakeholders will be heard and will have the opportunity to work collaboratively with the NLCC to enforce the three-tier system. The recently adopted come to rest rules actually include more detail, please hear this, the recently adopted come to rest rules actually include more detail than the language included in LB632 and the committee amendment. If this bill and amendment passes, it will close the door on NLCC's collaborative rule-making process for the come to rest requirement. That, as Senator Chambers likes to say, is nonsensical. The bottom line is that we should be embracing these entrepreneurs, not making it harder or more expensive to run their businesses. We talk about keeping millennials here in Nebraska all the time, and making sure that we offer opportunities for jobs and business start-ups, as well as entertainment venues. What

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better way to do this than supporting our craft brewers? Friends, today is national Small Business Day. We are all aware of Governor Ricketts' goal to remove hurdles so business can flourish here in Nebraska. Many of you were pulled out in the Rotunda yesterday by lobbyists and expressed that you may now be sitting on the fence. Please take a moment and ask yourself this question, how can you best support the hardworking men and women in this industry in your communities and in your backyards? It is in this spirit that I ask you, I plead to you, to support my amendment to AM1303 and then vote green on LB632 with my amendment, because there are important items in the body of this bill that will support communities such as Omaha, Grand Island, and Hastings that are needed. I am not asking for your support on LB632 if my amendment is not passed and I encourage you to vote red on that bill without the amendment. I know that Senator Larson has worked hard on being a statesman and I respect his efforts. I request that he reflect on why I am bringing forward my amendment in support what is truly right, the truly right thing to do for these entrepreneurs. Please, if you have not read my amendment, if you have questions, please come and speak with me before we vote. Come and speak with Senator Watermeier, speak with some of the people who were involved with making sure that craft breweries flourished in Nebraska. But please, whatever you do, vote green on my amendment. Thank you, Mr. President. [LB632]

PRESIDENT FOLEY: Thank you, Senator Blood. Debate is now open on LB632, the committee amendment, and Senator Blood's amendment to the committee amendment. Senator Blood, you're actually first in the queue if you would care to speak further. [LB632]

SENATOR BLOOD: Thank you, Mr. President. I would actually like to rise in support of my amendment and I want to read a part of a letter from Scriptown Brewing Company, who are also members of Nebraska Craft Brewers Guild. For some reason, there seems to be a push to make that guild look like something negative. I don't see anything wrong with a group of like-minded people trying to protect their industry. So I actually resent the fact that's been thrown on the floor today. Nebraska craft brewers are small business owners who pay thousands in excise taxes, invest millions in Nebraska's communities, and create jobs in the production and sale of craft beer. The craft beer industry also spurred the growth of manufacturing and agricultural jobs in this state. Nebraska wholesalers currently control sales of more than 97 percent of the beer sold in this state. They would like to get closer to 100 percent by eliminating the very provisions that

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craft breweries rely upon to expand in a highly competitive market. As written, LB632 is a job killer. It will curtail the expansion of the craft beer industry and impair our ability to invest in our communities, in agribusiness that supports our industry, and in manufacturing that supports our work. Many felt, and not all agree, that LB632 was negotiated in secret. Despite the Nebraska Craft Brewers Guild's substantial efforts to work collaboratively with Senator Larson and our ABD and partners, and despite the fact that the newly created Nebraska Craft Brewery Board is specifically tasked with deliberating changes to Nebraska's liquor laws for the benefit of the craft beer industry, no input was sought from any of the craft brewery license holders. We feel it strips away existing rights that will lead to litigation against the state and impose a liability on the state coffers. We feel as written the bill is bad for business in Nebraska. John and Debbie Fahrer in Omaha, Nebraska. Thank you, Mr. President. [LB632]

PRESIDENT FOLEY: Have you completed your remarks, Senator? Thank you, Senator Blood. Senator Chambers. [LB632]

SENATOR CHAMBERS: Thank you. Mr. President, members of the Legislature, this is an area that I do not regularly or often intrude into, but I see some issues that make it of interest to me. I would like to ask Senator Larson a question or two if he would yield. [LB632]

PRESIDENT FOLEY: Senator Larson, would you yield, please? [LB632]

SENATOR CHAMBERS: Would Senator Larson yield? [LB632]

PRESIDENT FOLEY: Senator Larson? [LB632]

SENATOR LARSON: Yes. [LB632]

SENATOR CHAMBERS: Senator Larson, I read in the paper that these distributors gave you \$14,000. Is that true or false? [LB632]

SENATOR LARSON: In 2015. I accepted no money in 2016. [LB632]

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SENATOR CHAMBERS: Did they at any point give you \$14,000. [LB632]

SENATOR LARSON: Yes, in 2015. [LB632]

SENATOR CHAMBERS: In 2015 they did? [LB632]

SENATOR LARSON: Yes. [LB632]

SENATOR CHAMBERS: Okay. That's all I'll ask. There is a television program called "The 10 Million Dollar Man." (sic--The Six Million Dollar Man) Well, I've had a chance to exchange words with a \$14,000 man and since this one-liner for the bill also talks about the music industry, I thought maybe I would combine the two by a little melodious presentation. When I was a kid, they would have a guy staggering across the television screen or the movie screen and he'd be saying, (singing) how dry I am, how dry I am. That's all he ever said, that's all I remember of that. Then there was one (singing) on the street for wine, drinking wine spo-dee-o-dee, drink wine. Drink wine, spo-dee-o-dee, drink wine. Drink wine, spo-dee-o-dee, drink wine. Pass that bottle to me. That's all I know about that. Then part of a song said, (singing) whiskey makes you frisky. Rum makes you dumb. Wine is a mellow drink, but it will keep you on the run. Now this next one you all can join in with me. And if you don't know the words, you'll pick them up, because it's like Henry VIII, second verse, same as the first. (Singing) One hundred bottles of beer on the wall, one hundred bottles of beer...and I don't know how far I'll go with this. (Singing) If one of these bottles should happen to fall, 99 bottles of beer on the wall. Ninety-nine bottles of beer on the wall, 99 bottles of beer. If one of these bottles should happen to fall...and you can see I'm reading the words. Ninety-eight bottles of beer on the wall. I could go on like this all day, but I promise I won't do that. But I don't know how long I will go on this. And why would I take an approach such as this, instead of discussing the bill? I think the sides have been formed. I believe the debate will be interesting and I know that I'm going to support Senator Blood's amendment. So I'll continue serenading you. (Singing) Ninety-eight bottles of beer on the wall, 98 bottles of beer. If one of these bottles should happen to fall, 97 bottles of beer on the wall. Ninety-seven bottles of beer on the wall, 97 bottles of beer. If one of these bottles should happen to fall, 96 bottles of beer on the wall. I would like to ask Senator Briese a question if he would yield. [LB632]

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PRESIDENT FOLEY: Senator Briese, would you yield, please? [LB632]

SENATOR BRIESE: Yes, I would. [LB632]

SENATOR CHAMBERS: Senator Briese, this is not a wager. [LB632]

SENATOR BRIESE: Oh, good. [LB632]

SENATOR CHAMBERS: But if 97 bottles of beer were on the wall and one of them fell, how many would be left on the wall? [LB632]

SENATOR BRIESE: Well, my guess would be 96. But I'll probably be wrong. [LB632]

SENATOR CHAMBERS: No, you're right. Would you have made that wager? [LB632]

SENATOR BRIESE: What wager? [LB632]

SENATOR CHAMBERS: How many would be left if one of them fell and there were 97 before it fell? [LB632]

SENATOR BRIESE: I might have made that wager, yes. [LB632]

SENATOR CHAMBERS: Now, we've agreed there would be 96 bottles if when there were 97 one fell. [LB632]

PRESIDENT FOLEY: One minute. [LB632]

SENATOR CHAMBERS: We're down to 96 bottles. Would you like to make a wager? [LB632]

SENATOR BRIESE: No. [LB632]

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SENATOR CHAMBERS: Thank you. (Singing) Ninety-six bottles of beer on the wall, 96 bottles of beer. If one of these bottles should happen to fall, 95 bottles of beer on the wall. Members of the Legislature, there are more...there is more than one way to crack a walnut. I'm going to listen to the debate. I will not have a lot to say unless I can contribute something that nobody else did. And if I happen to absent myself from the floor, I assure you that I'll be like private eyes. I'll be watching you, watching you, watching you. And should it be necessary for me to scurry up here for a vote or call of the house, I shall oblige willingly. Thank you, Mr. President. [LB632]

PRESIDENT FOLEY: Thank you, Senator Chambers. While the Legislature is in session and capable of transacting business, I propose to sign and do hereby sign LR123. Are there additional items for the record, Mr. Clerk? [LB632 LR123]

ASSISTANT CLERK: Mr. President, there are. I have a Reference report referring various gubernatorial appointments. Your Committee on Agriculture reports favorably on the appointment to the Nebraska State Fair Board. A series of interim study resolutions: LR179 by Senator Brasch; LR180, Senator Brasch; LR181 by Senator Ebke; LR182 by Senator Murante; LR183 by Senator Albrecht; LR184 by Senator Walz; LR185 by Senator Albrecht; LR186, LR187, and LR188 all by Senator Howard. That's all I have at this time. (Legislative Journal pages 1449-1455.) [LR179 LR180 LR181 LR182 LR183 LR184 LR185 LR186 LR187 LR188]

PRESIDENT FOLEY: Thank you, Mr. Clerk. Continuing discussion on LB632 and the amendments. Senator Larson. [LB632]

SENATOR LARSON: Thank you, Mr. President. First of all, I'll quickly address Senator Chambers because I understand what he was trying to do when he asked me who my campaign has taken money from. And I can obviously point to many members of this floor and go through the campaign contributions and say, you know, one specific member had NSEA support them to the tune of \$75,000, or well, we can just continue to go on and on through that process and how that influences. Colleagues, let me, and why I wanted to be very clear is in 2016 we passed LB1105, which did expand and help the craft brewers in many different ways. Yet as I said, I had a fund-raiser in 2015, the distributors distributed to the campaign, yet here we go, and this concept is I still had LB1105 expanding the craft brew industry. That is very simple. The money

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means nothing. The state of Nebraska's money is what's at issue here. The taxes being collected and the known potential for a lawsuit. That's the money that is at issue. And that's the true money that's at issue. In 2005 with Granholm v. Heald, the U.S. Supreme Court was very specific when it came to the alcohol industry. We have...if we want to talk about the tax collection portion of this, the Liquor Control commissioners behind the glass right now happy to answer questions about the people that there have been problems with paying the excise taxes. And people are beating up the distributors that they want the money that big business, but colleagues, they're not the ones that have a problem paying their taxes. They're not the ones the Liquor Control Commission has had problems with. They're not the ones that are offering free beer for services because there are a few of our manufacturers that have done that, which is a violation of the Liquor Control Act. I understand the benefits; but, colleagues, this LB632, whether it's the at-rest provision, the music licensing provision, or the bottle club portion is about protecting Nebraska taxpayers. And as I said, with the rule and regulation that the Liquor Control Commission passed, at-rest will happen anyway. So if you want to vote against at-rest in terms of codification, you can. Liquor Control Commission will enforce at-rest and not as the truck as the extension of the dock. It will hit the dock and we will still have the potential to be sued because the rule and regulation does not carry as much weight as a statute. It's as simple as that. So yes, you can not do it. [LB632]

PRESIDENT FOLEY: One minute. [LB632]

SENATOR LARSON: And you will leave the state open to a lawsuit. And the same thing is going to happen anyway. It will hit the dock. The rules and regulations from the Liquor Control Commission will make this hit the dock. So if it's going to hit the dock anyway and not be the truck as an extension of the dock, but hit the dock, why not protect the state? That's what that boils down to. Why not protect the state from a lawsuit? Do we have an extra \$3 million to \$5 million? Maybe Senator Stinner can just pull that out of somewhere, but I have heard a lot of fiscal conservatives in here discuss and vote against the budget because it spends too much. [LB632]

PRESIDENT FOLEY: Time, Senator. [LB632]

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SENATOR LARSON: Thank you. [LB632]

PRESIDENT FOLEY: Thank you, Senator Larson. Senator Lowe. [LB632]

SENATOR LOWE: Thank you, Lieutenant Governor. I may be one of the most qualified people here to talk about this issue here today. I just sold my business so I could come here and speak to you. I dealt every day with beer companies, with liquor companies, with the Liquor Commission, with other people that have interests in serving alcohol. When I order beer from a distributor, from a microbrewery, from anybody else, there is a trail. There is a trail from the time I put that order in until it gets delivered and I sign for it at my place of business. Most all of them now carry an electronic device, where they data enter it, so when they enter it into their device it automatically goes back to the warehouse. So there is a trail of where that beer goes, or supposed to be, because many times I've ordered a keg of beer and the salesman says, will say, well, it shows we have two on-hand. But I didn't see any in the warehouse today. Or, we don't have any, and yet I get some delivered anyway because they had extra and they knew I needed it. So the trail should be there. Is it the responsibility of the craft brewer to make sure that the distributor actually has it on hand? Well, they should have it there, yes. We delivered it. But somewhere it maybe disappeared. Now, is that the craft brewer's problem? I don't think so. I think it's the distributor's problem and maybe this bill goes the wrong way. Maybe we should be looking at the distributors, who many of them are my friends. I have great friends in the distribution area. You know, the freshness of beer is extremely important, otherwise why would Budweiser put a born-on date on their cans and bottles? Why would Coors and all the rest of them put an expiration date? Beer needs to be delivered as soon as possible. And many times that's getting it on the truck, having it inventoried when it hits the truck by both the microbrewery or the brewery and the distributor. It's entered into the hand-held device, it's entered into the microbrewery's bookkeeping, and then when it's delivered it is also kept track of by me signing the receipt. Freshness is important in beer. In Coors, there is a little tap on the side of the line, it's called the felsinger (phonetic) line or felsinger tap. That is about three feet after the last filter. And if you have never had fresh beer, it is incredible. It is truly incredible. Today is small business day and what a way to celebrate small business than by standing up for small business. My friends that I have worked with in the microbrewer business are the Kindkaiders, the Scratchtown, Trevor of Thunderhead, Blue Blood and Colby, Brickway, Emyprean. And if you have never had their

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peanut butter porter, it's wonderful. Gottberg Brewery, who brewed a lot of my beer for me, the SOP in Red Rock. [LB632]

PRESIDENT FOLEY: One minute. [LB632]

SENATOR LOWE: Infusion, Lucky Bucket, Nebraska Brewing, SchillingBridge and Zipline, those are all great Nebraska breweries. And they want to deliver their beer as fresh as is possible to you. They don't want us out in western Nebraska where a lot of these breweries are, they don't want to have to deliver it off to Omaha, Lincoln, even Grand Island, to have it come back to be delivered to you across the street from where they're at. Freshness is important in beer. Thank you, Mr. President. [LB632]

PRESIDENT FOLEY: Thank you, Senator Lowe. Senator Quick. [LB632]

SENATOR QUICK: Thank you, Mr. President. I rise today in support of Senator Blood's AM1350; and if that amendment is approved, I would also support LB632 with that amendment on there. I know one of the important issues in LB632 is the bottle club and the music licensing and those are both important issues, especially the bottle club for Grand Island, I know Hastings, and in the Omaha areas. It's funny, this is one of the bills that I probably received the most contact on through e-mails and phone calls and talking with people and I think with these small businesses, they're trying to grow in Nebraska and become successful. And they've really done a great job so far. And I don't want to see them hurt in any way and be able to keep doing what they're doing. So, you know, and really the at-rest is the only thing that we're trying to address here and they had an agreement I believe last year with LB1105 and I believe that Granholtm has been, where Senator Larson talked about being sued, has been...was established back in or went to court in maybe 2004 or 2005. And I believe from what I read, there hasn't been a lawsuit like in 12 years maybe. I'm sure I'll be corrected if I'm wrong on that. So I'm not sure that with this and with the Liquor Commission, with their regulations, that Nebraska would really be in danger of having a lawsuit. And really all we want to see taken out is the part that would say it has to actually come at rest in the warehouse. Right now it can come at rest on the distributor's truck. And then the Liquor Commission with their ruling should address the rest of those issues. I do have one letter that I'll read. Some of it's blacked out, but I'll read what...and this comes from a

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craft, or it says I am not a craft brewer. I am a small restaurant owner in Nebraska. We are fortunate enough to carry local beers from two amazing craft brewers in our area. And they're in Nebraska. And then it goes on to say: the bill you are proposing will hurt both these breweries and affect my business as well. The proposed bill states the beer will need to be picked up from the brewery, transported to Omaha, which is an independent distributor, then transported back to me. This is a ridiculous proposal, considering I am 15 miles from and in direct line from to Omaha. This is the only point in many that I could make, but I will keep this short. I am personal friends with both owners of both the craft breweries and what you are proposing would directly affect their ability to grow their business, provide jobs in our community, and directly provide for their families. On behalf of all Nebraska craft brewers, I'm pleading don't kill our craft beers. And I think that's what we're kind of facing with this. You have a lot of these breweries that are out in Ord, Nebraska, in Broken Bow, clear out west, and if they have to have the come at rest it will take it maybe to Omaha, Nebraska, and then bring it back, whereas before they could have the distributor pick it up. They paid all their taxes, filed all the paperwork. [LB632]

PRESIDENT FOLEY: One minute. [LB632]

SENATOR QUICK: And it could be taken to the locations near where they were from. And that was quite beneficial to them and reduced some of their costs. So with that, thank you, Mr. President. [LB632]

PRESIDENT FOLEY: Thank you, Senator Quick. Senator Hilkemann. [LB632]

SENATOR HILKEMANN: Thank you, Mr. Lieutenant Governor. I stand in support of Senator Blood's amendment. I haven't decided whether I'm going to, even with that amendment, whether I'm going to support the underlying bill. But with that, I would surrender what time I have to Senator Blood. [LB632]

PRESIDENT FOLEY: Thank you, Senator Hilkemann. Senator Blood, 4:45. [LB632]

SENATOR BLOOD: Thank you, Senator Hilkemann, thank you, Mr. President. If you look on your desk, you will see a handout from Senator Watermeier's district in reference to Big Beer's

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five-point plan to crush the craft beer revolution. I think that's pretty telling, especially if you look at number four: control distribution. "For better or worse, America's alcohol selection is the result of the three-tier system, in which brewers and importers, tier one, must use distributors, tier two, to place their beverages in the stores and restaurants that ultimately sell them, tier three. Independent beer distributors, the National Beer Wholesalers Association states, work to help new brands get to market and to ensure that consumers can choose from a vast selection of beer. The problem is that not all distributors are independent." Anheuser-Busch has been purchasing distributors around the country, including two recently in Colorado, one of the nation's craft beer strongholds. I don't think that's a coincidence. Critics say that there's an imbalance when one company owns two of the three tiers for distribution and point to the history of AB-owned distributors only selling AB products, thereby shutting out craft brands, and forcing them to find other means of distribution. Reuters reported this week that the U.S. Justice Department is currently conducting an investigation into allegations claiming that Anheuser-Busch is violating antitrust regulations by purchasing distributors and only distributing its own products while simultaneously using its size and power to pressure independent distributors to stay away from craft labels. After all, it is difficult or impossible for consumers to find craft beer in stores and restaurants. They have little choice but to drink mass-produced brews. I listened to what Senator Larson said. I always think of Chicken Little, we hear that a lot on the floor: the sky is falling, the sky is falling. It's either "this is not constitutional" or "we're going to get sued." And it's funny how you can twist one topic and have people say different things and different opinions. And this is a different opinion. I think back to when he was talking about lawsuits to LB327. And I don't need to say his whole voting record, because there isn't one, but he was present not voting on the last one. And one of the things that we on the last vote, and one of the things we talked about was Justin Wayne's amendment that was in reference to kinship. Do you remember that? And I expressed the concern that this was going to double the case loads of the workers working with these children and these families and that in other states they have been successfully sued, the states have, because of this issue. But there was no concern because had there been, I would have assumed that Senator Larson would have come on-board and come to the mike and said, we're going to be sued. We're going to go to court and they're going to win. But I didn't hear that. But I'm hearing it now when he is trying to influence you to vote for his bill and his amendment. And I know it is a committee bill, but to be really frank, Senator Larson is the chair of that committee, but he didn't ask any member on the committee whether we

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wanted this to be our committee bill. And I know that it's up to the discretion of the committee chairs, but I think that we need to change our policy and change the name not from "committee bill" but from "whatever the heck the committee chair wants bill." Thank you, Mr. President.
[LB632 LB327]

PRESIDENT FOLEY: Thank you, Senator Blood. Senator Krist. [LB632]

SENATOR KRIST: Thank you, Mr. President. Good morning, colleagues. Good morning, Nebraska. Senator Larson very eloquently stated in his opening, I can't remember whether it was actually the bill or the amendment, that they're already bound by regulation to do what we are currently or what we purport to put in statute. I think part of that is a in the eye of the beholder kind of moment because they are indeed finding an at-rest position and not shipping directly. The problem with the Twenty-first Amendment and with the situation we're talking about here is that if you had a distributor conveniently located throughout the state, where this could be a simple matter as it is in Omaha, of going 10 blocks away and then being distributed out of that building, out of that brick and mortar, we wouldn't have this deliberation today. But that is not the case all over Nebraska. Senator Quick read you a good narrative of who it's affecting when you have to ship to and from hundreds of miles away to get a product where it needs to go. It adds cost and it also adds cost to not just to the consumer, because that is where the pass-on is going to go, but to the restaurants and to the craft brewers. I voted yes on the amendment in committee, I will continue to vote yes on the amendment on the floor. But I want to talk to you about something that is really very, very important about LB632 should we elect to leave this portion in or not. There is a gentleman, I'll call him a gentleman, who is violating the law and in my estimation the prosecutors in different places either don't have the gumption, the intestinal fortitude, or they find some problem with actually taking him to task. He's created clubs, which by all accounts are gentlemen's clubs in the rude sense of the term, strip clubs, that stay open as late as 5:00 in the morning, where you bring your own bottle. And they're purported to be members only, but membership was passed out at the State Fair, membership can be purchased at the door for \$10. And what we're doing in this bill is to say no more, no mas, you're done. You need to comply with the same liquor laws that everyone else does if you want to open up these kinds of establishments across the state. They currently reside and they are being built in Omaha, but in the Grand Island/Hastings area. And I am going to say something on the floor that I cannot

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prove, and I don't often do that, but given the kind of culture that goes on at these establishments and the sex trafficking that we have in this state, there is purported to be that kind of activity that evolves, if you will, out of those facilities. Will we stop that if we make him comply with the laws? I don't know. But I do know that the city council in Omaha supports the fact that they need something on the books that specifically addresses the bottle club issue. So I will turn my light on and talk about a couple of other parts of the bill, because we're going to have the time to do that today, but keep in mind that bottle club portion is very important. So if we take a stand on any of the others or we divide the question or whatever might happen, make sure that you remember that that bottle club portion is essential for the entire state, not just the places it is affecting right now. Because this man will buy another Maserati with the next business that he opens in this way. Thank you, Mr. President. [LB632]

PRESIDENT FOLEY: Thank you, Senator Krist. Senator Brewer. [LB632]

SENATOR BREWER: Thank you, Mr. President. I would like to stand today in support of AM1350. I have received many messages from the craft breweries in my district. It just happens that western Nebraska has a number of them that are currently active or will be soon. Towns like Chadron, Alliance, Valentine, Taylor, and even on the edge of the district in towns like Bassett and Ord. They all speak with the same voice and the same concerns. The ag economy is in peril now. These towns are struggling to survive and we're going to do something that will make their lives near impossible as far as survival in their capacity as a small town brewery. In the case of Taylor, Nebraska, Bootleg Brewery is one of the very few businesses in that town. It is basically a bed and breakfast resort that is also a brewery, but is a vital part of the economy of that little community. So as we talk today about this, we need to also remember that it affects tourism here in Nebraska. In my district, that is a key part of what gets us through the hard times. The other part of this that I guess I struggle with is if this issue of legality is such a critical part of this, why is there not an AG Opinion? Why have we not followed-through and had something to provide us a truth about whether this is a reality or scare tactic? If we have survived for 30 years and our breweries have done as they have asked and have not been sued, why all of a sudden are we changing our tone in this case here? So with that said, sir, Mr. President, I would like to yield the remainder of my time to Senator Blood. [LB632]

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PRESIDENT FOLEY: Thank you, Senator Brewer. Senator Blood, three minutes. [LB632]

SENATOR BLOOD: Thank you so much, Senator Brewer. Thank you, Mr. President. Friends, I hear a unified message especially out west, and I love it when we're bipartisan and we work together on bills. This is so exciting. We're going to do good things for small business in Nebraska if we pass my amendment to the amendment and then pass LB632. The concerns that Senator Larson has tried to express to you in reference to the bottle club, my amendment does not change that. In reference to the music licensing, my amendment does not change that. Onward and upward. Stand up, say your good words. Let's get this passed. Thank you, Mr. President. [LB632]

PRESIDENT FOLEY: Thank you, Senator Blood. Senator Halloran. [LB632]

SENATOR HALLORAN: Thank you, Mr. President. I stand in support of Senator Blood's AM1350. All politics is local. I think we're familiar with that phrase and to me this is the classic example of what that means. We have a craft brewery in Hastings and several throughout the Midwest, but the whole concept of having to send that product to Omaha or even to Grand Island and then to have it trucked back to Hastings to be redistributed is just...I'm sorry, begs the question about common sense. That being said, let's talk about politics being local here in the city of Lincoln. I'm going to read some testimony that was given in front of the committee by an Eric Schafer, President of Empyrean Brewing Company, and no, this is not a commercial. "Empyrean Brewing Company is the oldest operating brewery in Nebraska. We currently operate four retail locations that do offer guests the choice between our brands, as well as those manufactured by Budweiser, Miller, and Coors. We also offer an extensive list of wine, liquor, and cocktails. We have been a good customer for distributors for over 25 years. In addition, our distribution has grown to a total of eight states within the region. Our brewery currently resides, and many are familiar with the location, in the historic Haymarket district. Developments in this west Haymarket, Pinnacle Bank Arena in particular, lead the city of Lincoln to our doorstep, searching for a solution to eliminate semitrucks parked in the middle of Q Street before an event. This conversation inspired us to purchase the 174,000 square foot Meadow Gold complex and began at first to move our brewery to the south Haymarket to what is now being called SoHay. The landmark legislation in the last year," this is before my time, "LB1105, brought breweries,

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distributors, and retailers together with the General Affairs Committee to create a path of growth and prosperity to all entities involved. Open and transparent conversations took place for over one year to reach a final bill that everyone agreed on. LB632's late introduction reverses all of the positive momentum created between all parties and stops growth by enacting a freeze on licensing, meaning no additional satellite locations can be opened by existing breweries, nor can existing locations add additional licenses. This discourages growth and decays friendly business to business practices. In addition, this proposed license freeze is retroactive," and I have trouble with that, "as of the first of the year, which affects contracts we have in place. We renamed the Meadow Gold complex to the Dairy House. We have spent an incredible amount of time and resources to acquire the property and work with the city of Lincoln to properly zone and develop a brewery that co-exists with the city's vision for SoHay. We are in the process, and this is all about economic development, folks. We are in the process of an \$8 million renovation that includes a larger brewery, distillery, tasting room, and event spaces. This is in addition to an \$8.5 million investment that we have already made and renovations at the Dairy House. LB632 licensing freeze limits this opportunity. We will not be allowed to serve beer provided by Budweiser, Miller, or Coors in our event spaces. Also, we will not be able to offer wine and cocktails in our new event spaces. [LB632]

PRESIDENT FOLEY: One minute. [LB632]

SENATOR HALLORAN: Thank you, Mr. President. "Our fellow brewers' opportunity to build locations that serve products offered by these same distributors will be removed. Our businesses have great relationships with distributors that sell our beer or sell beer, wine, and spirits to us. I know there are other brewers that enjoy positive relationships with their distributors. I have to say that I am surprised that anyone would support a bill that interferes with these relationships and business opportunities. Life is a two-way street and this conversation is just about what we have to gain or lose. Our expansion plans to add \$2.5 million salaries through new job creations, \$335,000 in state revenue, \$232,000 in city revenue, \$308,000 in revenue to the county, for a grand total of \$875,000. LB632 licensing freeze limits this opportunity. LB632 has not solved problems, it has created..." [LB632]

PRESIDENT FOLEY: Time, Senator. [LB632]

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SENATOR HALLORAN: Thank you, Mr. President. [LB632]

PRESIDENT FOLEY: Thank you, Senator Halloran. Senator Crawford. [LB632]

SENATOR CRAWFORD: Question. [LB632]

PRESIDENT FOLEY: The question has been called. Do I see five hands? I do. The question is shall debate cease? All those in favor of ceasing debate vote aye; those opposed vote nay. Have you all voted who care to? Record, please. [LB632]

SENATOR BLOOD: Call of the house, please. [LB632]

ASSISTANT CLERK: 25 ayes, 3 nays, Mr. President, to cease debate. [LB632]

PRESIDENT FOLEY: Debate does cease. Senator Blood, you are recognized to close on AM1350. [LB632]

SENATOR BLOOD: The body has spoken. And the body says that we want to protect this gem in Nebraska. Let us be a unified body, a bipartisan body that understands the importance of small business. Let's support and vote green AM1350 and I do ask for a call of the house. [LB632]

PRESIDENT FOLEY: Senator, I was distracted. Did you call the house? There has been a request to place the house under call. The question, shall the house go under call? All those in favor vote aye; those opposed vote nay. Record, please. [LB632]

ASSISTANT CLERK: 32 ayes, 2 nays to go under call, Mr. President. [LB632]

PRESIDENT FOLEY: House is under call. Senators, please record your presence. Those unexcused senators outside of the Chamber please return to the Chamber and record your presence. All unauthorized personnel please leave the floor. The house is under call. Senator Kuehn, Smith, Larson, Chambers, Wayne, and Groene, please return to the Chamber and record your presence. The house is under call. Senator Blood, we're lacking Senator Wayne. We can

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proceed or we can wait. We will wait. Senator Wayne has now arrived, all unexcused members are now present. The question before the body is the adoption of AM1350. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Senator Larson, for what purpose do you rise? [LB632]

SENATOR LARSON: Change to not voting. [LB632]

PRESIDENT FOLEY: Record, please. [LB632]

ASSISTANT CLERK: Vote is 30 ayes, 4 nays on the adoption of the amendment. [LB632]

PRESIDENT FOLEY: AM1350 is adopted. I raise the call. Mr. Clerk. [LB632]

ASSISTANT CLERK: Mr. President, priority motion, Senator Larson would move to reconsider the vote just taken. [LB632]

PRESIDENT FOLEY: Senator Larson, you are recognized to open on your reconsideration motion. [LB632]

SENATOR LARSON: Colleagues, there is a long queue. And I feel there is some things that need to be clarified on the mike that have been stated. First of all, Senator Halloran, the issues from the letter that you raised were already fixed in the committee amendment. So everything that you raised, we fixed in that. In terms of this handout that Senator Watermeier handed out in terms of, and Senator Blood commented on, in terms of the controlled distribution, I am not sure that she realizes, but in the state of Nebraska you cannot own more than one tier of the system. So Budweiser or Miller, Coors or any of those companies cannot own a distributorship in the state of Nebraska. Every one of our distributors are independent. And I think when...and that kind of goes to the point of the message that is happening here of what is the actual truth and what is being perceived. We have very distinct laws regulating the three-tier system in the state of Nebraska. None of the big breweries, as you have heard from, can own a distributor in this state. They are all independent. So that whole number four that Senator Blood read, you can cross out. And frankly, we've heard from Senator Brewer say, well, we didn't ask for an opinion

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from the Attorney General. Well, that was because our Liquor Control Commissioner, if I'm right, asked us not to. Why? Because once we have a formal opinion, you essentially write the playbook for how we are currently violating the law and to be sued. Most of the time when you ask for an Attorney General's Opinion, it's about the law that you are proposing. Is this constitutional? The Liquor Control Commission is trying to fix with their at-rest provision in their rule and reg that they did, they are doing their best to fix what they believe is unconstitutional and they did not want a formal opinion from the Attorney General. Colleagues, yes, the Liquor Control Commission is doing their best. It will come under their rule and regulation to an at-rest. The craft beer industry were neutral on that rule and regulation. Neutral. Yet, they oppose it being codified in statute. And we must ask ourselves why. Why are they neutral on a rule and reg and opposed to it being in statute? That's a concern. And again, I heard from Senator Lowe about the freshness and all of this, just because beer hits the dock, that's a collection point, that is what is truly important for auditing and recordkeeping. And he's not wrong. There are plenty of records being kept, but there is specifically one distributor in this state that acts with a few specific manufacturers that aren't following that system, Senator Lowe. Many of the larger independent distributors, yes, are doing it the correct way and track that. But there are a few, and I'm not sure if they're out there behind the glass today, that are doing what are called "hot shots". And you ask what a "hot shot" is. It is essentially where the manufacture self-distributes to a retailer and then just does the paperwork through the distributor, to where the distributor never actually touches the beer. Now, some of you may say, well, that sounds great. You are cutting out the middleman. But my true question to you is, if you do that, how does the state of Nebraska know how much was actually delivered? You have a manufacturer just telling the distributor on paper how much they delivered, so how do you know how much taxes are being collected? When you go into the alcohol industry, you are choosing to go into one of the most heavily regulated industries in the country. It is the only thing that has two U.S. constitutional amendments regulating it. You choose to go into that industry of regulation. Now, I have stood up on this floor many times about reducing regulations, and in many cases that is what is what's best, but there are ways, even in the reduction of regulations, that we can continue to capture the tax income that is...you will produce as a wealth-maker. When it comes to a product such as alcohol, however, and one entity is responsible for collecting taxes on themselves and then just skipping the distributor and going straight to the retailer, how do you know how much was actually delivered? You don't. Why do you think we have...the Liquor

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Control Commission has such a hard time even with their current retailers with moonshine and moonshine popping up in bars? Why is moonshine illegal? I mean, we can continue to go in. Moonshine is illegal because the taxes aren't being collected and there is no essentially regulations. The concept of moonshine is alcohol in which the taxes are not collected. That is the distributor's responsibility in the three-tier system. And you dilute that without the at-rest provision. And as I said, every out-of-state producer has to come to at rest on the dock. And why is that? So the taxes are collected. Because if an out-of-state producer did not have to come to at rest on the dock and we let them collect their own taxes, again, how would we know how much went through? So if we are requiring an out-of-state producer to do x... [LB632]

PRESIDENT FOLEY: One minute. [LB632]

SENATOR LARSON: ...under Granholm and we are giving the in-state producer an exception, under Granholm v. Heald, already decided by the U.S. Supreme Court, that focused on wineries, of which we're doing this exact thing, you are in violation of Granholm v. Heald. It's an in-state producer receiving a benefit that an out-of-state producer doesn't have. I saw many people vote against the budget, maybe they are willing to find an extra \$3 million to \$5 million for something that we can protect today, and the Liquor Control Commission is trying to do so, and just asking us to be codified. That's what that boils down to. Thank you, Mr. President. [LB632]

PRESIDENT FOLEY: Thank you, Senator Larson. (Visitors introduced.) Items for the record, please. [LB632]

ASSISTANT CLERK: Mr. President, thank you. First of all, an announcement that the Health Committee will hold an Executive Session at 10:30 in Room 2022. In addition to that, a series of notice of committee hearings from Business and Labor, Education, Retirement Systems; and the series of interim study resolutions: LR189 by Senator Morfeld; LR190 by Senator Kuehn; Senator Ebke, LR191; Senator Hilgers, LR192; Senator Albrecht, LR193; Senator Hilkemann, LR194, LR195; Senator Ebke, LR196; Senator Pansing Brooks, LR197 and 198; Senator Crawford, LR199. That is all I have at this time. (Legislative Journal pages 1456-1464.) [LR189 LR190 LR191 LR192 LR193 LR194 LR195 LR196 LR197 LR198 LR199]

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PRESIDENT FOLEY: Thank you, Mr. Clerk. Continuing discussion, Senator Harr. [LB632]

SENATOR HARR: Thank you, Mr. President, members of the body. So I think we need to take a step back and get a little perspective on what we're doing as far as the three-tier system. And there is a history; Senator Larson touched on it a little bit. We originally, the eighteenth amendment said--no alcohol, let's get rid of it, it's evil. And then we came back and we said twenty-first amendment, let's let the states decide. And we do it on a state-by-state basis to a large degree...well, completely on a state-by-state basis and it is a unique little area of the law where we allow monopolies to a certain extent because we have a three-tier system. And that was what was very popular after we legalized it. And we did that for a reason. And the reason is, we wanted to make sure, (A), we collected all of that revenue; purely selfish reasons by the state. But also to make sure that that distribution, we didn't have liquor disappear off the back of trucks. And what you're going to find is in out in White Clay, that's going to be some of the more successful ways, the Al Capone prosecution, if you will, is that you have distributors saying, hey, this is how much beer was distributed and a retailer saying, hey, this is how much we sold and finding that those two numbers don't add up. Right? So if we don't have the three-tier system, we wouldn't be able to prosecute the way we are going to out in White Clay. And that was put in there for a reason, and it was put in there intentionally. It wasn't happenstance. Now, if you ask me what I wanted to do, if I could come back and be anything, probably wouldn't be a state senator. I would want to own a beer distributorship. It is the best job in the world because you are guaranteed a certain return. And the toughest part of your job is accounting. If someone delivers something to you, you hold on to it, you get a guaranteed return, and then you have to distribute it on to a retailer. But it serves a very, very important duty. And I think we need to hold on to those beer distributors. I think they...the service they provide to make sure that (A) we collect the taxes we're supposed to and to make sure that there aren't abuses out there. It is integral. I know of only one state, Washington, and that was just recently, that doesn't have the three-tier system. A lot of states, the distributors and/or the retailer is the government because they want to control that. Now, I understand entrepreneurship, and I understand wanting to control some of your costs. I get that. And if you are in rural Nebraska, it can be difficult. I don't disagree with that. If you're in Ord and you have to take your beer, deliver it to Grand Island and then take it to Greeley, that's an expense, I get that. But you know that up front. It's not as though this is something new that we've never heard or seen before. This goes back to...this was the agreement

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we made when we said we're going to legalize the sale and consumption of alcohol. We are going to have extra controls on the sale and control of alcohol...or sale and consumption of alcohol because, folks, alcohol can be abused, contrary to popular belief. And we need to have that regulation out there and we need to make sure that we are also collecting our revenues. I am all for the small brewers. We have exceptions and exemptions for small brewers. But once you reach a certain size, 250,000 cases, you have some of the advantages...you have product of scale and you can control your cost. And I think you do need to come under the thumb of the state. It is important. I am all for free enterprise; I'm all for building new businesses, but as you grow and the ability for abuse grows, we have to be a little bit more careful. And so I appreciate what Senator Blood is trying to do, but I think we need to have a little more conversation on this. And maybe we do it now, maybe we do it after we reconsider Senator Larson's MO129, but this is something serious because we are... [LB632]

PRESIDENT FOLEY: Time, Senator. [LB632]

SENATOR HARR: ...picking away at the three-tier system. [LB632]

PRESIDENT FOLEY: Time, Senator. [LB632]

SENATOR HARR: Thank you. [LB632]

PRESIDENT FOLEY: Thank you, Senator Harr. Senator Watermeier. [LB632]

SENATOR WATERMEIER: Thank you, Mr. President. Good morning, Nebraska. I stand in opposition to the reconsideration and in full support of Senator Blood's amendment. I have been quiet on the issue, but I've been highly involved behind the scenes and I think there is lots of reasons to support the amendment. One of them that we haven't talked about is the really the process. We have been told that it is going to be a lawsuit. Thirty years ago, there was a case that happened in...I am not going to claim to be an attorney and explain that, why has there not been a lawsuit in 30 years? Twelve years ago there was another case brought...an issue brought. Why has there not been a lawsuit since that incident? The process that this has gotten to the point where it is now is very disappointing. Last year, I sat on the sidelines and watched LB1105

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unfold and that is the way the process should work. The craft breweries were involved, the distributors were involved, the manufacturers were involved. There was lots of dialogue going on. Not on LB632. LB632 involved so many things here that we're going to need to support it because of the bottle clubs. We going to need to support it because of the music license issues that are involving the wineries, I think, and the craft breweries. But it's a package that we need to pass, except we need the amendment in AM1350. But I am very disappointed in the process that's happened on LB632. And no one is talking about that. Everybody was involved last year. It seems like it's awfully lopsided this year. With that I would yield the rest of my time to Senator Blood. [LB632]

PRESIDENT FOLEY: Thank you, Senator Watermeier. Senator Blood, 3:20. [LB632]

SENATOR BLOOD: Thank you, Senator Watermeier. Thank you, Mr. President. Friends, as I listen, questions come in my head, as I know they do yours. The thing I want to know, and I was so grateful that Senator Brewer brought this up, why the NLCC did not ask the Attorney General for an opinion. We're talking about whether it's constitutional or not. That is a head scratcher; and very suspect, as far as I'm concerned. I think so much of this is government overreach. He just talked about the entity for collecting taxes on themselves. But remember when we talk about his Airbnb bill? State statute is clear that taxes should have been collected. He brought forward a bill, not caring that those 20,000 people paid Nebraska taxes when they stayed in our great state. So there is little bit of hypocrisy going on. None of our greater Nebraska brewers are big and all are going to be harmed by this bill. And I want to point out that a lot of the senators that have spoken to me today are not going to support LB632 without my amendment. I want regulations on the bottle club. I want everything else in this bill as amended by the committee. I simply do not want the at-rest provision. You have already showed, you too, Senator Larson, want this amendment. Please reject the reconsider motion, adopt the committee amendment, and then pass the bill. These shenanigans are unnecessary. I'm sorry that I do not agree with Senator Larson's motion for reconsideration at this time. I have obviously support my own amendment. It's a good amendment. It's a fair amendment. Some of this backdoor stuff that's gone on in LB632 just turns my stomach. Let's celebrate small business day by giving a green vote in favor of my amendment and then in favor of LB632 and "Git-R-Done." [LB632]

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PRESIDENT FOLEY: Thank you, Senator Blood. Senator Hilgers. [LB632]

SENATOR HILGERS: Thank you, Mr. President. I got to say, when I came to the Legislature, I did not think in a million years that I would be able to talk about the dormant commerce clause this many times. I don't know if it's a good thing or a bad thing, but it is fun, for me at least. I rise, really, just to talk about the constitutional issue that Senator Larson has articulated and just to put a little bit more into the record as to how I view this constitutional question so the members can judge for themselves whether or not it is constitutional. So there are two aspects here: one is the legal framework and then one is what is going on in this particular amendment...or this bill. And the legal framework is based on this dormant commerce clause idea. And as we've discussed before in relation to LB44 and other bills, states do not have the power to discriminate against out-of-state sellers in commerce to favor their in-state sellers in commerce. And that gets applied in a lot of different circumstances. And it has been applied in the Granholm decision by the United States Supreme Court. And in that case, the court was dealing with the commerce clause as well as the twenty-first amendment that allowed the sale of alcohol and judging the constitutionality of this three-tier system we keep talking about. And court did say that there is a certain level at which you cannot discriminate against out-of-state resellers. That is absolutely true. Senator Larson is right to say that. Now, in that case there were two states that had restriction issue. One was Michigan, that's actually where the name of the case comes from, Granholm, she was the Governor at the time. And in Michigan there actually was a direct prohibition. It said if you are an out-of-state direct reseller of wine, you cannot sell under these terms. The Supreme Court said that is a blatant, facial discrimination that is unconstitutional...very easy. The New York...there was a New York statute as well that was at issue and that...the New York statute did not facially discriminate in the way the Michigan one did, but it was as described in a later First Circuit Opinion, it rigged the game in favor of the in-state sellers...direct sellers of wine. The Supreme Court also said that was unconstitutional. Now just because that concept is articulated by the Supreme Court doesn't always mean that it applies here. So as I understand it, as I've been working this morning and last night with Senator Wishart and others to try to put a fine point on what exactly is the discriminatory piece of this legislation. Because without a discriminatory piece, Granholm doesn't apply. And as I understand it, the discriminatory piece...and I say that not pejoratively, I don't mean...I just say that the piece that could treat out-of-state versus in-state differently is this. The rule that has been issued by the

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Liquor Commission allows in-state Nebraska craft breweries to go...not to send their beer to a warehouse of a distributor, but instead give it to the distributor in their possession. So what that means in practical effect is, it doesn't have to go to the warehouse, but it can go to a truck. In either case, it has to go to the distributor. They cannot directly sell it to wherever it is they want to sell it, it still has to go to the distributor. Now if you are out of state, then you have to go to the warehouse. So that is the difference we're talking about, colleagues. That is the difference. In-state Nebraska craft brewers can go to...they can have it be at rest in a truck. Out of state has to go to a warehouse. Now if it were the case that any difference between in state and out of state at all between in-state or out-of-state producers, any difference whatsoever, was enough to be unconstitutional, this would be unconstitutional. That is not the case. And there has been a number of cases, I read several of them last night, and I don't know...Senator Morfeld gave me my...I've got it right back here, there is a number of them that dealt with...what I think are more akin to this situation that we have before us than the Michigan and New York situations that were in front of Granholm... [LB632 LB44]

PRESIDENT FOLEY: One minute. [LB632]

SENATOR HILGERS: ...thank you, Mr. President...and that's...there are several of them and I am happy to share these copies of the cases with my colleagues, but the one I am going to quote from is the Cherry Hill decision from the First Circuit which dealt with a similar restriction on a similar practical effect. It didn't outwardly discriminate against out-state sellers...or producers, but it did have a differential impact. And what...and the First Circuit...and I'm going to see if I can find my quote...the First Circuit distinguished Granholm and said, I think, on similar grounds it said, look, the New York statute at issue in Granholm wildly was rigged in favor of in-state sellers. I don't think what is at issue here, and I am still talking with folks about this analysis, if there are other cases, I will look at them and I will keep an open mind, but what I have seen so far here is that this type of change does not rig the game in favor of in-state sellers. [LB632]

PRESIDENT FOLEY: Time, Senator. [LB632]

SENATOR HILGERS: Thank you, Mr. President. [LB632]

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PRESIDENT FOLEY: Thank you, Senator Hilgers. Senator Murante. [LB632]

SENATOR MURANTE: Thank you, Mr. President, members good afternoon. In a moment I will be yielding my time to Senator Larson to respond to some of the comments specific to the Liquor Control Commission. But I would...I may be a little bit helpful in responding to the question as to why an Attorney General's Opinion has not been requested. I haven't spoken with anybody who has chosen not to request the opinion, but I would say a very reasonable logic would be what is being requested of the Attorney General in this case would be an opinion about the constitutionality of a law, not the constitutionality of a bill. And the Attorney General's Office is extraordinarily reluctant to issue an opinion about the constitutionality of an existing law. And the reason is if he comes back and says the law is unconstitutional and a suit is filed, he is now forced, as part of his constitutional obligation, to defend the state of Nebraska's law that he has in an opinion stated was unconstitutional. Which is why, across the board, I had a very similar issue where I had a bill that sought to change a policy that I felt the existing policy was unconstitutional and began a discussion with the Attorney General about seeking the constitution...his opinion about the constitutionality of that existing law. And what I got back was what I just what I stated to you. He will not give an opinion...or is extremely reluctant...I can't say across the board, he would never give an opinion, but he would be extremely reluctant to give an opinion about the constitutionality of an existing law. So that is most likely the rationale for not seeking an Attorney General's Opinion because, quite frankly, it is very unlikely he would give one. With that I will yield the remainder of my time to Senator Larson. [LB632]

PRESIDENT FOLEY: Thank you, Senator Murante. Senator Larson, three minutes. [LB632]

SENATOR LARSON: Thank you, Mr. President. Colleagues, and if you want further analysis, as Senator Hilgers dived into Cherry Hill, I can get that for you rather quickly, but there is, as we have seen, and he even outlined a difference between what is happening now for in-state producers versus out-of-state producers, here is the key that unless you are diving deep into liquor law, you, again, probably don't understand. Right now, again, we have a few breweries and one distributor that do run the paperwork at least that it went through a distributor but do what are called "hot shots" in which they directly distribute to the retailer from the manufacturer. That is a direct violation and does benefit an in-state producer because an out-of-state producer will

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never be able to do a hot shot, period. And that is why the provisions are so important. Senator Lowe, will you yield to a question? [LB632]

PRESIDENT FOLEY: Senator Lowe, would you yield, please? [LB632]

SENATOR LOWE: Yes. [LB632]

SENATOR LARSON: You had an ownership stake in a brewery, correct? [LB632]

SENATOR LOWE: Not in a brewery, in a bar. [LB632]

SENATOR LARSON: Oh, in a bar, okay. Then I guess that won't...you won't be able to answer my question. I'm sorry, Senator Lowe. [LB632]

SENATOR LOWE: No problem. [LB632]

SENATOR LARSON: Let me...we hear about the increase cost to the rural breweries. Colleagues, the transportation cost will be bore by the distributor. The brewery will sell them the beer for X price and the distributor will sell it for Y price. It will not cost the brewery any extra. The distributor has to eat the extra cost for picking up a brewery that is in out-state Nebraska. So it will be the distributor that bears the extra cost of the mileage of bringing it back to the dock. So frankly, if anybody should be fighting this, it is the distributors. But they are not because they understand they want to bring us back to and ensure that this is constitutional. And as I said, there are a few specific breweries and one distributor that aren't distributing at all and just doing the paperwork and doing these hot shots which would be a flagrant violation of Granholtm as we heard Senator Hilgers try to explain Granholtm. Hence the reason that LB632 is so important to ensure those cannot happen. [LB632]

PRESIDENT FOLEY: Time, Senator. [LB632]

SENATOR LARSON: Thank you. [LB632]

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PRESIDENT FOLEY: Thank you, Senator Larson. Senator Williams. [LB632]

SENATOR WILLIAMS: Thank you, Mr. President, and good morning, everyone. I stand in opposition to the reconsideration motion and support the Blood amendment; and then, of course, with the adoption of the Blood amendment, support the underlying bill completely. We have a new industry in our state that has started over the last half dozen or dozen years. We have talked at length and we will continue to talk on this floor about taxes and education and economic development. And when we as a body stand in the way of economic development that is not what I believe should be our long-term role. Senator Chambers started the hundred bottles of beer and was down to 96. Senator Lowe, can we continue that, could we make it all the way? I am not sure that I could. I was asked if I have ever sung that song to is its conclusion, and maybe rocking a sick baby or something was as close as I ever came. But I believe it is the role of this body to create a playing field that promotes business and does that in the right and formal way. All of us on this body...on this floor today are qualified to wear bath robes, not black robes. And I think for those of the lawyers that are in this body understood what I just said, especially Senator Patty Pansing Brooks. Senator Chambers also used the words of one of my favorite artist this is morning, and I always find it interesting when he uses language from a group called the Police, knowing Senator Chambers background. And in addition to "every breath you take," I want you to know that he's watching every deal you make, every vote you take, and every amendment you fake. So as we move forward on this, I the believe it is imperative, that we adopt the Blood amendment, keep business alive, help those breweries do this, and recognize that the Liquor Control Commission will figure out how to deal with the laws that we pass and enforce those, and the judicial system will do their job and it's not our job to attempt to do that job. I would allow Senator Krist to have the balance of my time. [LB632]

PRESIDENT FOLEY: Thank you, Senator Williams. Senator Krist, 2:10. [LB632]

SENATOR KRIST: Thank you for your courtesy, Senator Williams; and thank you, Mr. President; and, again, good morning, colleagues and Nebraska. It should be noted on the record that hot shots are no longer allowed by law...by rule in the state of Nebraska. And also I need to correct the record, something that has been said a couple of times that you can't own more than one tier with the three-tier system. That's incorrect. You can't own consecutive tiers. You can't

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brew it and wholesale it; you can't brew it...or you can't wholesale it and retail it, but you can brew it and retail it. Those are not consecutive. So you can own more than one tier. But I want to take a very strong stance right now because one of the reasons we are here is because of bad actors; a bad actor that is setting up a bottle club and working outside the law in a couple of our establishments and, to be frank and honest, some craft brewers that are bad actors who took the satellite locations and bastardized the system. It was pretty clear. You had to have ownership of that; you had to have a place where you were actually serving alcohol. And they went outside the system and you know that's...everybody is going to try to get away with what they can. And we're here to talk about that. So I would put you on notice, craft brewers. It is something that we're watching; that the Liquor Control Commission is watching. And you need to be fair to the system and comply with the rules and regulations that are currently in place. And I also want to take the opportunity to say something really good today. I've had the pleasure, honor of knowing and trusting Bob Batt, he is a commissioner for better than 25 years. My wife worked at Nebraska Furniture Mart and Bob is an excellent gentleman, excellent businessman and he's given his service to the Liquor Control Commission over the past, I think, eight or nine years. We will miss him when he's gone. I think he is in his last two-year term, but he has a formidable presence as a Liquor Control Commissioner. And I trust he and his fellow commissioners, as well as Mr. Hobie Rupe who acts as the legal counsel. [LB632]

PRESIDENT FOLEY: Time, Senator. [LB632]

SENATOR KRIST: Thank you, Mr. President. [LB632]

PRESIDENT FOLEY: Thank you, Senator Krist. Senator Hughes. I do not see Senator Hughes at the moment. Senator Larson. [LB632]

SENATOR LARSON: Thank you. I appreciate Senator Krist clarifying hot shots, but that does not mean that they still do not happen. The other thing that we need to be mindful of is that, yes, one can own tiers one and three, but no distributor can own any other tier. If you own tier two, that's the only tier you get to own. A farm winery does have a little more flexibility in owning all three tiers. But, colleagues, it comes back to the question of how essentially does this truly hurt those that are saying that it's going to hurt? We fleshed out that the distributor is the one that

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bears the cost of making sure it goes to out rest. We fleshed out that the Liquor Control Commission is going to ensure that at rest and the dock means the dock. And that, frankly, we are just codifying what is going to happen at the Liquor Control Commission. That is what LB632 does. And, frankly, I have heard from a number of people out there, well, why can't the manufacturer just deliver directly to the retailer? Distributors are dumb just in general. That is a middleman. Well, I can assure you Anheuser Busch would love to deliver directly to Costco, if that is what Nebraska really wants. If the craft brewers want to deliver directly to their retailers, I'm sure Anheuser Busch and Miller, Coors, and all of the rest would just be tickled. Because to do that, as we've already heard in Granholtz, you cannot give one in-state producer a benefit that an out-of-state producer doesn't. They would salivate at the opportunity to deliver directly. What would that mean for your local independent businessmen and distributors? What would that mean to those jobs? And, frankly, again, how all of a sudden are we ensuring that all the taxes are being collected? Colleagues, we can't let the small breweries self-distribute; because to let them do it, we would have to let the big distributors do it. Twenty-first Amendment, dormant commerce clause, as we heard Senator Hilgers explain, is very clear on that one. And it's also clear that we have to treat everyone the same, regardless of size. And that's something that we have to continue to fight for because, essentially, frankly, I hope we don't get sued. I would assume that we probably will. And as Senator Murante laid out, the reason that the Attorney General doesn't offer opinions on current law, and the reason the Liquor Control Commission asked not to have one issued was they don't want to get stuck defending something that they believe is unconstitutional. [LB632]

PRESIDENT FOLEY: One minute. [LB632]

SENATOR LARSON: The Attorney General never does. So Senator Brewer, I think it's important to understand that. Because I can guarantee if we asked the Attorney General whether or not LB632 is constitutional, he would say it is. I'm happy to ask the Attorney General whether or not LB632 is constitutional, but I don't think that was ever at debate. It does not cost...the cost will be bore by the distributor, the extra costs. That is who will bear that. So I am not sure how...again, it hurts the small craft breweries, especially if the Liquor Control Commission will be doing this anyway. [LB632]

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PRESIDENT FOLEY: Time, Senator. [LB632]

SENATOR LARSON: Thank you. [LB632]

PRESIDENT FOLEY: Thanks, Senator Larson. (Visitors introduced.) Continuing discussion; Senator Bolz. [LB632]

SENATOR BOLZ: Thank you, Mr. President. I wanted to pause for a moment and just speak in support of some of the provisions of the underlying bill. I do think there are some specific pieces that are really important that haven't gotten their due attention this morning. I support the provision related to licensing of bottling clubs that Senator Krist has spoken to. And I also support the changes to the music licensing industry that are in this bill. But I did want to just speak briefly about one small line in the bill related to people using obscenities and profanities. And I rise to put it on the record that I think the intention of that section of the bill is to prevent harassment. It's to prevent harassing behavior, and Senator Larson and I may discuss that further between General and Select. I just wanted to make sure that we put on the record a note about the fact that this is not necessarily...it's not about free speech or about what people can or can't say. My understanding of the intention is that it is about making sure that folks who are not acting appropriately in their business and industry are held accountable. And so I'll yield the remainder of my time to Senator Larson if he has any further comments on either of those provisions on this bill. Thank you, Mr. President. [LB632]

PRESIDENT FOLEY: Thank you, Senator Bolz. Senator Larson, 3.5 minutes. [LB632]

SENATOR LARSON: Thank you, Mr. President. Thank you, Senator Bolz. Colleagues, as I said, there are many important provisions of this. There is, as I said, we can side and continue on with AM1350 and question the constitutionality of what we've done. And as Senator Williams said...Senator Williams, I understand that he represents a brewery that offered free beer to help set up an event for them, which is a violation of the Liquor Control Act. I wonder if they paid the taxes on that one. An organization that uses the distributor on why we had to have a rule and reg to out law hot shots. Again, colleagues, as I said, we've had lots of e-mails. Well, why don't we just get rid of the middleman? Well, I've heard a lot that today is small business day. Not sure

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that's what we want in terms of these Nebraska businesses and Nebraska jobs that are there, especially when it's no extra cost to the manufacturers. I think we aren't asking ourselves the question and it's frustrating if they know they will have to do it in a rule and a reg that's already been passed, it will have to hit the dock, why do we not codify that? If it's going to happen. They were neutral at the hearing. Why should we choose to put ourselves at risk of a lawsuit instead of doing what is constitutional. If Senator Brewer wants me to ask if LB632 is constitutional, I'll be happy to do that. [LB632]

PRESIDENT FOLEY: One minute. [LB632]

SENATOR LARSON: Because the Attorney General does offer opinions on pending legislation. I have no doubt that LB632 is constitutional. And if he personally wants to ask if our current statute is constitutional, I would recommend that he does that between now and Select File, and I'm guessing the Attorney General will tell him he won't offer him an opinion...because of the risk that it would pose to the state of Nebraska if we were to get sued. I'd encourage him to do that so he can stand up on Select File if we have...if this bill goes that far and move through that. Thank you, Mr. President. [LB632]

PRESIDENT FOLEY: Thank you, Senator Larson. Senator Lowe. [LB632]

SENATOR LOWE: Question. [LB632]

PRESIDENT FOLEY: Question has been called. Do I see five hands? I do. The question is shall debate cease? All those in favor ceasing debate vote aye; those opposed vote nay. Record, please. [LB632]

ASSISTANT CLERK: 25 ayes, 0 nays to cease debate, Mr. President. [LB632]

PRESIDENT FOLEY: Debate does ceases. Senator Larson, you're recognized to close on your reconsideration motion. [LB632]

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SENATOR LARSON: Thank you, Mr. President. You've gotten a lot of information today from a number of people. You have the emotional case that we've heard from the industry that feels that this is an attack. Again, we don't ask the question on a number of other provisions of the amendment on why...why do we have to define what is wholly owned? Because there were a few members of the guild that were trying to buy small ownership interests in grocery stores or convenience stores and saying they could then directly deliver to those facilities. That is why. The guild understands that that was never the intention of AM1105 and that that is something that they cannot defend, so they don't dispute that. But, colleagues, those are the types of things that we continue to face in the General Affairs Committee in terms of making sure that Nebraska and the Nebraska Liquor Control Commission has enough authority to do what they need to do and protect the state of Nebraska. There are numerous bad actors throughout the state that put this state at risk if this continues on. I understand that we've received a lot of e-mails or concerns, but it is putting the state at risk. So I know there are a number of people in the queue and I'm sure we'll continue on on the General Affairs amendment and then have plenty of people to talk about the bill and we'll see if it goes to Select File and consider it then. Maybe it doesn't get to Select File. I don't know. But I would urge you colleagues, if it does, if it does come back up on Select File that you continue to learn about this and understand the risk that you've put the state in. And I would urge the Appropriations Committee members, if we lose, and I would say we will, good luck finding the money. But Senator Williams is right. That's for the judges to decide. We just fund it. We don't have to look at if it's constitutional. The black robe will decide and we'll find the money to pay for it. I will withdraw my reconsideration motion. [LB632]

PRESIDENT FOLEY: The motion is withdrawn...without objection it's withdrawn. (Visitors introduced.) Items for the record, Mr. Clerk. [LB632]

ASSISTANT CLERK: Thank you, Mr. President. Amendments to be printed to LB651 from Senator Harr; notice of committee hearing from General Affairs; and a series of interim study resolution, LR200 through LR214. That's all I have at this time. (Legislative Journal pages 1465-1476.) [LB651 LR200 LR201 LR202 LR203 LR204 LR205 LR206 LR207 LR208 LR209 LR210 LR211 LR212 LR213 LR214]

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PRESIDENT FOLEY: Thank you, Mr. Clerk. Continuing discussion on LB632 and the committee amendment. Senator Krist. [LB632]

SENATOR KRIST: Thank you, Mr. President. Good morning, again, colleagues and Nebraska. If you look through the bill carefully, you'll also see that there is a very demonstrative way of collecting taxes. Okay? And where the taxes normally paid from is the wholesaler. Now, if the wholesaler is missing from the three-tier system, it very specifically says that the craft brewer has to pay the taxes if he is acting as the brewer and the retailer. So the argument that we're losing taxes is in fact a violation of the current law, but this statute clearly delineates that it is the responsibility of the wholesaler if he deals with the distribution part of it. And if not, then it is the craft brewer. Now there have been some violation, as I have been told and understand of people not paying their taxes. I think this statute...this change in the law goes a long way to making sure that that does not happen. And finally, from my comments today, I just want you to realize that the amendment itself, the amendments themselves, the committee amendment, and what we've just done with Senator Blood's amendment, does not destroy the other things that need to be done...seriously need to be done. I ask you to vote green on the committee amendment as it has been amended and vote green on LB632 and let's move on to other business. Thank you, Mr. President. [LB632]

PRESIDENT FOLEY: Thank you, Senator Krist. Senator Morfeld. [LB632]

SENATOR MORFELD: Thank you, Mr. President. Colleagues, I was going to talk about this a little bit more extensively on the legal end. But now that the amendment has been adopted, I'll stand up and say that I support the amendment obviously. I will now support the bill, and I also support Senator Hilgers, my new legal counsel on this issue, legal arguments on this legislation despite disagreeing vehemently with many of his other legal arguments. So I'm happy to rise in support with Senator Hilgers and also in support of the bill now. Thank you. [LB632]

PRESIDENT FOLEY: Thank you, Senator Morfeld. Senator Briese. [LB632]

SENATOR BRIESE: Thank you, Mr. President. Good morning, colleagues. I, too, was going to rise in support of Senator Blood's AM1350 and talk about that somewhat. But that's been

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resolved and so I'd like to say at this point I'm glad that amendment is in there and I, too, support the bill in its current form. Thank you, Mr. President. [LB632]

PRESIDENT FOLEY: Thank you, Senator Briese. Senator Blood. [LB632]

SENATOR BLOOD: Thank you, Mr. President. Fellow Senators, friends all, what a great day this is when we can work together and get things done. Thank you for moving my amendment forward. I stand now in support of the committee amendment and the bill. But I want to stand here and say that I am concerned because what I just heard from Senator Larson reminded me of when we were on the playground and they'd say, I'm going to take my ball and I'm going to go home. The bill is a good bill. The important parts that he kept stressing that he wanted for Omaha, for the music industry, they're still in that bill. I would hope that Senator Larson will man up, accept the fact that, indeed, this bill has now been amended with great support. We're now supporting the rest of his bill as amended and that there will be no shenanigans and multiple amendments or floor motions filed and that we could just get this done and move on to what is more important, which are the other bills that are now on our agenda. Thank you. [LB632]

PRESIDENT FOLEY: Thank you, Senator Blood. Senator Harr. [LB632]

SENATOR HARR: Thank you, Mr. President, members of the body. I want to thank Senator Larson for bringing this bill. There are a lot of good parts of the bill. We're going to be in a little bit of a gray area now, folks, because we're going to have a bill on Select that's going to differ from the current rules and regs that have been approved, but are not in effect. So it's going to be a little difficult for our Liquor Control Commission with this out there. I think we need some certainty as far as what we're going to do on this this session. And while I may not always agree with Senator Larson or Senator Blood, I think we should have a resolution...try to get a resolution on this bill this year so that we can have some clarity for our people in the industry. And if Senator Larson says he's going to pull it, I don't think that's because he's taking his bat and wants to go home. I think it's certainty. I think there is something to be said for certainty. So I look forward to this bill because there are a lot of parts of the bill I really like and need. I do not like having gentlemen's clubs for a number of reasons so close to my home. And I think if we can limit these club, it would be wonderful. So thank you. [LB632]

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PRESIDENT FOLEY: Thank you, Senator Harr. Senator Larson, you're recognised to close on committee amendment, AM1303. [LB632]

SENATOR LARSON: Thank you, Mr. President. I'll be short. As Senator Harr said, we are in a gray area now and that's not a good area to be in. And I really hope I don't have to come back and say we tried to warn you. We'll see what happens there. But as I said, we'll see what happens. I'll continue to look at everything. We'll adopt AM1303 and I'm sure LB632 will move on to Select File, possibly, and we'll continue to move from there. Thank you, Mr. President. [LB632]

PRESIDENT FOLEY: Thank you, Senator Larson. Members, you heard the debate on AM1303. The question before the body is the adoption of the committee amendment. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please. [LB632]

ASSISTANT CLERK: 40 ayes, 0 nays on the adoption of the committee amendments. [LB632]

PRESIDENT FOLEY: Committee amendments, AM1303 are adopted. Continuing discussion on the bill. Senator Larson, you're recognized to close on the advance of the bill. He waives closing. The question for the body is the advancement of LB632 to E&R Initial. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please. [LB632]

ASSISTANT CLERK: 43 ayes, 0 nays on the advancement of the bill. [LB632]

PRESIDENT FOLEY: LB632 advances. Members, we're going to proceed to the legislative confirmation reports. Mr. Clerk. [LB632]

ASSISTANT CLERK: Mr. President, the confirmation report from the Natural Resources Commission (sic-Committee) is to the Nebraska Natural Resources Commission. (Legislative Journal page 1405.) [LB632]

PRESIDENT FOLEY: Senator Hughes, you're recognized to open on the confirmation report.

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SENATOR HUGHES: Thank you, Mr. President, members of the Legislature. I present for your approval the appointment of Mark Czaplewski to the Nebraska Natural Resources Commission. Mark came before the Natural Resources Committee for his confirmation hearing on May 2. Mr. Czaplewski lives in Grand Island and is a biologist at the Central Platte Natural Resource District, all through his entire professional career has centered on natural resource issues. He has participated in a variety of conservation and habitat initiatives, including the Platte River Recovery Implementation Program, Habitat Conversion Coalition, and coordinator of the Platte Basin Habitat Enhancement Project. He will be filling the wildlife representative role on the commission. The Nebraska Natural Resource Commission is comprised of 14 members appointed by the Governor representing different areas of interest. There are also 13 that are elected by natural resource districts to represent different river basins. The Natural Resource Commission is a state agency housed under the Nebraska Department of Natural Resources. It is a broad-based commission which has knowledge of, has experience with, and is representative of every sector of Nebraska's water use and economy. It also serves an advisory role to the Natural Resources Department for water funding decisions, most significantly the Water Sustainability Fund, which is in place to help Nebraska achieve its goal for the sustainable use of its water resources. The commission is also responsible for revising, adopting, and promulgating rules and regulations as necessary to administer the funds of the department. The committee advanced Mr. Czaplewski's amendment (sic) by a 7-0-1 vote, Senator Quick abstaining because it's his brother-in-law, so please do not hold that against Mr. Czaplewski. I ask for your confirmation of Mr. Czaplewski to the Natural Resources Commission.

PRESIDENT FOLEY: Thank you, Senator Hughes. Debate is now open on the confirmation report. Senator Kuehn.

SENATOR KUEHN: Thank you, Mr. President, and thank you, colleagues. I am going to just for a moment take a quick diversion. I fully support the confirmation report from the Natural Resources Committee. I do want to take this opportunity, however, to set the record straight with regard to some claims on the floor and some media reports yesterday regarding some activities that happened with regard to the budget bill yesterday and, to that end, I was wondering if Senator Stinner would yield to a question.

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PRESIDENT FOLEY: Senator Stinner, would you yield, please?

SENATOR STINNER: Yes, I will.

SENATOR KUEHN: Senator Stinner, during the discussion yesterday on the passage of the e clause for LB331, you asserted that failure to pass LB331 with the e clause would result in an inability to fund state agencies. Is there anything in LB331 that appropriates dollars to specific state agencies or employs individuals? [LB331]

SENATOR STINNER: No.

SENATOR KUEHN: Thank you, Senator Stinner. I think it's important that we recognize yesterday and we learn a very clear lesson about understanding the bill and also being careful about when we cry wolf and giving a misrepresentation of what actually happens both in fact and in procedure. LB331 yesterday, which initially did not pass with the 33 votes required for the e clause, was not the mainline appropriations bill. It did not fund state agencies. It did not provide the salaries for state employees. It did not appropriate TEEOSA aid or any of the disaster vision, disastrous consequences that would have forced a government shutdown that were advocated on this floor and reported in the media. We had media reports saying, quote, from the AP, "Without the emergency clause, the bill would have left agencies without funding until September." False. It would have meant a handful of cash transfers that took place in July of 2017 would have taken place when the bill took effect in September, as the language states, many of them, or as soon thereafter as administratively possible. World-Herald reports, "Instead, they came close to forcing a government shutdown by leaving a key budget bill short of votes. Without those votes, the bill could have passed but not taken in effect until September 2," which "would have left the state without a budget and forced a government shutdown for nearly two months." The government would not have shut down. I think we need to be careful, colleagues and media, in vetting statements made on the floor. I was looking all night and all morning for a correction to those statements. As long as LB327 passed with the emergency clause, the government kept running. The accusations that there was a threat of a government shutdown or that a group of senators were trying to shut the government down by not passing the e clause on LB331, which is the cash transfer bill, is not true. It is a misrepresentation. The lesson I hope that everyone

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learned from what you observed yesterday was pay close attention, ask questions, and demand facts. It's easy to put a lot of political theater and grandstand and storm around about the consequences and disaster vision and we're headed to a cliff when they're not true. We need to be very careful if we consider any potential veto overrides or line items that when we discuss them, we're dealing with facts, we're dealing with actual numbers, we're dealing with evidence and not just impressions and political statements. What was done yesterday never threatened a government shutdown. No one who voted no on LB331 was ever putting this state in jeopardy of paying its bills. It was a cash transfers bill that did not need the e clause to make the state budget go into effect for the state to appropriate funds to pay its bills. It just simply delayed the time. And most of these transfers, if you look at the bill, take place at the end of the fiscal year or the end of the next fiscal year. Read the bill. Understand what's happening. Understand what you're voting. And when you get up on the floor and you pass out a handout that says the consequences of not doing that bill, LB331 is when the handout is, that it was going to require a special or extended session, not true. With that, I support the confirmation report for the Natural Resources and I thank the body for their time. [LB327 LB331]

PRESIDENT FOLEY: Thank you, Senator Kuehn. Senator Ebke.

SENATOR EBKE: Thank you, Mr. President. I wonder if Senator Hughes would yield for a question.

PRESIDENT FOLEY: Senator Hughes, would you yield, please?

SENATOR HUGHES: Of course.

SENATOR EBKE: Senator Hughes, I just want to get something straight in my own head. You suggested that Mr. Czaplewski would be the wildlife representative. Is that correct?

SENATOR HUGHES: Yes.

SENATOR EBKE: Okay. What does the wildlife representative do?

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SENATOR HUGHES: He is a biologist, so that would be fulfill his role in looking at the water projects.

SENATOR EBKE: Okay, so he's not, you know, polling the wildlife or anything, right?

SENATOR HUGHES: No, he's not...no, as a biologist.

SENATOR EBKE: Okay. Thank you, Senator Hughes.

PRESIDENT FOLEY: Thank you, Senators Ebke and Hughes. Senator Friesen.

SENATOR FRIESEN: Thank you, Mr. Lieutenant Governor. I will rise in support of the confirmation report, but I want to carry on a little bit more about what Senator Kuehn was doing. And as I sat here yesterday while this group was being chastised for being irresponsible, I was looking at that bill and thinking, well, without knowing the details of when those transfers come through, we...you know, maybe there could have been a shutdown of something. But not knowing the details, I still felt as though that bill had nothing to do with a shutdown. We were not going to kill the elderly in the nursing home or the babies. It was wildly misstated statement made on the floor and everybody gets away with that here all the time and pretty soon you have to sort through the truths and the half-truths and however you want to spin a story. Instead of listening and looking at the facts and asking questions, everybody jumped up and started getting angry. And in truth, we pointed out something I think that needed to be pointed out and if we had intended to shut down state government, it's a very real possibility we could have. It wasn't our intent. But it also was not the intent of anyone listening ever that we said we were approaching doing our budget wrong, and I will stand by those statements. And as I sat here yesterday looking at that bill, I thought, man, there's just no way that everything you're saying is going to happen is going to happen, and yet I didn't have the facts. I'm not on Appropriations. I couldn't stand up for sure and say that. I can say that today. The newspapers I think need to print a retraction. They don't vet their facts before they stick them on there to get a big headline. We appreciate the headline, but not I guess the direction it took. It still points to the fact we're overspending. Thank you, Mr. Lieutenant Governor.

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PRESIDENT FOLEY: Thank you, Senator Friesen. Senator Erdman.

SENATOR ERDMAN: Thank you, Lieutenant Governor. Good morning. I, too, rise in support of the recommendation of the Natural Resources Committee. Senator Kuehn was right on spot. We had the Appropriations Chairman stand up and tell us how stupid we were and he got his linebacker voice all fired up and told us we were going to...what are you doing, reckless, you're nuts, and all this other stuff, when, as Senator Kuehn described it, that bill had nothing to do with shutting the government down. Senator Bolz stands up and said here's all the things that are going to happen, here's all the things that are going to happen if you don't advance this bill-- absolutely not true, absolutely not true. Okay? So the newspapers, they write whatever they want because, see, that's how you sell newspapers. So I challenge them to write a retraction, which I don't believe they will. It just proves don't believe what you read in the newspapers. This body would never shut the government down no matter what. Even if that had been 32 votes on LB327, the budget bill, we would have not left this building without approving a budget irregardless of what the rules say, irregardless of what people threaten. We play a lot of games of chicken here. All right? And it seems like I'm always the one that blinks. I'm done blinking. I'll just tell you today that the forecast or the revenue came out today. I don't know if you seen that. The revenue for the month of April, it's only down, only down 11.4 percent, that's all, 11.4. Don't sound like much, right? \$75 million down. I'm going to start a pool. We going to have a special session in October or September? I'm going to start a pool. It's not if, it's when. This thing is going in the tank. Am I happy about that? No, I'm not. What I'm less pleased with is we have people in the Appropriations Committee that don't understand what the vote was on LB331. LB331 had nothing to do with shutting the government down. What it was, it was taking my child's education fund when they raided the Cash Reserve and then they went into his bedroom and took his piggy bank. That's what that was. That's what LB331 was. It wasn't shutting the government down. But we throw all these things up there and people run scared and they go, oh, hey, hey, we're going to shut the government down. We couldn't be so lucky. This is peculiar. Get your facts straight, print the right story, and don't try to scare people that we're going to do something to them that's not going to happen. I've had government employees ask me, were we going to shut the government down? Would I really not get paid? No. Don't worry about it. That wasn't it. They missed it. Oh. So we do all these things and people listen and hear what we say and they read the paper and they get all concerned that we were going to shut the government

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down. That wasn't the case. So, Senator Kuehn, thank you for your leadership. I appreciate that. And we'll see you in September. There's a song about that, like Senator Chambers always has those songs. There's one about see you in September. That's a fact. Thank you. [LB327 LB331]

PRESIDENT FOLEY: Thank you, Senator Erdman. Senator Krist.

SENATOR KRIST: Thank you, Mr. President. Good morning, colleagues. Good morning, Nebraska. I wonder if Senator Kuehn would yield to a question.

PRESIDENT FOLEY: Senator Kuehn, would you yield, please?

SENATOR KUEHN: Absolutely.

SENATOR KRIST: You're a member of the Appropriations Committee, is that correct?

SENATOR KUEHN: I am.

SENATOR KRIST: And you were participating in the debate for the last at least two months, or let's just say since Day 70, and you could have corrected the record at any time because you had the knowledge that LB331 did not need an e clause. Is that true? [LB331]

SENATOR KUEHN: I could have, yes.

SENATOR KRIST: Yeah, you could have, just like we could have had a revenue report before we had one. It's called politicizing what's happening. And, Senator Erdman, there was a day when the executive branch and the legislative branch worked together on a budget and we walked out of here and we had a budget in hand. And I would contend that that 11 percent was a known entity over the last couple of weeks. I would contend that that information, just like that information, was available to us and we didn't have that in our decision process. I would also contend that if you checked the records--thank you, Senator Kuehn, for your courtesy--if you check the record, I said on the record the mainline budget bill. I never said anything about the rest of the budget bills. So if you listened to what I said on the mike, having been here long

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enough to realize what I'm doing, it was the mainline budget bill that needed 33, needed an e clause or we were going to shut down the government. Pick it up. Look at the records. I honestly believe that we are now going to have to take another \$60 million to \$75 million out of our budget before we leave here or Senator Erdman might be correct if the Governor decides that he's going to have a special session, which he didn't want to do last year when we were coming into to this same spot, or we would have to call ourself back together. But if that's the case, my advice to all of you is don't wait until September, whether there's a song about it or not. Let's call ourself back in July/August time frame after we see the next Forecasting Board come out, or let's ask them to reconvene and give us something on the spot. Is there something magic about waiting for nine people to get together in a room who are supposed to be so smart and giving us some numbers? No. There is nothing magic about it. There was a time when this budget between Senator Heidemann and Governor Heineman worked out a budget and we came back into a special session and finished our business in ten days because we knew exactly what was going on because both branches of government got together, put their heads together, and made the best decision. That's not happening. This is not a war. Senator Brewer knows what war is. I've seen war up close and personal and I'll tell you what, if we don't stop warring at each other and throwing jabs and keeping information and then coming out like a savior, really, this isn't a game. It's not a game. And you know, maybe the university is going to have to take another big cut and maybe we need to do that now and maybe we need to change the tax assessment process in ag and maybe we need to do that now and maybe we need to have that discussion. The 49 of us should have the discussion and the 50th should come into the discussion and we need to solve our problems as a state, as a state, not the Appropriations Committee. And if you remember another thing I said, when that bill comes out of Appropriations, you are all Appropriations members. Convenient details delivered at an appropriate time...thank you, Mr. President.

PRESIDENT FOLEY: Thank you, Senator Krist. Senator Bolz.

SENATOR BOLZ: Thank you, Mr. President. In the name of the concepts that Senator Kuehn is bringing to the floor this morning, accuracy and thoughtfulness about the budget, I would say that in my five years as an Appropriations member, I've always thought about the budget as a package. The budget bills intersect and connect in a way that is maybe a little bit different than other bills on the floor. And so if we want to support the mainline budget, we sometimes have to

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make sure that the transfers are appropriate. If we want to support the deficit budget, we need to make sure that there are appropriate funds that are allowing us to pay for those expenditures. The same is true for capital construction. And so I would argue that we need to think of the budget as a package and as a whole. And so threatening parts of it do threaten or challenge our ability to get the job done. And there are consequences, colleagues, to not getting the job done. And also in the sake of accuracy, I would say that the articles that I read and the information that I passed out, I do think were accurate in articulating that not passing a budget with an e clause does have consequences to our agencies and our institutions. So I stand behind helping the body understand the potential implications of our budget choices on this floor and I stand behind thinking through the budget as an intersecting package of choices and initiatives that relate to our revenues and expenditures. So with that, colleagues, that's the commentary that I would have regarding the debate and the dialogue and I continue to stand behind the work of the Appropriations Committee, all pieces of the puzzle, all agencies we support, and the entirety of our responsibilities to making sure that our government and our systems and our institutions are managed and taken care of. Thank you, Mr. President.

PRESIDENT FOLEY: Thank you, Senator Bolz. Senator Groene.

SENATOR GROENE: Thank you, Mr. President. I stand in support of the Natural Resource appointment. But I also would like to make a couple of points on what was said the other day. I voted red on LB331 because of the 3 percent to 2.5 percent of the General Fund minimum balance. Do you know when the one day of the year that is relevant? It is June 30 of 2019. The last day of the biennium budget, it has to be above that minimum reserve. Government was not going to be shut down by my red vote on LB331. As to Senator Krist's comments that I should crawl back under the manhole cover, I think that's called a job that we should quit doing, that he mentioned. First I took it as an insult. Then I remembered as a college student down here, I worked at Deeter's manufacturing throwing 130-pound manhole covers out of a shaker at 140-degree temperatures. I worked with illegal aliens who ground the manholes down and felons who couldn't find a job anywhere else. Of the farm kid new labor, so I went to a job I got paid well--labor--didn't want to wait tables. So I admire manhole covers and manufacturers. Plus, Senator Morfeld said he's looking up who took federal payments. He will never find a dime under Mike Groene's name ever. Some took college careers where the taxpayers paid their college costs. I did

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not. I worked my way through. I've always considered myself in the pyramid scheme of government on the bottom tier. Some of us have to pay more taxes than we use government. Some of us do. My family avoids using government services. We appreciate the roads. We pay for them. We appreciate the public schools. We pay for them but we use them very little. So now I take Senator Krist's jab even as a better compliment because underneath that pyramid is a foundation and I'll gladly crawl in that manhole and be part of that foundation that supports that pyramid scheme of government that pays for his retirement, that paid his wages, that pays for his contract with the Air Force--no shame. I thank you for the compliment, Senator Krist. I wear it with honor. I will rest the government on my back like the rest of the taxpayers do who do not depend on government for their salvation. Thank you for the compliment. I did vote green on LB327. I said, told Senator Stinner I would. And I'm going to take a deep breath right now. My wife always texts me in the middle of these and says after I get done, says, you should have took a deep breath. So here it goes. Senator Stinner did a yeoman's job of trying to do what he did. His committee was a mismatch of freshmen, HHS supporters, of those who put their faith in government and a few who don't. He tried and he delivered. He delivered less than the Governor offered. Do you realize that? And the Governor did a good job, too, with his original amendment. But that final budget was less. We need to cut more. We need to tell those on top that pyramid scheme of government, enough is enough, your six-figure incomes, your retirements, you've got to back off a little bit, you got to be part of the solution, not part of the problem. That's the university. [LB331 LB327]

PRESIDENT FOLEY: One minute.

SENATOR GROENE: That's our education establishment. That's those who get the tax credits. Here is an ideal for free enterprise out there. You did had a good year and you were lucky. Don't apply for the tax credit this year. Let it ride. Pay your taxes. You can do that, you know. You don't have to take that tax credit. That would be nice to see. Maybe we can come up with a medal. You can come up...I'll come up with a manhole medal, those of us that are underneath the foundation supporting the pyramid. We need more of you. And I got every right in the world to represent those who pay more taxes than they use government. Without us, your dreams of growing government falls. Thank you, Mr. President.

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PRESIDENT FOLEY: Thank you, Senator Groene. Senator Chambers.

SENATOR CHAMBERS: Thank you. Mr. President, members of the Legislature, my name is being taken in vain around here a lot, but I don't mind that. Makes me think of a song, in fact-- (singing) Oh, how happy you have made me / Oh, how happy you have made me--because Senator Erdman mentioned a song about September and one of the lyrics says there is danger in the summer and...go ahead and finish it. There's a song for everything. But now I have one for my colleagues who are now fighting like scorpions in a bottle over spilt milk which hasn't really been spilt. As long as we have time in the session, we can do anything that we need to do. We can even extend an existing session. We don't have to go out of session and be called back. I'll tell you like Jesus said at one point: The end is not yet. And for those who use the tea leaves and the fortune cookies to try to tell the future, here is another little ditty: (Singing) Que sera, sera / whatever will be, will be. Whatever is, is. And after the fact, people have had time to go home and think of what they should have said, what they wish they had said but which they didn't say, so they do all of their figuring, all their calculating, then they come back with M...then they say, no, e equals MC squared. And then they tell us e equals MC squared. And I say, what does that mean? That's the next question that is not to be asked. What difference does it make what any of us say? What difference does it make what a headline writer will put at the top of an article? The ones who write articles don't write the headlines. The ones who write the headlines don't write the articles. You should not stop reading the newspaper because a headline is misleading, just like you shouldn't stop reading the "Bible" because there's a lot of nonsense in it. Most things produced by people consist mainly of nonsense. There...if you took an ear of corn, which people in Nebraska would understand, there is a lot associated with that ear, and I think Senator Friesen would bear this out, that you cannot eat as a human being and gain nutrition from it. But it takes all of those things. There's a husk I think they call it. There's silk. There's these little bumps on it that if you squeeze them juice comes out. Then inside there's a cob I think they call it. But you don't eat all of that, yet when you talk about corn and say you eat corn, people who know what you're talking about do not need to be told but you will not eat everything that comprises that ear of corn as it grows on the stalk. There are some things which are described as convention. People accept these things without them being questioned, without them being explained, because everybody already knows the problem that you encounter when you're having a discussion with

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somebody if they don't accept as true those notions that are generally accepted by everybody as being true. On the floor of the Legislature you will find that principle...

PRESIDENT FOLEY: One minute.

SENATOR CHAMBERS: ...in operation depending on which side of a question you are on. I could get Senator Groene's goat just by saying he speaks learnedly and well on the wrong side of a question about which he is profoundly ignorant. And I'll see his ears getting red and I'll see him puffing up and I say, I got him. Then he'll make his rejoinder and I don't feel beaten no matter what he says because I won by making him hot enough to respond to me. You all haven't learned my ways yet. That's why God doesn't destroy the world. He says, if I let those fools hang around long enough, they will learn something. And Gabriel said, but I get tired of them doing that, I want to blow the horn. And then God says, Gabriel, I made you, I can take you out. Then everybody settles down and that's what's going to happen here, including the one whom somebody said looks like my twin. He's standing in that front row talking to Senator Lowe. And we do look like twins. We've both got white hair. We've both got shaggy beards. We're both short.

PRESIDENT FOLEY: Time, Senator.

SENATOR CHAMBERS: And people who say that look at the essentials,...

PRESIDENT FOLEY: Time, Senator.

SENATOR CHAMBERS: ...not things like skin color which don't amount to anything. Thank you, Mr. President.

PRESIDENT FOLEY: Thank you, Senator Chambers. Senator Krist.

SENATOR KRIST: I forgot when I was up on the mike to support the nomination confirmation report. But I would like to ask Senator Groene a question if he will.

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PRESIDENT FOLEY: Senator Groene, would you yield, please?

SENATOR GROENE: Yes.

SENATOR KRIST: Senator Groene, I'm confused. I never used the word "manhole cover" or "pyramid structure." I think what I was trying to say was we need to come together and fix the budget issue and the university might actually have to lose some more or some other parts of our institution because we're now \$75 million short. So I'm not sure where your anger came from.

SENATOR GROENE: We will see it when we look at the transcripts, sure. I wasn't the only one that heard the term.

SENATOR KRIST: Okay. Manhole cover?

SENATOR GROENE: Yeah.

SENATOR KRIST: Show of hands for anybody who heard me say manhole cover. But it doesn't make any damn difference, I guess--pardon my French. My bottom line in terms of getting up before is still my bottom line right now. We have a new dimension in order to walk away from here with a balanced budget. And that new dimension came out in the revenue report and I believe that in some ways we need to make an accommodation and change some of that structure that we've put into place with those bills. It may come through line item vetoes and we'll have to respond to those line item vetoes. It may come because our Appropriations Committee wants to do something more in the days we have remaining. It may be that this won't...the early out that the Speaker has talked about will not happen. But we have an obligation to respond now to a new set of data. Thank you, Mr. President. And, Senator Groene, thank you for your courtesy.

PRESIDENT FOLEY: Thank you, Senator Krist. Senator Hughes, you're recognized to close on the confirmation report. Excuse me, I think we've got one more light. Senator Bolz, you're recognized.

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SENATOR BOLZ: I just briefly wanted to make the point that cumulative receipts are only 0.9 percent down and I think that is a point that needs to be made. I think we still are within our 2.5 percent minimum reserve and I just wanted to make sure that the new information was not taken as something that is more concerning than it is. It is of course concerning whenever it's down, but 0.9 percent down is the facts that I have in front of me today. Thank you, Mr. President.

PRESIDENT FOLEY: Thank you, Senator Bolz. Senator Stinner.

SENATOR STINNER: Thank you, Mr. President. Members of the Legislature, Senator Bolz reported correctly: less than 1 percent down year to date. Forecasting Board pretty much knew what the April numbers were going to be. I just wanted to bring that up, clarify that. As it relates to how I reacted to that vote, I can't predict the future in this body. I didn't know where the trends were going. If you don't understand that all of those packages have to be passed in order to have a balanced budget, in order to have a budget...and I had no idea what the next amendment, the next idea was going to come up. But I wanted to get everybody's attention on the serious nature of what we were doing. The budget is a puzzle, has a lot of moving parts. I don't have to defend myself, my actions. I did what I thought was right. Thank you.

PRESIDENT FOLEY: Thank you, Senator Stinner. Senator Chambers.

SENATOR CHAMBERS: Mr. President, I want to put the cap on the bottle. First of all, I'm the oldest one in this room. I've probably lived a harder life than anybody on this floor. There are things that I don't talk about that I feel are personal to me. Not that they're criminal, nothing like that, it's just nobody's business. But a hard life makes a hard man. And a hard man will be standing at 80 straighter and stronger than people half that age. So let me tell you one thing. You all need to stop apologizing when you've done the best that you can. Nobody can require anything else of you. The Appropriations Committee is the only one that is mandated to do anything. They have to present something to us. We can offer a bill and we don't have to go to the committee hearing where the bill is heard. We don't have to do anything with it. We can offer ten bills and do nothing. But the Appropriations Committee, because of the structure created by the Legislature, and that goes back to before you were even here, put duties on those who are on that committee. You run a risk when you decide to be on that committee. You're going to be

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criticized, you'll be condemned, you'll be blamed, and the ones doing the criticizing and the blaming are not in a situation where they have to do anything. If they don't want to say a word during the session, they don't have to. If they want to observe one thing today and change their mind tomorrow, they can do it. Senator Stinner is right, and I've said it, nobody can predict the future. But I can calculate what it will be from the beginning of the session. I told you all we're going to run out of time, we're going to get to the end, we'll be fighting like scorpions in a bottle. But everything that we need to do, we will do when the session shuts down. We will build a budget, for better or for worse. You all don't even look at international relations. Suppose that idiot in the White House decides to provoke North Korea and America gets on a war footing with North Korea as that idiot wants to put America on a war footing in Afghanistan. Those things affect the economy. Don't you all know that? Have you ever heard of a wartime economy when a country is on a war footing? You all don't calculate those things. That's why you're wrong on all your predictions, not you in this room, economists. What is an economist? A bewilderer who is so tricky he or she or they have fooled people into thinking that they can predict with precision those things that are not predictable with precision by anybody. Then you all get up here and get to arguing and fussing and falling out with each other and all of you all are white. I didn't know white people carried on like this. I thought you all got along. I thought we were the only ones you all didn't like. I don't see this much confusion among black people who are supposed to be confused all the time. I don't see it among Latinos who are not supposed to think. I don't see it among Native Americans who are superstitious supposedly. But I see it among the master race. I sit here and I get to watch you. But I'm the one who can stand up at the beginning of the session and tell you all what you're going to be doing at the end of the session because I know. That's why I have fun in situations like this. Time is on my side in one sense, but it's also on my side in terms of seeing things happen the way that I knew they would. Get the transcript and look at some of the things I said. I have even said I'll get it and I'll hold it up and read it to you toward the end of the session. But I'm not going to go to all that trouble. You don't pay attention to anything. You don't pay attention to anything I say until I say you don't pay attention to anything I'm going to say. I know you.

PRESIDENT FOLEY: One minute.

SENATOR CHAMBERS: You are my children. Did you say time?

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PRESIDENT FOLEY: One minute, sir.

SENATOR CHAMBERS: You are my children--you all don't like that--fractious, hardheaded, disobedient, mad all the time because somebody smarter than you who ought to be smarter because he's a lot older and more experienced. That's the way children do. That's why parents who are not crazy don't kill their children. It's why they don't drown them in the bathtub, why they don't drench food in strychnine and give it to their children. We understand our children. I understand every one of you. Each of you is different. I have to understand the differences among and between you. I don't deal with anybody like I deal with Senator Groene, and I don't deal with Senator Groene all the time. He and I, believe it or not, will sometimes pass each other and smile at each other and make sure nobody is looking. That's me and that's Senator Groene. But anyway, I think you all should have fun. And if you don't know how to have fun and don't know when to have fun, look at "Pops," and that will be a hint if you're wise enough to accept it.

PRESIDENT FOLEY: Time, Senator.

SENATOR CHAMBERS: Thank you, Mr. President.

PRESIDENT FOLEY: Thank you, Senator Chambers. Senator Hughes, you're recognized to close on the confirmation report.

SENATOR HUGHES: Thank you, Mr. President. For Senator Murante's information, my notes are here. Mr. Czaplewski's name is spelled C-z-a-p-l-e-w-s-k-i. I would appreciate a green vote, even though he's Senator Quick's brother-in-law, of confirmation by the Natural Resources Committee. Thank you.

PRESIDENT FOLEY: Thank you, Senator Hughes. Members, you heard the debate on the confirmation report. The question before the body is the adoption of the report. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

ASSISTANT CLERK: (Record vote, Legislative Journal page 1476-1477.) 39 ayes, 0 nays on the adoption of the report.

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PRESIDENT FOLEY: The confirmation report is adopted. Items for the record, please.

ASSISTANT CLERK: Mr. President, I have a confirmation report from Health and Human Services...series of reports from Health and Human Services; amendment to be printed by Senator Pansing Brooks to LB651; and a series of interim study resolutions, LR215 through LR225. Those will all be referred to the Executive Board. (Legislative Journal pages 1478-1485.) [LB651 LR215 LR216 LR217 LR218 LR219 LR220 LR221 LR222 LR223 LR224 LR225]

In addition, Mr. President: priority motion, Senator Bostelman would move to recess until 1:30 p.m.

PRESIDENT FOLEY: Members, you heard the motion to recess. Those in favor say aye. Those opposed say nay. We are in recess.

RECESS

PRESIDENT FOLEY PRESIDING

PRESIDENT FOLEY: 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. Roll call. Mr. Clerk, please record.

ASSISTANT CLERK: There is a quorum present, Mr. President.

PRESIDENT FOLEY: Thank you, Mr. Clerk. Do you have any items for the record?

ASSISTANT CLERK: Mr. President, I do. A communication from the Governor to the Clerk. (Read re LB20, LB63, LB138, LB142, LB154, LB159, LB176, LB231, LB234, LB239, LB241, LB255, LB255A, LB264, LB306, LB315, LB383, LB409, LB430, LB455, LB464, LB558 and LB645 were received in his office on May 4 and delivered to the Secretary of State. I have a corrected notice of committee hearing from the Business and Labor Committee. A series of resolutions: Health and Human Services Committee, LR226, LR227, LR228, LR229, LR230,

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LR231, LR232, LR233, LR234, LR235, LR236; Senator Groene, LR237; Senator Stinner, LR238. And that's all I have at this time. (Legislative Journal pages 1486-1494.) [LB20 LB63 LB138 LB142 LB154 LB159 LB176 LB231 LB234 LB239 LB241 LB255 LB255A LB264 LB306 LB315 LB383 LB409 LB430 LB455 LB464 LB558 LB645 LR226 LR227 LR228 LR229 LR230 LR231 LR232 LR233 LR234 LR235 LR236 LR237 LR238]

PRESIDENT FOLEY: Thank you, Mr. Clerk. We'll now move to the first item on the agenda, General File, appropriation bill.

ASSISTANT CLERK: Mr. President, LB415A, introduced by Senator Kolterman. (Read title.) [LB415A]

PRESIDENT FOLEY: Senator Lindstrom, I understand you've been authorized to handle this bill for Senator Kolterman. Senator Lindstrom, you're recognized. [LB415A]

SENATOR LINDSTROM: Thank you, Mr. President. LB415A is a bill that appropriates about \$122,000 to the Public Employees Retirement Board from cash funds in order to carry out the IT programming changes to update the educational materials that are distributed to plan members and employers and to pay the cost for the actuarial studies that were conducted. These are one-time costs and they are all cash funded. Thank you, Mr. President. And I urge your support of LB415A. [LB415A]

PRESIDENT FOLEY: Thank you, Senator Lindstrom. Seeing no members in the queue, Senator Lindstrom, you're recognized to close. He waives close. The question before the body is the advance of LB415A to E&R Initial. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please. [LB415A]

ASSISTANT CLERK: 38 ayes, 0 nays on the motion to advance the bill. [LB415A]

PRESIDENT FOLEY: LB415A advances. (Visitors introduced.) Next item is a Final Reading bill, LB268A. Mr. Clerk. [LB415A LB268A]

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ASSISTANT CLERK: Mr. President, LB268A is on Final Reading. Senator Schumacher would move to return that bill to Select File for specific amendment, AM1381. (Legislative Journal page 1495.) [LB268A]

PRESIDENT FOLEY: Senator Schumacher, you're recognized to open on your motion to return the bill. [LB268A]

SENATOR SCHUMACHER: Thank you, Mr. Lieutenant Governor, members of the body. I'm asking this bill to return to Select File because the Budget Office and the Fiscal Office and Bill Drafters say that an anomalous situation was created yesterday when we advanced the budget and this bill which has a positive fiscal note was not passed prior to advancement of the budget. And apparently because of the intricacies of that process and it getting out of step with passage of the budget--we probably should have just argued about the budget longer until this bill came up, but at any rate we didn't--that they have to reword the fiscal note. The bottom line stays the same, it stays positive, but they've go to reword the fiscal note in order to accommodate the situation that the budget is already passed and this positive A fiscal note was not first passed. That's what the first part of this amendment does. The second part of this amendment is in going through the budget they caught a boo-boo in another section of the budget. In a thing called the Foster Care Review Office, there was \$180,000 that was computed into the budget as a General Fund item, but on...and so it was done right, but the thing appeared in the line as a cash fund item, so they're correcting that. They thought this was the easiest way to correct that particular I guess typo in the budget that had that item on the wrong line, with no overall affect on the budget. So I'd ask a vote to return this to Select File so we could adopt the amendment that's been proposed by Bill Drafting to fix these things. Thank you. [LB268A]

PRESIDENT FOLEY: Thank you, Senator Schumacher. Is there any discussion on the return motion? Seeing none, Senator Schumacher, you're recognized to close on the return motion. He waives closing. The question before the body is the return of the bill to Select File. Those in favor vote aye; those opposed vote nay. Have you all voted? Record, please. [LB268A]

ASSISTANT CLERK: 37 ayes, 0 nays on the motion to return. [LB268A]

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PRESIDENT FOLEY: The bill has been returned to Select File. Mr. Clerk. [LB268A]

ASSISTANT CLERK: Senator Schumacher would offer AM1381. (Legislative Journal page 1495.) [LB268A]

PRESIDENT FOLEY: Senator Schumacher, you're recognized to open on AM1381. [LB268A]

SENATOR SCHUMACHER: AM1381 is a rewording that's been done by the Budget Office and the Fiscal Office and Bill Drafting to apparently get the gears to mesh again with this A bill and the budget, which out of ordinary passed ahead of this bill. And it also corrects a positioning of an entry on a wrong line in the budget in the Foster Care Review Office part of the budget. I would ask that we adopt these amendments so that the language is proper and consistent with the procedure that apparently has to take place to make it all work. Thank you. [LB268A]

PRESIDENT FOLEY: Thank you, Senator Schumacher. Debate is now open on AM1381. Seeing no one wishing to speak, Senator Schumacher, you're recognized to close. He waives close. And the question before the body is the adoption of AM1381. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please. [LB268A]

ASSISTANT CLERK: 42 ayes, 0 nays on the adoption of the amendment. [LB268A]

PRESIDENT FOLEY: AM1381 is adopted. Senator Wishart, you're recognized for a motion. [LB268A]

SENATOR WISHART: Mr. President, I move to advance LB268A to E&R for engrossing. [LB268A]

PRESIDENT FOLEY: That is debatable. Senator Bolz, your light is on. Would you care to speak? [LB268A]

SENATOR BOLZ: I just wanted to ask Senator Schumacher a brief question on the record, please. [LB268A]

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PRESIDENT FOLEY: Senator Schumacher, would you rise, please? [LB268A]

SENATOR SCHUMACHER: Yes. [LB268A]

SENATOR BOLZ: Senator Schumacher, I got a call about this bill this morning and I just wanted to clarify something on the record. My understanding after our conversation earlier today is that this bill does not change the current 60-month look-back safe harbor. Is that correct? [LB268A]

SENATOR SCHUMACHER: This bill is the A bill. It's...LB268 is a different bill. That does not change the five-year...the underlying bill does not change the five-year look-back. [LB268A]

SENATOR BOLZ: Forgive my lack of precision. I understand we're debating the A bill, but before I advance the A bill, LB268 does not change the status quo to the 60-month look-back. Is that correct? [LB268A LB268]

SENATOR SCHUMACHER: Right. The 60-month look-back for revocable gifts remains unchanged. [LB268A]

SENATOR BOLZ: Very good. That's all I wanted for the record. Thank you, Mr. President. [LB268A]

PRESIDENT FOLEY: Thank you, Senator Bolz and Senator Schumacher. There's a motion on the floor to advance the bill to E&R for engrossing. Those in favor say aye. Those opposed say nay. LB268A advances. Moving on to the agenda, General File, 2017 senator priority bill. Mr. Clerk. [LB268A]

ASSISTANT CLERK: LB496 offered by Senator Stinner. (Read title.) The bill was introduced on January 18, referred to the Urban Affairs Committee, that committee placed the bill on General File with committee amendments. (AM470, Legislative Journal page 645.) [LB496]

PRESIDENT FOLEY: Senator Stinner, you're recognized to open on LB496. [LB496]

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SENATOR STINNER: Thank you, Mr. President and members of the Legislature. First off, I want to thank Senator Williams for giving this bill his priority designation. This bill can be looked at or viewed at a companion bill with LB518, which creates grants to support development of work force housing. This bill obviously deals with tax increment financing. My bill, LB496, would amend the community development law by expanding the definition of redevelopment plan to include construction of work force housing, eligible for tax increment financing or TIF in cities of the first, second class, and villages. This would include all municipalities in Nebraska except for Lincoln and Omaha. LB496 also contains procedural safeguards by requiring the municipality to conduct a housing study, adopt an incentive plan for housing construction, hold a public hearing to receive public comment on the incentive plan, and determine that the incentive plan is necessary to prevent the spread of blight and substandard conditions within the municipality. The safeguards include the following: One, TIF for a single or multifamily housing can only be used if the municipality proves there is a need for such housing and presents a housing study within 24 months of the application. Two, the municipality must develop an incentive program detailing how TIF will be used to assist in the construction of work force housing. Three, a restriction against unjust enrichment is designed to set a standard that the incentive plan cannot be used to pad the profits of builders. The standard ensures that the funding is used to buy down the home price or absorb some of the risk of the building of the spec home. Four, a public hearing on proposed incentive plan is required prior to implementation to afford the public an opportunity to review and comment on the incentive plan. While work force shortages are persistent problems in many areas of the state, rural areas experience additional problem housing shortages. This only serves to accentuate the work force shortage experience in these areas of the state. Housing problems common to most communities include the fact that many of the older houses are built without proper insulation, adequate wiring, or made with potential hazardous material such as asbestos. In many cases, rehabilitation costs to fix these issues exceed the value of the homes. Additionally, the cost of constructing new homes in rural areas is higher than what middle-income families can afford. Expanding the availability of TIF for the construction of work force housing will make these homes more affordable for middle-income workers wishing to locate to rural communities. I would like to take a moment to acknowledge the amendment that the Urban Affairs Committee will bring to this bill. This amendment, as described by Senator Wayne, clarifies the process for holding public hearing under provisions of the bill. I appreciate his due diligence as Chairman of the committee and for

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bringing the amendment forward. Senator Williams will also be bringing an amendment which you will hear shortly. His amendment would harmonize the definition of work force housing under my bill with the definition of work force housing under LB518, which was signed into law by the Governor in April. I would encourage your green vote on LB496, the committee amendment, and Senator Williams' amendment. Thank you, Mr. President. [LB518 LB496]

PRESIDENT FOLEY: Thank you, Senator Stinner. As the Clerk indicated, there are amendments from the Urban Affairs Committee. Senator Wayne, you're recognized to open on the committee amendment. [LB496]

SENATOR WAYNE: Thank you, Mr. President. Members of the Legislature, this committee amendment, AM470, clarifies the public hearing on a work force housing incentive plan that makes sure it's separate from the public hearing on the TIF redevelopment plan. Yes, that is the shortest introduction that I can give. I'd ask you to vote green on this. [LB496]

PRESIDENT FOLEY: Thank you, Senator Wayne. Mr. Clerk. [LB496]

ASSISTANT CLERK: Mr. President, I have a priority motion. Senator Groene would move to bracket the bill until June 2. [LB496]

PRESIDENT FOLEY: Senator Groene, you're recognized to open on your bracket motion. [LB496]

SENATOR GROENE: Thank you, Mr. President. This bill is unnecessary. It's a pitch from the bankers who want to use TIF for collateral for their home loans. It's the only purpose this is here. I cast no "accursions" (sic: aspersions) on Senator Williams or Senator Stinner, but I know where the bill came from. I'm going to read you the constitutional amendment that controls TIF, that allows TIF, passed in 1978. Section "VIII-12. Cities or villages; redevelopment project; substandard and blighted property; incur indebtedness; taxes; how treated. For the purpose of rehabilitating, acquiring, or redeveloping substandard and blighted property in a redevelopment project as determined by law, any city or village of the state may, notwithstanding any other provision in the Constitution, without regard to charter limitations and restrictions, incur

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indebtedness, whether by bond, loans, notes, advance of money, or otherwise. Notwithstanding any other provision in the Constitution or a local charter, such cities or villages may also pledge for and apply to the payment of the principal, interest, and any premium on such indebtedness all taxes levied by all taxing bodies, which taxes shall be at such rate for a period not to exceed fifteen years, on the assessed valuation of the property in the project area portion of a designated blighted and substandard area that is in excess of the assessed valuation of such property for the year prior to such rehabilitation, acquisition, or redevelopment. When such indebtedness and the interest thereon have been paid in full, such property thereafter shall be taxed as is other property in the respective taxing jurisdictions and such taxes applied as all other taxes of the respective taxing bodies." Folks, this is about urban renewal. In our state constitution, it's the only exception besides farmland being valued different where property taxes can be diverted or reduced. Everybody is supposed to be at a fair market value and pay their taxes. Senator Stinner, would you take a question? [LB496]

PRESIDENT FOLEY: Senator Stinner, would you yield, please? [LB496]

SENATOR STINNER: Yes, I will. [LB496]

SENATOR GROENE: In a blighted and substandard area today, is there any restrictions to approve a housing project? [LB496]

SENATOR STINNER: Is there any restrictions? You'd have to do a housing study. You'd have to have a hearing. [LB496]

SENATOR GROENE: No. No. No. In the present law, is there any restriction in a blighted and substandard area that you could do a housing project? [LB496]

SENATOR STINNER: You can't do construction. You can do... [LB496]

SENATOR GROENE: You're wrong. Right now, the qualifier is blighted and substandard. It does not restrict you build a factory, a warehouse, a mini-mall, a warehouse, or apartment complex, or a housing development. It's not restricted. The key is the area has to be blighted and

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substandard and you must be improving that area. What project is done is not a matter of debate. There is debate out there about doing retail stores because they figure they'll be built anyway, but they're not restricted. The key is blighted and substandard. What this is, is a slight of hand. The shyster, the lawyer who goes out who sells TIF to the small community, points to that line and says, see, you can build any housing project you want as long as it's for your work force housing. And the unsuspecting city council person says, oh, yeah, so we can TIF that housing development out there in that cornfield. No, you can't. And with this law passing you could not do it either, legally. What it is, is adding a definition in there so they can point to it and get around existing TIF law. You can build a housing project in a blighted and substandard area today. It happens all the time. I had my staff pull a couple: Hastings, clear land to construct a single-family home to be made available for sale to low-, moderate-income families. That was a TIF in Hastings done in 2004. Here's one in Hastings again, seven single-family dwelling units for sale. Each unit will be a market value of \$118,000 to \$140,000. Does that sound like what this bill is about? They're doing it already and they're doing it legally; blighted and substandard. This is for the lawyer to come into town and sell a housing project. This is for the large corporate builder who comes in...has the lawyers and comes in and says, I'll put in 30 houses in Grand Island. This will put the small contractor out of business, because he can't compete. Do you realize for 15 years we're talking about a 30 percent to 40 percent rebate on your taxes? That's what the bankers are after, that collateral, that down payment. They're assured of it. They're assured of it, because if you don't pay your taxes you go to the courthouse and sell it. They got a collection, it's called the county. Housing should be looked at as a reward for a city growing. It doesn't need incentives. Somebody builds a factory, somebody builds a shopping mall, people come to town and they move to town, new houses are built. This is completely unnecessary. It should not be done. People should pay their taxes to their school when they buy a home. You build 15 houses, a new teacher is hired at the school, they come in and buy one of the houses. They think their property taxes for the next 15 years is going to support where they work, to pay for the public safety in their community. No. They don't realize it even, that when they paid their taxes at the courthouse it's diverted to some contractor in Kansas City or Des Moines who came in and put houses up to pay the bond. This is absolutely unnecessary. Here's another one. It's also Hastings, construction of low- to moderate-income housing; this one started in 2007. Here's one, oh, Adams County. It's another housing project. Juniata--it's a small village--to house and retail bakery and plus some houses. Seven single-family dwelling units for sale, Cicada Properties in

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Hastings. I guess he's only had a chance...he hasn't got past Adams County. He hasn't got past Adams county in that book of projects. We need to have integrity in government, folks. We need to be a rule of law. Because we have no ruling authority that overlooks TIF, we are being overrun by the shysters who go out and sell this. The incompetent economic development directors who can't figure out how to bring somebody to town so they come up with these type of plans. The large corporate builder is going to take over the building in Nebraska. There won't be a home built in Nebraska without TIF. Why would you build a house as a contractor and have a 30 percent negative sales ability against a competitor? This is absolutely unnecessary. I also, in that handout--Charles, handout--I will be handing out a handout showing you the constitutional amendment and the list over the years of how much we've TIFed in this state. [LB496]

PRESIDENT FOLEY: One minute. [LB496]

SENATOR GROENE: In 2006, we were at \$30 million of lost property taxes to TIF. In 2016, we're at \$70 million. Half of that...you can just about figure half of that would have went to our schools. Half of that is TEEOSA aid. Because the property tax base was deteriorated we, the state of Nebraska, had to make that difference up in TEEOSA aid, state aid to education. This bill is absolutely unnecessary. Absolutely unnecessary. Remember, this is about blighted and substandard and urban renewal. This is not about economic development and padding the pockets of certain individuals and certain industries. Thank you, Mr. President. [LB496]

PRESIDENT FOLEY: Thank you, Senator Groene. Debate is now open on the bill. Senator Crawford. [LB496]

SENATOR CRAWFORD: Thank you, Mr. President. I stand opposed to the motion to bracket this bill. And colleagues, I'm going to tell you that this bill is necessary. And I want to just help you understand a bit about tax increment financing and work force housing. So Senator Groene read the constitutional amendment that lays the foundation for tax increment financing. But now the definitions of substandard and blighted and the definitions of the kinds of things that you can use tax increment financing for in said substandard and blighted areas are spelled out in the statute. So the constitutional amendment creates the framework. The statutes then tell us what it means and what kinds of developments and activities that we want to do. And Senator Groene is

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correct, there are housing developments using tax increment financing now because our current statutes allow for things such as the purchase of land and improvements to the land. So those are things that can be done with tax in increment financing now. The current statutes do not allow construction of housing. And so Senator Stinner is correct that that is not allowed in current law and that's what LB496 does, is it specifically says we are going to allow you to use tax increment financing for the construction of these homes as well. Now let's talk about why that matters or why that is consistent with our constitutional framework on blighted and substandard. We're thinking about blighted and substandard areas in need of development and improvement. And colleagues, it is true that that constitutional amendment and the initial statutes were developed in a time when a core development concern of Nebraska and many other states was urban redevelopment. And so the initial drafting and initial concerns had a lot to do with that crisis. But over time, we have had other redevelopment crises and we thought, what does this mean in our more rural communities that are in need of development as well? And so we've had debates over the years at times about what those definitions are and how they're to be interpreted in our rural communities. And those have clearly established that we as a body have over the years clearly intended that those statutes also apply in rural communities and it is a very important tool in our rural communities as well. And that's been very important. And colleagues, if you ask what is the crisis in our rural communities right now, I'm going to tell you, it's housing. I don't live in a rural...well, I don't have very much rural area in my district, but you don't have to go to very many rural communities before they will tell you it's housing, it's housing, it's housing. That's the crisis in our rural communities. And colleagues, it's not the case that--as Senator Groene has said--that housing needs to be some kind of reward and if you have the jobs the houses will come. Colleagues, we have the jobs that are begging to come in these communities and they are having to turn away because... [LB496]

PRESIDENT FOLEY: One minute. [LB496]

SENATOR CRAWFORD: ...there's not housing. Housing is the issue. And in all fairness, it is the case that some of this housing needs to be done at a scale of economy that may mean we're talking about larger developments. But that is the crisis and it is not being solved absent an opportunity like this. And I also want to clarify in my time here--and we're talking about tax increment financing--the base property tax that already exists for that land continues to go to

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schools and our other property tax entities. It is only the increment that comes from any improvement that gets set aside to pay for that improvement. It is not taking the base...what they get now, they would already get, that's the base. It is only the increment that gets used for the financing; only the increment. Thank you, Mr. President. [LB496]

PRESIDENT FOLEY: Thank you, Senator Crawford. Senator Groene. [LB496]

SENATOR GROENE: Thank you, Mr. President. My staff just got to Buffalo County. Here's one in Kearney that's a 25-unit apartment complex located on 22nd and West Street started in 2013. Here's one in Buffalo County, Kearney, ten duplexes and six storage units started in '16. It's a gimmick, folks. Let me also read existing law to you. Within the law that you have, LB496 has some existing language on page 4, line 23, "to sell, lease, or otherwise make available land in such areas for residential, recreational, commercial, industrial, or other uses, including parking or other facilities functionally related or subordinate..." Folks, TIF was meant as you read the constitutional amendment--hopefully you have the handout now--for cities to go in debt. Remember, these are still tax dollars. These are tax dollars. The person pays their taxes, they go to the county treasurer and they're split out. Some of them don't even know they live in an apartment or whatever that's been TIFed or they own a condo or own a house that's been TIFed, because it's all done at the county treasurer's office to pay...and it's diverted then to the bondholder. It originally was meant to be also spent for tax purposes, because they're tax dollars. We all...back in '78 everybody said, well, that's fine, it's still tax dollars. We'll divert some tax dollars from the school and the county and we'll let the city use it for it's purposes to put new infrastructure in, new streets, new sidewalks, new utilities. Still tax dollars for tax purposes. That's not what is happening now, folks. This is intended to give it to the contractor. The local taxpayer will still put the streets in because they said the construction...the local taxpayer will put the streets, sidewalks in, the utility. His taxes will go up, but the new construction will not help pay for it. It was meant to pay for it. That's what TIF is for. This is a bankers' collateral bill, that's what it is. I go by personal experience. I moved five or six times in my career to advance my career, do better for my family. Never once did I go house shopping and then go take the job interview. I know of nobody who does that, nobody, even in today's world. You take the best job you get and you move into the trailer house like I did the first job I took. The mice were bad, but I had my first occupation. And then you moved up in the world. I refuse to believe that the new

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generation of workers, the millennial workers, are so spoiled that they got to move into a new house or they won't take a job. I'm not going to insult them. This has nothing to do with that, folks. My economic development guy in North Platte said, we need new housing. We're down 700 people in our community because of the downturn in the ag economy. There's homes available, folks. There's apartments available. There always is. It's called the free market. This is socialism, I guess the best way to describe it. The government supplies with a five-year plan, we're going to build work force housing. Think of that term. Where did that come out of? Not in a free market economic book I ever learned out of in college or I've ever read. This is unnecessary, totally unnecessary. We have a property tax problem in this state and you are going to pass a bill that diverts property taxes away from our schools and puts more pressure on the property taxpayers out there by diverting new construction on homes? Think about it, folks. We have a property tax problem. We need more property on the tax rolls, not less. This bill is wrong, is wrong, is not needed, absolutely not needed. I could read you more. Here's ten duplexes in Kearney in 2016. Here's a 25-unit apartment complex located on 22nd and West in Kearney, started in '13. Here's another one, Kearney, TIF funds used to finance site development costs associated with construction of eight duplexes. [LB496]

PRESIDENT FOLEY: Time, Senator. [LB496]

SENATOR GROENE: Thank you. [LB496]

PRESIDENT FOLEY: Thank you, Senator Groene. Senator Williams. [LB496]

SENATOR WILLIAMS: Thank you, Mr. President, and good afternoon, colleagues. The old saying, if you say it long enough, people might believe you, is what's going through my mind right now. I've heard the word "unnecessary." I've heard the word "bankers' bill." I've heard the word, "shysters," all thrown in together. I'm quite disappointed with your approach on that, Senator. Let me talk about what is necessary. This body a few months ago passed on a vote 49-0, LB518, a bill that went through the Business and Labor Committee and was a priority bill of theirs that happened to be a bill of mine. That legislation was signed by the Governor. And if you remember the discussion and the debate, that bill was brought because the largest obstacle to economic development in rural areas of our state is the lack of adequate and available work force

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housing. We worked extremely hard to get that bill passed. Many people, including bankers, worked on that bill for over a year. You may wonder why bankers are involved. And I am extremely proud of the fact that bankers across our state, including Senator Stinner, including Rob Clements, and including myself do care about our communities and have worked, each one of us, for over 40 years in the area of growing our communities and growing our state. At least one person that has talked against this bill has spent most of his time blocking development rather than growing development. I think that's simply wrong. We have talked about taxes, budget, education and all of that can be eased in how we look at these things if we continue to grow our state. And as I have said several times on the floor of this Legislature, I believe it is our responsibility to create an environment and an attitude for growth and give our communities and the people doing this work in our state the right tools. The first tool that we gave them this legislative session was LB518. And that will play a significant role in helping communities address their work force housing shortage issues. The next step is LB496 with the Urban Affairs Committee amendment and the amendment that I will bring that will further define what is work force housing. This is our responsibility. It's the obstacle that we are here to solve. To give you an idea if we're going to talk about numbers, in Lincoln County, itself, Senator Groene's county, as of December 16 or December 1, 2016, there were 719 jobs available and guess how many houses were for sale in North Platte? Fifty-five. And only 34 of those were priced below \$150,000. Don't question the need to do this. TIF has been a tool, in fact I would claim the most important tool for economic development across our state. It's one of the few tools that we can count on and we make work very well. Yes,... [LB496 LB518]

PRESIDENT FOLEY: One minute. [LB496]

SENATOR WILLIAMS: ...you can find times when there may have been an abuse of the use of TIF, but overall it has been very successful. One of the things that I have heard said about TIF is that many of these projects would happen anyway. Well, in the case of rural housing, work force housing, we know that's not the case or there wouldn't be the need that I just talked about and demonstrated. We have to again, Senators, not allow what are our opinions and beliefs to become what you'd put in your mind as facts. We clearly have a need. Thank you, Mr. President. [LB496]

PRESIDENT FOLEY: Thank you, Senator Williams. Senator Chambers. [LB496]

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SENATOR CHAMBERS: Thank you. Mr. President and members of the Legislature, I never have liked TIF. I was here a long time ago when they were talking about putting something like this into being. And I look at words and I watch how clever the people were who worded the constitutional provision. I fought against it and I argued basically this way. I come from a community and I know what blighted means. I know what substandard means. And what you all are talking about is neither blighted nor substandard, but you're going to use the conjunction and blighted and substandard, which means a double whammy. You're shamming and faking all the way. And by the language of the constitution, the Legislature can allow TIF to be used if every house, if every dwelling in a community is a palace. This is the language: For the purpose of rehabilitating, acquiring, or redeveloping substandard and blighted property in a redevelopment project as determined by law. What can be determined by law? Redevelopment, substandard, blighted. That means the Legislature can define these terms. That's why not long ago--I think the operation may have been Ameritrade or something out in that area--they wanted to use TIF and they had to declare an area of Omaha which was not blighted or substandard by any logical reckoning and it lowered the value of those people's property which was not going to be taken and they were very irate, but this language allows that. If you drop down to what Senator Groene's handout further underlined, designated blighted and substandard area: any portion of a designated...that means the Legislature leaves it wide open, open ended. Whatever the Legislature says, and if somebody tried to make the common-sense argument and said to a court, well, common sense will tell you thus and so. Well, if the Legislature is going to do something, it's allowed to use what are called terms of art, that the language does not mean what it means in ordinary parlance. And you get that done by saying, for purposes of this section these words mean. Then you can define blighted as you choose, substandard as you choose. And you can even, when giving some outlines or directions as to how political subdivisions work, allow them to do some of this. So it does no good to argue from the standpoint of common sense when you're dealing with terms in the constitution. And when you put that abracadabra phrase "as determined by law," that means the Legislature can do what it wants to. All that Senator Groene can be aiming at is to say, be honest, say what you're doing. You can do it. The Legislature is showing by this action before us that it can be done. And the bankers know it, the lawyers know it, and they are aware of what this language means. And they can expand it and expand it and expand it. They can say we want to redevelop north Omaha, so the entire area is declared blighted for this purpose because it's for redevelopment. And any structure that is to be built, to

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be remodeled can do it by TIF. And when you talk about a certain amount of tax money needed in this bucket, whenever somebody is allowed... [LB496]

PRESIDENT FOLEY: One minute. [LB496]

SENATOR CHAMBERS: ...not to put their portion in, then somebody else is going to have to make it up. And that's the bad thing about these business incentives. You make them available to the big stores, the big operations, and those who are going to be run out of business by these big operations have to pay taxes which will be used to give an incentive to the big companies that will run them out of business. Legislators know that, but they don't care. Senator Groene is swimming upstream. You're going against the wind. You're lifting the heavy end of the log. But I don't think you're incorrect, you're just not going to win. Take it from somebody who knows more about losing than anybody in the history of the Legislature. Thank you, Mr. President. [LB496]

PRESIDENT FOLEY: Thank you, Senator Chambers. Senator Linehan. [LB496]

SENATOR LINEHAN: I yield my time to Senator Groene. [LB496]

PRESIDENT FOLEY: Thank you, Senator Linehan. Senator Groene, 5:00. [LB496]

SENATOR GROENE: Thank you, Mr. Speaker and Senator Linehan. I'll tell you, what we're doing here folks, this is a delicate line we're walking here. We have taxing entities, we have our public schools, we have our community colleges, we have our NRDs, our fair boards, cities, counties. We are allowing one entity, one entity that's probably maybe if you live in town, maybe 25 percent of your...30 percent, depending where you live, of your total tax bill. But you're also allowing that city to arbitrarily, unilaterally confiscate the property tax revenues from the school, the county, the NRD. And, by the way, everybody who lives outside of that community, you're causing them to pay more taxes to the school and the county and the people in town to support your schools and your counties and your schools. This might be basic to most...to some of us but there is a reason we pay property taxes. There is a reason. We all want good public safety, we want good schools, we want good county roads. We used to believe the sales pitch from the

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economic development crowd was, well, we'll grow the community, property taxes will go down because there's more taxpayers. Oh, that didn't work because everybody's property tax has gone up. So now they throw this scare out there, people won't move to your town unless they have a new house. I heard Senator Williams' numbers. That's average numbers. Of those 728, I would venture to guess 50 percent to 60 percent of them are minimum wage at the McDonald's, at the Arby's, retail stores. Those people are renting apartments or living at home. I have had nobody, I have had not one constituent call me and say, I can't find a home, I'm sleeping under the bridge. I have not had a single instance. I have had some people who own their homes and want to sell them say, this will disrupt the market. This will disrupt the housing market. I want to retire and I want to sell my house because the market...free market says I can get \$200,000 for it. Oh, no. Government is going to step in and broaden the housing market and lower the value of those people who worked hard all their lives to put their savings into their home. There is unintended consequences to this, just so some bankers can get collateral. And I've gotten that from two or three bankers that that's the reason for this. It makes them giving a loan easier, because they've got a guaranteed 33 percent, 30 percent or so down payment. Once that bond is sold, they take the proceeds. That's what it's all about. It's a business, it's a business move. Really, we worry about work force housing? Government, that's our business? Senator Chambers should be irate. He probably is. Maybe he used it all up the last couple of days, his allotment of irateness, but this is meant for his community. This came out of the '60s and '70s that Senator Chambers lived with...parts of downtown is a doughnut...the inner city is burning. Expansion of cities going like a doughnut on the outer edges of it. People across the country passed these to rebuild the inner cities and we got bankers who want to use it for collateral. That's what the purpose of TIF was,... [LB496]

PRESIDENT FOLEY: One minute. [LB496]

SENATOR GROENE: ...to make sure we told the developer, you build in the inner city and we will help you with TIF. You build out on the outskirts of town, we're not going to TIF you. Guess what...who's getting TIFed now? Gretna put in apartments out in a cornfield along the interstate and TIFed it. Greed has taken over TIF. I am a fan of TIF when used correctly in the inner cities to tear down an old city, to put in a new street, a new sewer under that street. That's what TIF is for. I'm willing to divert some tax dollars. This is abuse. I guess I'm old fashioned. I follow the

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rule of law and the intent of the law. That's what glues us together as a free society. If you vote for this, you throw that out the window. Thank you, Mr. President. [LB496]

PRESIDENT FOLEY: Thank you, Senator Groene. Senator Lowe. [LB496]

SENATOR LOWE: Thank you, Lieutenant Governor. Thank you, Senator Groene, for pointing out that Kearney uses TIF quite a bit. And I believe Kearney does a good job at using TIF and we are developing housing and which is direly needed in Kearney. If Senator Groene would like the rest of my time, I'd like to yield the rest of my time to Senator Groene. [LB496]

PRESIDENT FOLEY: Thank you, Senator Lowe. Senator Groene, 4:30. [LB496]

SENATOR GROENE: Thank you. I wasn't picking on Hastings or Senator Halloran or Senator Lowe. Just that you're A and B, Adams and Buffalo County. I mean, I could spend all my time if my staff would bring me up some more of these, that says...here's one in Sidney, Nebraska, Cheyenne County. TIF funds used for housing infrastructure, site acquisition, and preparation for reasonable priced housing development and an additional nine single-family homes on available lots. That started in '08. Here's one in Sidney again. TIF funds used for development of residential housing. You know what? North Platte is doing just fine. Tax rate is going down a little bit. We've slowed down on our TIF. Guess why. Mike Groene lives there. But we're doing just fine, the housing market is strong, strong. Normally, we used to say when there was an excess houses we had a problem. We are looking a gift in the mouth in Nebraska that we need to build houses. That's great. It's a market incentive. Contractors gearing up to fill that need. But the bankers, they need collateral. All of my contractors are busy. My local ones are busy building homes. They're not sitting around waiting to build something. We do have an individual contractor that's out of Kansas City that's been going around the state selling this TIF thing. He wants to come into town with his illegal help, his part-time help, take the local jobs away, build 10 or 12 of these houses and then hit the road and go to the next one; corporate builder. Is that what you want to do? That's in North Platte. They want to do that in North Platte. This bill is wrong. The total abuse of what tax increment financing was intended to do. Other states like Colorado, California, Minnesota, have pulled it back in because its effect on the property tax base. And we're going to expand it here? We're going to expand it to the point where we're going

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to give the tax, property taxes to the contractor, to the banker and the local taxpayer is going to get hung with the streets, the sidewalks, the sewers, and all the other public infrastructure that TIF was meant to pay for. That's what we're doing here. I got more...Senator Chambers says I'm blowing in the wind, as they say in the Good Book, what I'm trying to do. I got faith in my fellow colleagues that you want good government, good programs. This is not one. This is not needed. This abuses statutes, the constitution, because an economic development guy who makes his living and he wants an easy path to claim he did something called you out in the lobby? Really? You better go home and explain if you vote for this thing to the guy who wants to retire and his entire savings is in his home and you're going to dilute the market and the value of his home is going to drop because of an undue economic influence by government action. But that's what you will do. Everybody needs to pay their property taxes. Everybody needs to support their schools and their public safety. [LB496]

PRESIDENT FOLEY: One minute. [LB496]

SENATOR GROENE: You really want homeowners thinking they're helping their community and don't even realize for 15 years their property tax goes to some developer or a bank, whoever bought the bond outstate, in another state? Really? That's what this does. We need to have legislation that pulls TIF back in, controls it, puts some control in it. We do not need to expand it. This bill expands TIF outside of anybody's rational reasoning of what its original purpose was. Thank you, Mr. President. [LB496]

PRESIDENT FOLEY: Thank you, Senator Groene. Senator Quick. [LB496]

SENATOR QUICK: Thank you, Mr. President. I oppose the motion to bracket the bill. And the one thing in Grand Island is that we have a need for affordable housing for working families and we've been facing that for quite a while now. And I know some of the numbers that I was shown today 1,471...this was as of 12-1-16, 1,471 job openings and we only have 186 available houses. And of those, 71 houses were \$150,000 or less and the rest of those houses were above that. And for affordable housing, for working families you're going to have to have something that's at least less than \$150,000. And I know we have an individual--and this has all been done within Grand Island--he's used TIF money, he's used local contractors to build these houses and these houses

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range from anywhere from \$135,000 to about \$180,000. You get to pick out how you want your house to be built and it's really helped a lot of families in Grand Island. And actually my son, his wife and his family purchased one of these homes. They're finished, they're turnkey. The lawns are done, everything is done. And actually I think what will happen with that house is that...I think his house was probably around maybe \$150,000, somewhere around that range, a 3-bedroom home. It will be worth far more than that when they're able to, if they ever want to sell it or turn it over. So, I'm just...I want to support this because it's going to help a lot of families in Grand Island. And there are a lot of other contractors still building houses and homes in Grand Island. The thing is, they're not...usually working families can't afford those homes, because most of them are probably I'm going to say \$180,000, \$200,000, up higher than that for building those homes. But this project at Copper Creek--which is actually in Senator Friesen's district; it's just outside mine, but it's part of the city of Grand Island--is going to benefit a lot of working families in our area. And with that, thank you, Mr. President. [LB496]

PRESIDENT FOLEY: Thank you, Senator Quick. Senator Harr. [LB496]

SENATOR HARR: Thank you, Mr. President and members of the body. Heard a lot of debate on this, a lot of rhetoric about, hey, this is going to cost housing or this is going to prevent people...the truth and the fact of the matter is, yeah, temporarily it may, it may not cause a dip in the market, but population begets population. And if you want to lower your property taxes long term, we have to find a way to get more people out in rural Nebraska. And while some people may be willing to move into a used mobile home as their first house, if I have a choice between a used mobile home and an apartment in the city, I'm going to take that apartment. And I think a lot of people would probably side with me on that. I want to build greater Nebraska. I want to find a way. And this is consistent with what I said last week on LB461, we need to focus on healthcare--which I was glad that Warren Buffett picked up from me--kidding. But he did pick up and talked about that healthcare is probably more important than taxes at this point. But we need to look at healthcare, we need to look at housing and we need to look at education. And how do we provide affordability in those three areas, because that's what's really eating up our GDP. And so if we want to affect housing, we got to create some more homes and we got to create some more market. Yes, it's going to have an effect on some of those people retiring, but the other side of that is as more people move into an area that housing may be worth more,

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because you have more people and there's more demand. We got to figure out a way to grow this state. And yes, we need to do economic development, but we can have all the jobs available...we're going to...Senator Halloran and I are going to debate this a little later this afternoon about economic development and aligning jobs with employees. But you can have all the jobs and all the employees in the world, but if they don't have housing they're not going to move there. So how do we get that housing? Look at some of our midsize cities in this state and ask those chambers of commerce what their number one concerns are. It's housing. They're pulling from a large geographic area. And that can work when we have cheap gas and that can work temporarily, but long term it doesn't. You're talking to a guy who travels an hour a day 6 months a year and it gets old quickly. And you start looking for something else. You want to spend more time with your kids. So I want to find a way to get more housing in the state. We lose...about 7 percent of the housing falls off a year, just through age and it no longer fits the use of today's society and it falls off. And we aren't replenishing that. We got to find a way to replenish that outside of Douglas, Sarpy, and Lancaster County. I want to grow this state. I want to lower property taxes. I want to get people out into the rural areas, into greater Nebraska. This is a great first step to do that. So, I can understand...do we need to look at TIF? Yes. Do we need to put some criteria on TIF? You bet. But I don't think this is the bill or the way to go about doing that. And so I appreciate the debate we're having on this, because it is a good way to measure where this body stands on TIF. And I want to thank Senator Groene for bringing his action, because we do need to look at what the Audit Department (sic: State Auditor of Public Accounts Office) said or former Senator Janssen talked about. But I'm not sure this is the bill or the way to do it. [LB496 LB461]

PRESIDENT FOLEY: One minute. [LB496]

SENATOR HARR: Thank you. [LB496]

PRESIDENT FOLEY: Thank you, Senator Harr. Senator Friesen. [LB496]

SENATOR FRIESEN: Thank you, Mr. Lieutenant Governor. You know, in the past when I was involved with the city, we did our first TIF project for one of the rural communities around the area, but we did it on a renovation of a bank building and they didn't request any of the money.

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They wanted it put back into main street. And so it was an opportune time to make major improvements to main street. The problem...I'm torn on this bill because I think TIF financing when it comes to smaller cities and villages is the only tool they have for economic development. If you'll look across at some of the numbers, on most of the ethanol plants that were built near small communities were TIF financed in order to bring infrastructure roads out to those plants. So it looks like they have a large value that's TIFed apportioned to their community, but in reality it's one project that created a lot of jobs and a lot of development in rural Nebraska. But when it comes to housing, the problem I have is that you TIF a housing project and so you bring more kids to school. And in our area, the schools are nonequalized so they don't get any more state aid. And so you put a bigger burden on the property taxpayers that are there. When you do a...when you TIF a commercial property you bring in workers who then build houses and pay property taxes for their kids to go to school. But you're doing this kind of in reverse. And we do need housing. I wish there was a different method of bringing it in. But when you do it in this aspect, when you bring in the housing first you put the pressure on the school districts which provide that space and basically you educate a student almost completely through his entire K-12 education and get no revenue from that student. So I don't know which way I'm going to vote on this bill yet. It's been used in...Central City used it very effectively. They were kind of stagnant in their housing development. And what they did, they had a developer that came in and said that if you would give us TIF financing on this--and I forget how many lots it was--but I will build houses there. And so they did TIF finance it and the development filled up so fast that other developers saw what happened and they started two different developments without TIF financing. So it can be used as a tool to jump start housing development in the cities. But when I look at again, when you go back to the residential and how this affects school districts and those nonequalized districts, there's no aid for the districts and therefore you bring up property taxes and the current people that are there have to pay the bill for that TIF financing. When you look at 2015 when I first got here, I had a bill that in the TEEOSA formula it would require them to use the full value of TIFed properties, and that had a \$20 million fiscal note back then. So it is significant, the amount of TIF properties that are out there. And I think dollarwise, some of the larger communities have used it very effectively. And when you're renovating a run-down area of a city, whether it's a metropolitan or a primary class, I can understand that. It's a way to get that property cleaned up, get something new there, bring in new development into those neighborhoods. And I think some smaller cities have used it effectively there, too, to clean up

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some of the older housing that's no longer liveable. And then they'll clean up the lot and then the lot is for sale. [LB496]

PRESIDENT FOLEY: One minute. [LB496]

SENATOR FRIESEN: But when we put in new developments with residential housing it has unintended consequences, so it's a complicated subject. A lot of small communities do not use TIF. They never have. It's difficult to understand and so therefore it hasn't been used very much. So again, I think this probably will get used in some of the larger cities and it'll probably draw people from the smaller communities that can't compete and draw them to those towns. Thank you, Mr. Lieutenant Governor. [LB496]

PRESIDENT FOLEY: Thank you, Senator Friesen. Senator Erdman. [LB496]

SENATOR ERDMAN: Thank you, Mr. Lieutenant Governor. Good afternoon, everyone. Maybe I should tell you where I'm at on this rather than let you guess. I am in favor of Senator Groene's bracket motion. You may not know this and you may, I don't know. If Senator Chambers were here, he'd say he knows it, because he told me he knows all things and I understand that. But talked to Senator Wayne. I asked him, I said, Senator Wayne, do you know how much TIF exempts property tax in the Omaha Public Schools? And he said, \$1 billion dollars. Nine percent, nine percent of all property tax collected in the Omaha Public School system is exempted because of TIF. Who makes up that 9 percent? State aid makes it up. It's a wonderful project, wonderful program. TIF increases your property tax. And I know what Senator Crawford said. You have a cornfield that was valued at \$3,000 an acre and they build houses on it, they still pay taxes on the \$3,000 an acre and they don't pay any tax on the improvements. I got a document from a county assessor last week and it talked about their valuation increasing. And it said, in large part our valuation doesn't increase much at all. The significant growth in commercial and industrial property and all new construction gets gobbled up into TIF projects. We currently are sitting on six active TIF projects now. Another three are queued up and ready to go. They went on to say, we had \$20 million in new construction but when this increase in value goes into excess (sic: effect), we won't have any value above what was on the books before this was...what the improvements were made. It said, to further damage us these TIF projects are

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beginning to be used for residential development. In their county, he said, when they receive a building permit it's associated with a TIF project. That's the way it works. They went on to say that to a lesser extent the new income approach that was passed and continues via the recent legislation pushed by NIFA, it has resulted in millions of dollars in lost value because of our low-income housing tax credit. In general, we're seeing values of 30 percent of the development costs on those houses and roughly 45 percent to 50 percent of the market value. So that county is not receiving the tax dollars they would normally receive from the new construction, because the contractors or the people who own the bonds whoever it is receives the TIF payments. TIF is tax abatement. Whether you agree with what Senator Groene has said or not doesn't make any difference. I just want to make it clear, for the record...as they say, for the record, TIF is tax abatement. We have TIF projects in my area and I understand what TIF was intended for. TIF is no longer used as it was intended. It's now an economic development tool. And that's what they're trying to do here. TIF was a redevelopment tool; redevelopment. As Senator Chambers explained to you, blighted and slighted or whatever the description you want to have, that's what it was intended for. It was not intended for that cornfield on the edge of town to become a housing project. It was not intended for those areas that someone wants to build something because they can make some money on it, it was intended for revitalization or redevelopment. That's exactly what this is. I would ask you, in good conscience, if you want to keep raising property tax... [LB496]

PRESIDENT FOLEY: One minute. [LB496]

SENATOR ERDMAN: ...keep allowing the TIF projects to go forward, because that's exactly what you're doing. And when they say they build something and they bring a business in there, there are times they build a business and that business brings their own workers with them. And so even though you use a TIF financing to bring that project to your community, you may not see one added job because that group of people that came there were already working for that company before. So don't think this is pie in the sky; there's no free lunch. This is tax abatement. Vote accordingly. Vote for Senator Groene's bracket motion and let's save some people some property tax. Thank you. [LB496]

PRESIDENT FOLEY: Thank you, Senator Erdman. Senator Stinner. [LB496]

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SENATOR STINNER: Thank you, Mr. President. Members of the Legislature, I do want to start out by saying this. I am a community banker. I'm proud to be a community banker. I can tell you over my 40-year career I've probably financed directly or through my bank well over 1,000, 2,000 homes. I care deeply about my community and as chairman of the Nebraska Bankers Association before I came to the Legislature, I got to know community bankers across the state. And I can tell you as a group, there is not a group that cares more about their community, more about the state of Nebraska than community bankers. We're vested. I did want to talk about a recent study that came out, a recent article out of the Scottsbluff paper: Statistics on housing needs for Scotts Bluff, Morrill, and Kimball Counties were formally presented to the members of the Western Nebraska Economic Development Association as a group that takes up the ongoing challenges to provide more housing in their communities. The group did commission a Lincoln-based planning firm and it was determined that they need...the three counties will need 777 additional housing units, 521 for ownership and 256 for rental. With an overall population growth of about 1.45 percent the targeted demand could reach 828 units. The person who presented this wanted to emphasize that the study went into really great detail on demographics, economic groups, family size, what cost of housing are most needed. And he did say that this was a problem throughout the state. And I'll quote him: No matter what community we look at, work force housing was an overriding theme. The only way companies can expand is if there is sufficient housing for employees. And then I have this, statements, comments by the Nebraska Economic Developers Association. And I'll just pick out a few towns, a few places around the state that commented. Fremont: Lack of work force housing has resulted in families choosing to live in other communities, mainly Elkhorn, Omaha, as well as Iowa instead of Fremont. People are working here but not living here and that is a negative effect on our ability to grow. Fremont also recently recruited Costco for its chicken processing facility to create 800 jobs, \$1.2 billion in economic impact annually. The housing study that's currently underway is showing an existing need, an existing need for work force housing that would be compounded with the Costco addition to the community. Geneva: Fillmore County completed a countywide housing study in July 2016. The housing study was completed by Hanna:Keelan Associates, P.C. It states: The housing initiative should target the development of up to 90 new housing units in Fillmore County by 2021, included an estimated 54 owner housing units and 36 new rental units. McCook, Nebraska: Used TIF aggressively to try to put together developments, the infrastructure. This TIF bill that we're looking at today can only help them. Ogallala, same way:

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Keith County Housing Development Corporation. It actually started with demolishing some buildings and motels within their town using TIF. Also was able to pay for demolition expenses and trying to put in two to three to four new homes there. [LB496]

PRESIDENT FOLEY: One minute. [LB496]

SENATOR STINNER: St. Paul, same...thank you, Mr. President. Same identical deal. Now we've got St. Paul: Prairie Falls (Subdivision), current owner of the project did not see any economic viability to the project without the use of TIF for the acquisition costs of lots and future homeowners. Project owner proposes to the partners that the participation and redevelopment would be necessary. And I do want to go through this and this is the but fors. Walmart in North Platte would have gone to Colorado; 525 direct jobs, average hourly pay right now is \$21; 250 indirect jobs, great employee benefits; original property tax, \$4,000; current property tax, \$440,000. And, oh, by the way, they paid off TIF bonds early and the schools in towns and counties are participating in the \$440,000 of increase, which allowed them also to recruit Cabela's with 180 jobs... [LB496]

PRESIDENT FOLEY: Time, Senator. [LB496]

SENATOR STINNER: ...and DevCo to assist Westmoreland. [LB496]

PRESIDENT FOLEY: Time, Senator. [LB496]

SENATOR STINNER: Thank you. [LB496]

PRESIDENT FOLEY: Thank you, Senator Stinner. Senator Kolterman. [LB496]

SENATOR KOLTERMAN: Thank you, Mr. Lieutenant Governor. Good afternoon, colleagues. I think a couple of points need to be made. First and foremost, not everyone uses TIF. I happen to be involved in a development company that develops housing lots in Seward, Nebraska. We've never used TIF. But it is a tool that's there that we could use. We've developed probably I'd say 500 lots over the last 20 years and we've built new houses on it. Not one TIF dollar has gone into

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that. In fact, we didn't even have TIF in Seward till several years ago and we discovered that we were missing out on some opportunities so we installed a TIF program just in recent years. But we're also embarking in my community--and I know that some of the other smaller communities are embarking--on a program to redevelop a downtown. Many of our downtowns are blighted. That's a perfect place for a TIF project to be used. We've already heard about a housing development that's being looked at for Fremont. I happen to know firsthand that that program up there could create 1,100 new jobs to Fremont and the surrounding area. That's supposed to...that Costco project is supposed to have a \$1.5 billion economic impact to our state. I can guarantee you that TIF will be and probably should be used in that project. Let's talk about Facebook. Facebook just announced that they're moving to Sarpy County, I believe. They're going to use TIF. And the reason they are is because they're good business people. They understand the value of it. And to be quite honest with you, every time a TIF program gets presented in Seward, Nebraska, we go to our school districts and tell them how it's going to affect them and ask for their support and they do support us. So it's really on these new jobs that are being created, people say, well, we're really not creating new jobs. I can tell you, Costco and Facebook, those are new jobs to this state and they're good paying jobs. To me, they're going to need housing for some of these. So if TIF gets used, it gets used. Again, it's just an economic development tool. A lot of people don't like LB840. Most towns have an LB840 account set up. And we use that a lot as well. Are we using taxpayer dollars to fund some private things or to help people get started? Absolutely, we are. It's really no different than some of the other tools that we have available through our economic development program. So to say that we don't need TIF, it isn't used 100 percent of the time, but when it's used it ought to be available. So with that, if I have any time left, I'd encourage you to support AM470, LB496, vote down the Groene amendment to bracket the bill. And I'd yield the rest of my time to Senator Stinner if he'd like it. [LB496]

PRESIDENT FOLEY: Thank you, Senator Kolterman. Senator Stinner, 1:50. [LB496]

SENATOR STINNER: Yeah, just finishing up with the analysis that I was at. And this is the Walmart in North Platte that I was quoting and trying to do it as fast as I can. But the key points to this are that it's just under local control. There's two public hearings that are required. Community development authority approval is required; city council approval is required. And I want to emphasize, there's no taxing authority that losses money on this. In fact, if you look at

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the day one benefit of projects, of building projects, you get sales tax revenue on the construction. You've got economic leverage from payrolls that are created. Employees paid sales taxes. And, obviously, the employees will pay property taxes on houses that were built. [LB496]

PRESIDENT FOLEY: One minute. [LB496]

SENATOR STINNER: I do want to talk about...a little bit about the process and the challenges in the marketplaces as we look at, at least from my community banking standpoint. If I'm in Bayard, Nebraska, and I build a new home I will tell you that the comparables versus cost of construction will be 30 percent, 40 percent, maybe 50 percent out of gap with getting a qualified appraisal. Now, I will tell you with...Dodd-Frank put a lot of pressure on the banks to do qualified appraisals. You know, that 80 percent loan-to-value thing. This is a mechanism that we can actually build new homes, revitalize some of these small towns in order to build that growth that we need to have, that work force that we need to have. I think if you walked around and... [LB496]

PRESIDENT FOLEY: Time, Senator. [LB496]

SENATOR STINNER: Thank you. [LB496]

PRESIDENT FOLEY: Thank you, Senator Stinner. Senator Crawford. [LB496]

SENATOR CRAWFORD: Thank you, Mr. President. Good afternoon, colleagues. I just want to emphasize and clarify for the record that LB496 and its amendment are consistent with the rule of law. And using tax increment financing in rural communities is consistent with the rule of law. We have a clear legal record in which we define blighted and substandard and appropriate uses of tax increment financing in blighted and substandard areas that recognizes that much of our state is rural and this is an important tool in rural communities as well. We had an interim study looking at economic development tools and, colleagues, our tax increment financing statutes are stricter than in most other states. And I also want to just clarify for the record that the difference between tax increment financing and the kinds of tax abatement you might see in other states. Our constitution is very strict about property tax incentives and that's why tax increment

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financing is in the constitution itself, because we do not allow you to just tell someone coming in, we're going to not charge you property tax. But that is allowed in many other states and that's when someone says tax abatement, that's generally what they mean. In other states, it is the case that a developer coming in can just not be required to pay property tax at all. And that is not what tax increment financing is. And if you look at the constitutional language Senator Groene passed out, again I want to emphasize tax increment financing is based on the increment of valuation because of the improvements. If you improve something on the land, then the increment of increase in valuations that comes from those improvements, only that increase in valuation and revenue gets used to finance those improvements that created that increase in the first place. And what we have seen, especially in analysis from the city of Omaha is that it not only creates an increment in that...for that project itself that gets turned back around into financing, but in the city of Omaha they have compelling evidence to show it also increases the valuation of properties around that project as well, which immediately brings more tax revenue into those taxing entities even while the increment is going somewhere else...was going to pay off those improvements. And I thought Senator Stinner did a great job of talking about some of the other day-one tax revenue improvements that happen with a tax increment financing project. And I'll yield the rest of my time to Senator Stinner. [LB496]

PRESIDENT FOLEY: Thank you, Senator Crawford. Senator Stinner, 1:50. He waives the opportunity. Senator Groene. [LB496]

SENATOR GROENE: Thank you, Mr. President. Remember how I started out, I said I cast no aspersions on Senator Stinner or Williams. When I said shysters, I think Senator Williams knows the lawyer I'm talking about. He's got his medicine wagon and he goes around and went and sells TIF. But that said, I find that funny that Senator Stinner brings up the Walmart project in North Platte...happened a few years back. Walmart just wanted some help. They TIFed about a 300-some acres, the development corporation. Actually there's no Walmart project in North Platte, never was. It was the DevCo, development corporation, TIFed an area of Walmart and then bought 300-some acres and gave 80 acres to Walmart. But what's funny about this whole thing, just to the north and west of there was a development, a housing development going in at that time, because all this housing was going to be needed for Walmart. I can take you out there now. Fifteen years later there's curbs, there's streets, there's a lot of weeds, whole bunch of weeds. The

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demand wasn't there for housing. The people traded jobs, came in from the out areas, moved into apartments. Did it the old fashioned way, got a starter home and moved up. That development is still there. It's full of weeds. Built it right close to the Walmart Distribution Center because it was going to be needed. But because they did a study, they did it. They paid this consultant to do a study and they told the consultant what results they wanted and they got the results they wanted. Anyway, here's some more for you folks. This is in Douglas County: TIF funds used for construction--construction of three-story building, approximately 300 square feet for 96 residential single-room occupancy units plus common space. Here's another one in Douglas County: TIF funds used to construct building with 14 one-bedroom apartments. There's honest people in rural Nebraska and they probably look at TIF and they say, well, wait a minute. We got to use this to fix the streets, put new curbs in, put new sidewalks in. That's what, you know, when you read the constitution and statutes: for the purpose of rehabilitating, acquiring, and redeveloping substandard and blighted property in a redevelopment project as determine by law, any city or village of the state may and without regard to charter limitations put themselves in debt. Most of these TIFs, the city never touches the debt. A bond is sold on the open market or mostly the individuals bought it. There for a while in my area, they were selling them back to the developer for 8 percent when most bonds were going for 3 percent to 4 percent. So there was a double dipping there where you got extra profit from your tax dollars, because you bought your own bond. Oh yes, this is economic development. This is not...the way we use it now, it's not redevelopment. The term economic development is in none of the statutes dealing with TIF. This is urban renewal. That is the intent. Work force housing and whatever you want to call it, housing projects out in the cornfield on the edge of town, it was never meant for that. And yes, most houses bought nowadays, the banks don't...the local banks don't put a mortgage out there. They don't own mortgages; they sell them. It's a lot easier to just finance the contractor. And why mess with a contractor with one or two houses? Let's get some guy in here with 20 houses. It's a lot easier. And let's get 30 percent of the collateral right down because of the property taxes that are going to be paid. That's what this is about, folks. And I'm not criticizing the bankers. I'm not criticizing the businesses that do TIF. They're business people. I think Senator Kolterman mentioned that. It's the bottom line. My concern is us... [LB496]

PRESIDENT FOLEY: One minute. [LB496]

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SENATOR GROENE: ...and other local elected officials who give this out not understanding the rule of law and what the purpose of TIF is. Never blame the businessman. We should not. It is our duty to protect the rule of law and the constitution of this state and make sure any statutes that we pass follow the intent of our constitution and existing statutes. This does not do that. I encourage everybody to vote green on motion 132 when we get there. Thank you. [LB496]

PRESIDENT FOLEY: Thank you, Senator Groene. Senator Brasch. [LB496]

SENATOR BRASCH: Thank you, Mr. President, and good afternoon, colleagues. I've been listening very closely to this entire debate today, because I do understand there is a need for housing in our rural areas. I do hear that. However, when I...I also hear louder there's a need for property tax relief. And I had my staff pull up the numbers in Cuming County. Through TIF, there's over a million dollars, \$1,121,000 that's off the tax rolls that need to be made up by everyone. And Cuming County I know is very high in their taxing. I look at Washington County. Washington County also over a million dollars, a little less than Cuming County though. Again, we the taxpayer make up for that. I look at Burt County and there is \$60,000 that has come off of the tax rolls for the bonds that do need to be paid. It's not free money. There is no free money. And then I also wonder about USDA, and that's the United State Department of Agriculture, the Rural Development. And If you go to their Web page...I've worked with them after the tornadoes that happened in the Pilger and Wisner area. That USDA came there, I met with them, and we went and found the families that had lost homes or severe damages and the USDA official told me that they did have a lot of money--quote unquote--to help housing in rural areas. When you pull up the Web page it does say that they have 30-year mortgages and there's no down payment, great interest rates, either low or not low. They also have a tier for what income you do have. It seemed very reasonable and some of the individuals did take advantage of help from USDA. And with the USDA they also have multifamily housing available, not just single housing but "multihousing" (sic: multifamily housing) and they will work with you. I guess I'd leave it open to some of the bankers in here to tell us, when it's their time on the mike, why USDA isn't solving or helping with the rural house loans. I'll yield the rest of my time to Senator Groene. [LB496]

PRESIDENT FOLEY: Thank you, Senator Brasch. Senator Groene, 2:10. [LB496]

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SENATOR GROENE: Thank you, Mr. President and Senator Brasch. Senator Brasch brings up a good point. There are a multitude programs on the federal level for housing at this type of price range that this is pointed at. Senator Harr sponsors quite a bit of that in the Revenue Committee about federal housing, low-income housing. They're out there. The banks can help the customer fill out the forms, apply for that federal housing. And then maybe they can help those individuals pay property tax, support that school, the community-minded people and support that county because they'll pay the property taxes and they'll go where they belong. Here's some more of these...TIF funds used to phase in rehabilitation of five apartment structures by overhauling electrical and mechanical systems in the building and rehabilitation of each apartment. That's in Omaha. I could just sit here and read all of these. TIF funds used for the housing infrastructure site, acquisition and preparation of reasonable-priced housing in Sidney. [LB496]

PRESIDENT FOLEY: One minute. [LB496]

SENATOR GROENE: The point is this, folks. Greed is in the air. This is meant...property taxes to offset costs of infrastructure to the taxpayer in the city. It is not meant to be given to the free enterprise contractor. That is the goal here, to hang the local taxpayers with the cost of fixing the infrastructure, which TIF is meant to do, and then divert the tax dollars directly into the hands of the contractor and the banker. That's what this whole amendment is all about, folks. It's clear. You can TIF housing if you do it right to offset the cost of government. You do it right or don't do it at all. Thank you, Mr. President. [LB496]

PRESIDENT FOLEY: Thank you, Senator Groene. Senator Wayne. [LB496]

SENATOR WAYNE: Thank you, Mr. President. So this is probably the first TIF debate that this body has had, at least from my research, in about ten years and I think it's a good debate. But I just want to tell the body kind of where (the) Urban Affairs (Committee) is going with TIF and where we're studying. And so we have an interim study, LR60 that's going to look a little bit more into detail regarding the Auditor's report. Senator Crawford has worked on a bill that came up that gave a great foundation to what we're looking at. But more importantly, outside of this body I want people to understand what we've already started doing. We've had meetings with the League and Municipalities where we are creating basically a training manual. So part of the

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issue that you saw in the Auditor's report was some of the abuse that we saw came down to attorneys basically walking in and saying, here's what needs to happen for you to get this project and actually the attorney sometimes make the mistake. So we're creating a checklist, a manual so everybody can be on the same page and have the same knowledge, because TIF is a complicated process. And the League of Municipalities is working with the bar association to do that. In addition to that, they have already started talking about some training that they've done already at their winter conference and they're going to do another one in the fall with the rest of their members. So we're educating all the municipalities who are doing this type of work to make sure that they at least understand some of the pitfalls. And more importantly, when we talk about economic development, I think it's critical that we talk about a bill that has not been heard, a constitutional amendment regarding the uniform proportionality clause. Why is that important? Because we cannot do tax abate. And for those property tax relief people who want hard caps on property tax, you cannot do that either because of that clause. When it comes to economic development tools, Nebraska is very limited because of that constitutional portion of our constitution dealing with uniform proportionality clause. So there are things we have to do. And I stood up here on the first day and talked about my issues with TIF and I'll repeat it many of times, that when TD Ameritrade in Omaha, Nebraska, on 114th Street, 114th and Dodge gets TIFed after it's already started construction and has three stories already built, that is a fundamental problem. When I look out from Conagra's old campus north to my district when I stand there, everything I see with my eyes is TIFed; everything I see. And as a school board member, that was about \$1.1 billion off the tax rolls. And yes, TEEOSA makes up about 82 cents to 83 cents on the dollar, but it's still not 100 percent. But where we run into bigger issues from a state's perspective are the unequalized school districts, where they don't get that reimbursement from TEEOSA. So, yes, we have to figure out how to make sure there are guideposts and training to make sure that we use TIF in the right way. I still struggle with acres of land, whether it's farmland worth \$12,000 a acre being TIFed. I still struggle with the but for test, as an attorney. I think it's clearly being abused. But there's a reality, there's a need for work force housing. Is this the best bill? I don't know yet, I'm still listening to the debate. But I think it's important that this body at least understands from a Urban Affairs (Committee) perspective, we are tackling this issue of TIF. And next year we are going to bring back an entire package around TIF to... [LB496 LR60]

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PRESIDENT FOLEY: One minute. [LB496]

SENATOR WAYNE: ...relieve some of Senator Groene's concerns, but also deal with the issues that Senator Williams and Senator Stinner have. But the reality from my perspective and the reason I was in favor of this bill coming out is because I've learned that some of my senators and my colleagues that I've talked to have different opinions on TIF. I've learned that some people are in favor of some things and here's the gray areas. But sometimes, just like tomorrow with third grade reading, you bring things out of committee to start a conversation, a big conversation that when we look at economic development over the next 5, 10, 20 years, TIF is going to be a part of that conversation and so is property tax relief. So we brought it out with a bill that focuses on rural. But we've heard a lot of conversation and I'm looking forward to more conversation regarding TIF, because we do have to fix some of the problems. But understand, this is the only economic development tool that we have. And I agree with Senator Groene that it wasn't designed to be a economic development tool. [LB496]

PRESIDENT FOLEY: Time, Senator. [LB496]

SENATOR WAYNE: Thank you, Mr. President. [LB496]

PRESIDENT FOLEY: Thank you, Senator Wayne. Senator Williams. [LB496]

SENATOR WILLIAMS: Question. [LB496]

PRESIDENT FOLEY: The question has been called. Do I see five hands? I do. The question is, shall debate cease? Those in favor of ceasing debate vote aye; those opposed vote nay. The question before us is whether or not to cease debate. Have you all voted? Record, please. [LB496]

ASSISTANT CLERK: 29 ayes, 1 nay to cease debate, Mr. President. [LB496]

PRESIDENT FOLEY: Debate does cease. Senator Groene, you're recognized to close on your bracket motion. [LB496]

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SENATOR GROENE: Thank you, Mr. President. You heard Senator Wayne. We have the right person as Chairman of the Urban Affairs Committee. He lives it. He lives in the area. His district is blighted and has substandard areas. That was not an endorsement of Senator Wayne, so you folks can still vote for him, all right. Anyway, but he understands what the purpose of TIF is. We passed and I voted for Senator Williams' LB518, using existing funds that were meant for housing of this type and start a new program. Let's see if it works. Let's give that one a chance to work and see if it works without eliminating property taxes to our schools and our counties and our cities and all the other taxing entities. Let's allow the people who move into that housing to be proud that they support their communities by paying property taxes. Let's wait. This is not the time to be offering tax abatements. Senator Smith had a great idea with income tax cuts, and the Governor. We told them that this was not the time to be giving abatement to change our tax structure. We need taxpayers. We have an opportunity here in areas to build homes because we have a market demand and to put new properties onto the tax rolls and we're going to give it away. This is not the time for any tax abatements. We already did it with the income tax. Many of us thought it's a great idea. It was not the time. I want Senator Wayne...which I'm going to work with him and Senator Crawford, I know this subject well, from all angles. It's what got me started in the tax issues, this issue and a few others, because I believe everybody needs to step forward and pay their taxes. Everybody gets a tax break or nobody does. All for one and one for all. We keep doing this. We heard other senators say, we got to stop all of these tax credits. That's what this is. Allowing a few to escape the responsibility of funding their schools, because somebody wants collateral to cover a loan. I would hope that common sense prevails. And I'll work with Senator Williams and Senator Stinner in the future once we get this thing under control. We have to get it under control. We have to make sure every TIF is a TIF that does improve a blighted and substandard area, its true meaning, which some of us are old enough to have voted on in 1978. But I would encourage all of you to send a message it's not the time with our budget crisis. We are already, because of the state budget, going to dump more mandates onto local entities and their property taxes will go up to keep their services where they're at. This is not the time, especially in rural Nebraska, to be offering tax abatements. Buck it up, contractors. Buck it up, banks. Be community members and let's build. There's a demand. We've been telling it. We've told there's a demand. It's free markets, build. Why aren't we building? All my contractors are busy; they're building. So I would encourage all to vote green on motion 132... [LB496 LB518]

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PRESIDENT FOLEY: One minute. [LB496]

SENATOR GROENE: ...and let's study this over the interim. Senator Wayne is getting his feet on the ground. And I might even endorse him if he does the right thing here. So...or does the wrong thing. Anyway, but please vote and let's end this conversation, let's go on to other things and let's talk about TIF in a year from now when things are better. Thank you, Mr. President. [LB496]

PRESIDENT FOLEY: Thank you, Senator Groene. Members, you heard the debate on the bracket motion. The question before the body is, to bracket the bill until June 2, 2017. Those in favor vote aye; those opposed vote nay. 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; those opposed vote nay. Record, please. [LB496]

ASSISTANT CLERK: 33 ayes, 1 nay to go under call, Mr. President. [LB496]

PRESIDENT FOLEY: The house is under call. Senators, please check in. Record your presence. The house is under call. Senator Blood, please check in. Senator Riepe, Senator Murante, please return to the floor. Senators Hilgers, Riepe, and Murante. All unexcused members are now present. The question before the body is the bracket motion. And there's been a request for a roll call vote. Mr. Clerk, please call the roll. [LB496]

ASSISTANT CLERK: (Roll call vote taken, Legislative Journal page 1496.) Vote is 6 ayes, 29 nays, Mr. President. [LB496]

PRESIDENT FOLEY: Motion is not adopted. I raise the call. Items for the record, Mr. Clerk. [LB496]

ASSISTANT CLERK: Thank you, Mr. President. Your Committee on Enrollment and Review reports LB415A to Select File. I have a notice of committee hearing from Transportation and Telecommunications Committee. Amendment to LB512A to be printed in the Journal for Senator Groene. Interim study resolutions: LR239, LR240, LR241, LR242, LR243. Those will be referred to the Executive Board. In addition, LR244, that will be laid over by Senator

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McDonnell. New A bills. (Read LB333A and LB632A by title for the first time.) That's all I have at this time. (Legislative Journal pages 1497-1503.) [LB415A LB512A LR239 LR240 LR241 LR242 LR243 LR244 LB333A LB632A]

PRESIDENT FOLEY: Mr. Clerk.

ASSISTANT CLERK: Mr. President, returning to LB496. Priority motion, Senator Groene would move to recommit the bill to committee. [LB496]

PRESIDENT FOLEY: Senator Groene, you're recognized to open on your motion to recommit the bill to committee. [LB496]

SENATOR GROENE: Thank you, Mr. President. This is actually what should be done. You heard the flux that's going on in the Urban Affairs Committee of what needs to be done and doing some studies on what TIF should be used and not used for and what it...how it affects our economy and how it affects our tax base. This bill needs to be recommitted, looked at again and not believe that somehow this is economic development. It is not. Any construction is economic development. Somebody needing a home and calling a contractor and building one, that's economic development. That's the normal process. Have we come so far in our society, have we accepted Keynesian economic philosophy that people who can call themselves fiscal conservatives and free-market people believe this is free markets? I seen some votes up there which kind of shocked me. What do you consider free market? Supply and demand. We have a demand apparently. Government should stay back, stay out of it, leave it alone. But apparently some folks believe what President Obama said. You didn't build it. The government did. The government helped you build it. We can't build anything unless the government is involved. That's what I seen by some of those votes. That's what I took from it. President Obama had a smirk on his face when he said that and he was absolutely right to have it. He knew. He knew. Some of these folks that call themselves free market conservatives, they're not. This is unnecessary. This is unnecessary. This is feel good. I wonder how many of my folks would vote for me again if they knew one individual could call me, a banker or an economic development person, and sway my vote. I would lose in the election I ran for again for the people who sent me down here. I got sent down here by people who are worried about property tax. They're begging

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for property tax relief and the same individuals who side with me on that voted for this to abate the property taxes of some at the expense of others--that's what this is--for the financial gain of a few. And normally the builder in this instances in other areas in other states don't even live there, comes in quick with a crew of individuals and out the door they go. They come in with campers. They don't even rent locally. They build, throw them up, take the bond money, and go. That's what this is. They did it in North Platte on a different program but semis came in with the lumber, the shingles. Most of the basic construction materials, they didn't come...wasn't bought at the local lumberyard. Some of it was so that a bank could have collateral. That's what this is about. So anyway, I think we need to send it back to the committee and we need to let the Urban Affairs Committee and this body define what TIF is at this stage of the game. Should we just completely ignore the constitution or the intent? I've looked up the intent. I looked up the debate back then; I did it a few years back. I looked up the editorials in the Omaha World-Herald and the Lincoln Journal Star back in '78 and what they said about this. It was urban renewal. It was needed for this area around this Capitol to the south. That's what it's used for. This is one factor of why our property taxes are high in this state because we abate so much of it through TIF. Sixty-eight million dollars is a lot, folks. If you add up that whole sheet, that's a billion dollars or more since the 1990s, property taxes that were not sent to our schools. That's one year, two years back, five, six years ago, what we...our TEEOSA bill is from the state. I'm trying to figure out the logic that goes through my colleagues' head when they vote for something like this. I like Senator Stinner and Williams too. They're good people. And, yes, they are community-minded, but that isn't why you vote for something. We have a problem with property taxes. We are sending the wrong message when we even consider issues like this, we even consider passing abatement of property taxes on a medium-income home where our neighbors will not support their schools, their county, their public safety with their property taxes because of a flash-in-the-pan ability to make a quick fix, a quick profit. That's what we're doing here. This bill needs to die or go back to committee because it really makes no sense until you see the word--Senator Stinner said it--"construction" of the house. This is a double, double, triple whammy to the local taxpayers. At least before they made an attempt to take the money, the abated money and fix the infrastructure, pay for the infrastructure, this is going to allow them...this is going to allow such a bargaining tool with somebody who to a city council who is so hungry for something to happen in their community to say, give me all the money or I don't build, you put the burden on your local taxpayers to put my streets in, to put my sewers in, to put my water mains in, you give me

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all the money. That's what this would allow. That's the only thing, only thing somebody asked me, why would you think they wrote even do this? They can do houses already in blighted and substandard areas. It's that word "construct." That's the word they're after to take all the money, the property taxes. They say it's an increment. Let me tell you about some deals going on in Omaha. They got zero base. That Creighton hospital, it was a nonprofit. When they TIF that area, there will be zero base because on the tax rolls it had no property value because it was owned by a nonprofit. Douglas County is good at that. They will put a zero base of, boy, they want every dollar, they want every single dollar of them property taxes. They don't want to use any for public purposes. This is a character vote. What do we do? Do we follow the intent of the law or do we bend the rules? Do we follow the intent of the constitution or do we just keep bending the rules? Ah, the end justifies the means, doesn't it? I sleep good at night because I don't live my life that way. If you want to change the constitution, do it. Put an LR or an LRCA or whatever on the ballot. Let's see if the people want to keep TIF or if they want to expand it. That would be another way to do it. Let's let the people speak. I think you'd be surprised what the vote would come out. People struggle with their property tax and they get a little frustrated when they hear somebody doesn't have to pay it because somebody is an economic genius and they said we're going to stimulate the economy. Heard Senator Harr say that we're going to grow, grow, grow; we'll get them property tax rates down. Omaha has doubled, tripled in my lifetime. Is their property tax rates down? No, because growth demands infrastructure. Property taxes go up with growth. Name me one instance where a community grew fast and the property taxes went down. You can't show it to me. The demand for tax dollars, for infrastructure are always there. [LB496]

PRESIDENT FOLEY: One minute. [LB496]

SENATOR GROENE: But we're going to abate it. We're going to take more and more off the tax rolls. We can't fund TEEOSA so what do we do? We take property taxes away from the base so that TEEOSA has to fill it in. Tax...properties sitting there waiting to be taxed is not taxed. It's taxed, yes, but it's diverted. The money is diverted--I think I made that clear--from the school; \$30 million last year probably of that \$69 (million) would have went to TEEOSA. You know what? All that fights in Education Committee and Appropriations about the \$25 or \$30 million we took away from the schools, we wouldn't have been fighting about it because we would have

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had \$30 million less of property tax...of TIF...I mean of TEEOSA to fund because property taxes would have done its part--all ties together. Thank you, Mr. President. [LB496]

PRESIDENT FOLEY: Thank you, Senator Groene. Senator Friesen. [LB496]

SENATOR FRIESEN: Thank you, Mr. Lieutenant Governor. I'm going to continue listening to the debate. I think some points need to be made. When we talk about housing here and we do talk about actually putting money into the construction of the home, it is totally different than the projects that have been TIFed in the past where you put in infrastructure, sewer, water, streets, some of those expensive items that a developer sometimes can't afford. Now we're talking about subsidizing a home and when you're talking about a \$275,000 home for work force development, I do see...seems to me that that value is kind of high. I mean there's a lot cheaper homes that could be built. This doesn't look like a beginner home by any means. But again, when you look at some of the data that's been put out there--and I know OpenSky did research on TIF-financed projects in 2015 and I sat in on that and I just looked some of that up--but back then they were talking about a \$2.6 billion reduction in values statewide and that added up to roughly \$55 million in property taxes that were not collected by local school districts and those other entities that do not get that revenue. And their analysis then said that sales and income taxes basically had to come up with an extra \$22 million then to make up for that difference. So it does affect everybody. I do want housing in the rural areas and I have struggled to find a way to do it. I'm not convinced at this time yet that this is the bill that does it when you start to directly finance a home versus the infrastructure and that home can be occupied for the next 15 years and none of that revenue goes to finance education. So when I look at this, I'm trying to see how it pits rural communities against each other. You got the really small communities out there that don't even understand TIF financing and won't use it. You got the little bit larger, the first- and second-class cities that some of them understand it and they'll be able to put out their subsidized housing which, you know, a \$275,000 house in a rural area is a pretty nice house and now you'll have developers that come in and can build homes there that will compete for those same residents in that neighboring area. Yes, they'll move closer to their job, they won't have to commute as far, but what helps one community hurts another. And when I look at how TIF financing works, when you start to getting on the construction, that bothers me a little bit. So I'll continue to listen. Continue to make your points. Thank you, Mr. Lieutenant Governor. [LB496]

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PRESIDENT FOLEY: Thank you, Senator Friesen. Senator Erdman. [LB496]

SENATOR ERDMAN: Thank you, Mr. Lieutenant Governor. Thank you for those comments, Senator Friesen. I was reviewing today. As I was standing here, I was reviewing the receipts, the cash receipts on the General Fund. And one line is kind of surprising to me. It says here, "April Tax Refunds: Tax refunds for April were \$129 million, which is (down) 14.8 percent below the certified forecast of \$152 million." So the good news is we're not giving as much money back as we used to. The bad news is we don't have it to give back. So I heard Senator Quick say about affordable housing perhaps was a \$150,000 home. So I'm not a mathematician or a statistician like Senator Clements, but I did figure out what kind of income would you have to have to afford a \$150,000 house. If you use the 29 percent of your income method to figure out what you can afford, it looks like you need to be somewhere in the \$50,000. In my area, new jobs that we might create don't pay \$50,000. So what would affordable housing look like in my area? It very well may have wheels under it, maybe a mobile home to start out. But I can tell you it's not a \$150,000 house. And if you get much lower than that on new construction, and in my area that cost would probably be \$100, \$125, maybe \$150 a square foot, you don't get much of a house for \$100,000. So we're talking here about affordable housing and I know they use that term very loosely but nobody ever defines what affordable housing is. In some areas where the jobs pay more, affordable housing is far different than it is in our area. A year or so ago, the Auditor looked at some of the TIF projects. I think there was 100-and-some TIF projects in the state. And they randomly drew out I think 22 and they reviewed those. And after they reviewed those TIF projects, I don't believe there were many of them that had adhered to the policy as it was supposed to be adhered to. Most of them didn't do things right. Most of them had started the project before they started the TIF and then they reimbursed them for the things that they did. And the TIF project says, "but for." What that means is if it wasn't for TIF, this project wouldn't have happened; but for TIF, this project wouldn't have happened. Well, when they start running cement, laying foundations, and doing things out there and then ask for TIF, that project was going to happen whether they got TIF or not. And so we are going to continue to give tax abatement to those people that receive these commitments, this reimbursement from TIF, and they're to compete; the other people who don't get this have to compete with them. So what they do when they move a project in from...annex a project in from an outlying part of the city or a community and they give them TIF, then they decide who wins and who loses. So those

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businesses that are in town, in the city, who don't get TIF, and sometimes they sell the same products, offer of the same services and they don't get any help on their taxes at all, but the new business on the edge of town that gets a TIF project, they get help with their taxes. It's an unfair competition and so, consequently, TIF is choosing winners and losers, and I don't think that's what government is intended to do. So as you begin to consider this, and I think Senator Groene made a very good point, why now? [LB496]

PRESIDENT FOLEY: One minute. [LB496]

SENATOR ERDMAN: What happens--thank you--what happens if we don't do this? That's the question. What happens if we don't do this? Are there other projects, other methods that can be used to accomplish the same thing without giving away this taxes, this property tax? I think there is but it's not as easy and it's probably not as secure for some of the bankers. And so I would ask you to vote green on AM133 (sic), Groene's amendment...or recommit to committee amendment (sic). Thank you. [LB496]

PRESIDENT FOLEY: Thank you, Senator Erdman. Senator Briese. [LB496]

SENATOR BRIESE: Thank you, Mr. President. Good afternoon, colleagues. I rise in opposition to the motion to recommit. I wanted to comment on a few things. Here in the body, we often talk of reform, we talk of income tax reform, we talk of property tax reform, we talk of prison reform, so on. And I think maybe what I hear today is a clamor for TIF reform. I've heard statements that we're taking away dollars from schools, that we're increasing cost for our property taxpayers. And I've heard the counterargument that we're only taking away the incremental increase, that the original base is still there. But that counterargument is only true if TIF actually caused the development to occur. If the development would have occurred anyway, then we are robbing from our districts and the other taxpayers. Section 18-2116 of our statutes require a finding of "but for" causation, a finding that the project would not have occurred without the use of TIF. Senator Groene, would you yield to a question? [LB496]

PRESIDENT FOLEY: Senator Groene, would you yield, please? [LB496]

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SENATOR GROENE: Yes. [LB496]

SENATOR BRIESE: Thank you, Senator. Would you be supportive of LB496 and TIF in general if the "but for" causation requirements of that statute could be more closely adhered to? [LB496]

SENATOR GROENE: Sir, what I would...Senator, what I would tell you is this. The "but for," it isn't the "but for" clause that's the problem. "But for" clause clearly states you're building it in the blighted and substandard area, the hole in the doughnut, you're not building it on...you're going to build it anyway in our community. You're going to build a Menards in North Platte down in the old warehouse district, not out on the interstate. But it's not that you're going to build it in our community, it's where you build it in our community. [LB496]

SENATOR BRIESE: Okay. And I think your point there is that it's being built...it's going to be built anyway, with or without TIF, and TIF is a benefit that is not needed there. Is that correct? [LB496]

SENATOR GROENE: Yes. [LB496]

SENATOR BRIESE: Okay, thank you. But I guess my point is, if the project was going to occur anyway, then you the taxpayer lost. If the project occurs only because of TIF, then it's a long-term win for our taxpayers. The original base is still there. The incremental wouldn't have been there without TIF. So I guess my point is perhaps what we really need to be focused on is TIF reform, not in a way that hamstring its use but in a way that helps us keep closer to its original intent, in a way that helps us clearly define what is substandard and blighted, in a way that helps us adhere to the causation requirements. But because of the undisputed need for work force housing in Nebraska, I am inclined to support LB496 but at the same time I'm willing to look at options to reform the use of TIF. Without some measure of TIF reform, I think we're going to have this argument every time we talk about tax increment financing. Senator Stinner, would you yield to a question? [LB496]

PRESIDENT FOLEY: Senator Stinner, would you yield, please? [LB496]

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SENATOR STINNER: Yes, I will. [LB496]

SENATOR BRIESE: Thank you, Senator. Senator, in Section 1, paragraph 30 of LB496, the bill refers to "unjust enrichment," trying to prohibit or eliminate the unjust enrichment of any party. What does that phrase refer to? [LB496]

SENATOR STINNER: The phrase refers to a situation in which you incent a builder to get involved. You design that program and it really should go either to a builder to defer like interest expense but the builder cannot get enriched to the point of where they'd have no risk. So there is risk still imposed. The community gets to say how big the house is, what the dimensions are, those types of things. So it truly is a work force development situation. [LB496]

SENATOR BRIESE: Okay, thank you, Senator. A follow-up question, several lines above that,... [LB496]

PRESIDENT FOLEY: One minute. [LB496]

SENATOR BRIESE: ...we talk about incentive plan. Could you describe for us what an incentive plan might be? [LB496]

SENATOR STINNER: You know, each individual community has its own needs. An incentive plan would be one where you're taking a look at that housing study, you're taking a look at what your needs are, what type of houses. Most of the time you're looking at a, you know, a \$150,000 to \$200,000 house. How do we want to incent that builder to come in? Is it going to be that we'll carry that interest for a period of time as that speculative house is on the market? Or do we want to try to put a package together for a buyer that they can capitalize that flow of tax money for down payment purposes, because in many cases we can't get an appraisal for a qualified mortgage. It would mean way, way, way too much money for a down payment to get that qualified. So this mixes in. It's an incentive program but it's up to the community. [LB496]

SENATOR BRIESE: Okay, thank you very much, Senator, appreciate that. [LB496]

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PRESIDENT FOLEY: Time, Senator. Time. [LB496]

SENATOR BRIESE: Time? [LB496]

PRESIDENT FOLEY: Yes. [LB496]

SENATOR BRIESE: Oh, thank you. [LB496]

PRESIDENT FOLEY: Thank you, Senator Briese. Senator Groene. [LB496]

SENATOR GROENE: Thank you, Mr. President. Thank you for your question, Senator Briese. Back to repeat some facts, the original intent of TIF is good: urban renewal. Senator Erdman hit on it but...and Senator Briese. You hear this "but for." By gosh, they would have built in Cheyenne if they...if we didn't give them TIF. It's not the intent of the "but for." The "but for" is you're going to build on the outskirts of town in an open field, a new development, and then the city comes to them and says: We got a deal for you. If you will help us redevelop the old warehouse district along the tracks which we have in North Platte, we will give you TIF. And what we will do with that TIF is remove the old buildings. We will replace the old sewer lines, utility lines. We will widen the streets and the entrance into your facility. We will beautify the area. That's called public infrastructure if you will build in the blighted area. That's the purpose of TIF. That's the purpose of "but for," not where you build but where you build in our community. There's other economic development tools out there by the state and the federal government and whatever on housing that can be...that you're just fact you're going to build it. TIF isn't for that. TIF is to rebuild our infrastructure in our communities. Always remember this: TIF dollars are tax dollars, they're not collateral dollars for a down payment, the base on a loan. They're tax dollars. They were always meant to be spent for public purposes. We just divert them. We divert them from the school and the county. We give it to the city. This whole ballgame about, well, 15 years isn't that long, well, let me tell you, that's more than a generation of a class that goes through our public school that the property taxes didn't help that class that came in as a kindergarten or preschool and graduates before the property taxes go to that student, that school. There's a direct relationship to cost of a community for public safety, for our schools, directly related to the population. So for 15 years we've built...we claim we built population, we built

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new jobs and people came in. And guess what? Streets were put in, infrastructure was put in, and they didn't help pay for it. Finally when that structure does kick in and pay for it, guess what we're doing? We're repaving, we're resurfacing, we're fixing the cracks in the streets, we're 15 years behind and guess what? Omaha's property tax levies and the SIDs around there are not going down. Lincoln's has gone down a little, I think, but not much. North Platte's has skyrocketed. They...we've got a good mayor now and a city manager and they've been able to level them off. TIF has been around for...since 1978. The growth should be kicked in. Property tax levy should have dropped. They haven't. It's common sense. It's common sense. You give your money that you plan on, on fixing your roof and things, away for 15 years, you think your roof ain't going to need fixed when the 15 years is over? It will. This idea that you're not losing any tax dollars is...I'll pause and take a breath. But anyway, there's a direct relationship to new infrastructure and the need for the cost of public services, a direct one, relationship. To claim that you can divert them for 15 years, the payment, and there's no cost to the city because we didn't lose anything, to the county, we didn't lose anything, we never had it in the first place? Well, you never had that infrastructure, you never had the fire department have to check on that home or that building. [LB496]

PRESIDENT FOLEY: One minute. [LB496]

SENATOR GROENE: Somebody has got to pay that. Somebody has got to add to the fire department. It's not the person who lives in that house for 15 years. Ah, we're all experts on economic development, aren't we? Somebody throws a plan at us and we throw a vote at it. We believe in economic development. Meanwhile, those who profit from it smile all the way to the bank. Anyway, this needs to go back to committee. Urban Affairs Committee under new leadership needs to look hard at this thing, come back with some recommendations to this body, and we need to know what effect it's having on our tax base, property tax base, and where the money is going. Is it actually being used for public purposes, for infrastructure, for streets, sewers, water mains? That's what it's supposed to be used for. [LB496]

PRESIDENT FOLEY: Time. [LB496]

SENATOR GROENE: Thank you. [LB496]

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PRESIDENT FOLEY: Thank you, Senator Groene. Senator McCollister. [LB496]

SENATOR MCCOLLISTER: Thank you, Mr. Lieutenant Governor. Good afternoon, colleagues. TIF certainly is a topic that continues to concern the body. It did in the two previous years that I served and it certainly has this year. I certainly admire Senator Groene's passion on this topic. There is nobody that works harder on an issue when he's interested than Senator Groene. During my two years on the Urban Affairs Committee, TIF was a frequent topic as well. I also read the OpenSky report on TIF and the Platte Institute report on TIF and it's a tough topic to deal with. During my time on those reviews, there are a couple problems that you have to deal with TIF and I think we saw that last year with the Auditor's report. He indicated there's an accountability problem. There is a look back provision with TIF. And as the Auditor indicated, some of the municipalities, some of the towns really hadn't done a very good job looking back on TIF to see how the numbers had worked out. In a bill that Senator Crawford and Senator Wayne worked on, they were improving that look back period. I think it's going to improve the bill. The other thing that was a big problem with TIF is transparency, that often school boards and other bodies of the government did not end up knowing what was going on with the TIF projects and didn't get a chance to weigh in on the topic. I think that has changed as well in the recent bills. Definition of terms is a big deal with TIF, substandard and blighted, the "but for" clause, and we need to continue to look at those issues and better define them if we can. But what I do know is the city of Omaha and many other cities in the state look at TIF as an essential tool in their toolbox. It makes a big difference. It's the only tool they have for development. We do in fact have a housing shortage in this country and in this state and TIF can be one of the tools we can use to rectify that problem. I yield the balance of my time to Senator Williams. [LB496]

PRESIDENT FOLEY: Thank you, Senator McCollister. Senator Williams, 2:40. [LB496]

SENATOR WILLIAMS: Thank you, Mr. President, and thank you, Senator McCollister, for the time. First of all, I'd just like to make the statement so we do have it clear on the record that the concept that TIF increases property taxes is just false, doesn't happen that way at all. The property value that's there stays on the tax rolls at its value when the project started. It's only the increase that happens in value that is held off the tax rolls until the TIF period runs, which is a maximum of 15 years, and point out that it can and oftentimes is a shorter period of time. It's just

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evident for me, to me in listening to the debate--which I appreciate and thank those senators that are participating--there is a significant lack of understanding as to how TIF works, how it benefits communities over the long term. The case that we're talking about here is slightly different because there is always the chicken and egg question and whether we have jobs or whether we need housing first. And our issue here is that we have the jobs available. You've seen the statistics on that. We have the people that would fill those jobs if they had houses to be living in. And the goal of LB496 is to create an additional tool to fill that concept. I would like to also point out we've talked about some protections. Senator McCollister was just talking about those. And LB496 builds additional protections into this process that are not there with current normal TIF projects. [LB496]

PRESIDENT FOLEY: One minute. [LB496]

SENATOR WILLIAMS: There is a requirement of two public hearings. The redevelopment authority must approve the plan. The city council is involved. But first, before any of that, the community has to do a housing study that demonstrates that there is a housing need in that community. So all of these things build in special protections that increase the ability of control and, in particular, control at the local level. I happen to live in a community that has used TIF successfully on numerous projects. The vast majority of those projects are back on the tax rolls now, including Frito-Lay and others. And our school has more kids in it today than it had since the 1950s. [LB496]

PRESIDENT FOLEY: Time, Senator. [LB496]

SENATOR WILLIAMS: Thank you, Mr. President. [LB496]

PRESIDENT FOLEY: Thank you, Senator Williams. Senator Krist. [LB496]

SENATOR KRIST: Thank you, Mr. President. Good afternoon, colleagues, and good afternoon, Nebraska. I passed out a letter that I wrote to my colleagues on October 23 of 2013. In the first paragraph I have the honor of introducing all of you to an outstanding project, a great American. Bob Swanson, who I am proud to represent, is a veteran of the United States Navy and past

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commander of the American Legion Post 1. I met Mr. Swanson when he was the commander of the Freedom Riders, American Legion Riders, when we were discussing setbacks on cemeteries in 2011 to protect our service people and their families during a time of mourning from the then Westboro Baptist Church. I'm sad to say that Mr. Swanson passed away. I just...you may have heard about the accident in Gretna, the three-wheel motorcycle. The wheel came off. He went into a ditch, was air "evac'd" and died six hours later. On the back of that you can see, ah, but one, just one of his outstanding projects. These plaques are in all of our rest areas, plan to be complete by 2018, so I'm assuming they're close to being completed, "NEBRASKA HONORS OUR TROOPS" and "THANK YOU FOR YOUR SERVICE" in all of our rest areas. I will have an LR honoring him in some detail, but I just want you to know we lost a great American, a great veteran, and a real supporter of many of our causes. Thank you, Mr. President. [LB496]

PRESIDENT FOLEY: Thank you, Senator Krist. Senator Schumacher. [LB496]

SENATOR SCHUMACHER: Thank you, Mr. President, members of the body. All these problems I think are more complicated than we would like to have them believe. I went through last summer some statistics on our communities to which these things would apply. Generally for towns, for the 400 towns under 1,000 population, over 75 percent showed population decreases between 2000 and 2010. In communities of 1 to 500, 80 percent had a population decrease. Communities 500 to 1,000 population, 69 percent had a population decrease. Communities 1,000 to 2,500, 63 percent had a population decrease. And likewise, 62.5 percent of the communities between 2,500 and 5,000 had a population decrease. For communities between 5,000 and 10,000, one half had a decrease. And for communities above 10,000, only one had a decrease. Those decreases weren't happening because there wasn't enough TIF, because there wasn't enough USDA money or SBA money or CDBG or grant money or this government program or that government program. Those decreases occurred because of macro changes in our local economy largely due to the change and the success in the nature of agriculture. All the TIF in the world isn't going to change that particular trend. We passed a bill--it will be interesting to see if it will have any effect--this year that said you could organize a company and put up to \$750,000 in it from shareholders and you could do a project, any kind of capital project you wanted. Now just how many projects do you think there are going to be in these communities decreasing in population where you have investors, local people come together and put up \$750,000 and go

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down to the bank and match that \$750,000 with a \$750,000 loan for \$1.5 million project to build a little addition and start something going. I'll bet you very few, because those bankers and those investors are responding to that macroeconomic condition. They're not going to risk the money. They might not get it back. And that's sobering. What does that mean for the state? If we try to make water run uphill with various government programs, we're going to do as Senator Groene described: increase the burden to the taxpayer without very much result. If I were advising people today to start a business or a construction company, the first thing I'd tell them, you know, go find a government program to subsidize you. That's where you'll find your profit. But is that indicative of a sound economy? No. Are we pumping water uphill? Yes. [LB496]

PRESIDENT FOLEY: One minute. [LB496]

SENATOR SCHUMACHER: Are we going to run out of gas trying to do it? Is it the most efficient way to do it? No. TIF was a good idea for blighted and substandard areas. I don't think it's a wise idea for economic financing. Keep the government out, because the government is not able to respond to the conditions of the economy and, as such, is going to just create a more inefficient system. We need a lot of planning, a lot of thought, a lot of alternatives to this system which basically gives some city officials the ability to commit other people's money to a project which would not be sustained in the normal capital market. And that's why a lot of the things Senator Groene has been saying ring true to me and I think his effort here should at least be considered. Thank you. [LB496]

PRESIDENT FOLEY: Thank you, Senator Schumacher. Senator Harr. [LB496]

SENATOR HARR: Thank you, Mr. President. It's always difficult to follow Senator Schumacher. He has a very good closing. But the fact of the matter is, folks, we have a housing problem in greater Nebraska. I heard Senator Erdman talk about the abuse that occurs on "but for" factor. And I will concede there was a large office structure built in west Omaha. It was about a third of the way done. And then they went to the city council and said, "but for," we wouldn't continue this. That's a problem. I heard Senator Groene say, if you have a good year, don't take it. You're not required to. Company still took it, publicly traded company. It's a gold standard LEED building. But they took it. Are they wrong for taking it? I don't know. Is the city of Omaha wrong

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for giving it? I don't know. I heard Senator Groene talk about Creighton University and a new development going in there and because of that property, the value was zero, when you build on it everything is increased. Same thing happened in Aksarben, since that was owned by nonprofit. That's a problem. I don't disagree with him either. Both of those were situations where we had...I won't call it abuses, but where people took advantage of the system. I can't defend either one of those two situations. But that's not the situation we have here. Let's address the problem where the problem is. Killing LB496 or recommitting it to committee and effectively killing it for the year is not the solution. Let's work with our local city councils. Let's hold those people accountable and say, hey, when doing this, let's do it...learn from Omaha. Don't make the mistakes they did. Don't give to large publicly traded companies a break they don't need and make sure that it's based on the fair market value of the property, not the assessed value--simple fixes, something I hope Senator Wayne and the Urban Affairs Committee will address next year. But don't throw the baby out with the bathwater. We have a housing problem in Nebraska. USDA will tell you that. Go look. The feds just May 4 gave a presentation on rural housing problems across the country. It's not a Nebraska-only problem. And we can learn from other states and should learn from what other states are doing to address this problem. But we also shouldn't be in park and wait to see what works and what doesn't. Let's address it, let's try to find an answer, look at a program that, by and large, has been successful, has helped reinvigorate my district back in Omaha, and apply it statewide. And let's try to get some of the burden off of our farmers. Now you may say to yourself, how is giving a tax...keeping a tax at the same level for 10, 12 years releasing the burden? [LB496]

PRESIDENT FOLEY: One minute. [LB496]

SENATOR HARR: Well, what you're doing is you're getting more people in that economy, you're getting more money flowing through it, and you're getting more individuals. That's our problem is we have...we need to figure out how to get more people into Nebraska and we have to have more homes and we have a shortage of homes. This addresses that. And so I will oppose MO133. Thank you. [LB496]

PRESIDENT FOLEY: Thank you, Senator Harr. Senator Chambers. [LB496]

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SENATOR CHAMBERS: Thank you, Mr. President. They say I like to come up with a song? Oh, I've heard that song before. I've been fighting and living in the community where I live now all of my life. I've heard these stories. When the government, the federal government talked about a block grant program, statistics were generated from the conditions in the community where I live to justify money coming into Omaha and, when it came, it was not used in our community. When they had a recent sewer separation project, digging deep holes like canyons in the streets then repaving, the workers were white. Projects of the city, white people get the work in a black community and we don't get it. A highway cut through our community, and for several years literally I stopped it. If you don't believe it, talk to Mike Boyle who's now on the county board. He was the mayor and he mentioned how I had a mailing list that would rival those of newspapers' subscriptions. I wrote to federal authorities. I wrote to U.S. Senators. I wrote to the President. A vice presidential candidate had come to the area where they had cut this trough through which would be the pathway for the interstate. There was a semiarchitect who was a priest at Creighton who was the...I think he may have been the President at that time, talking about air space that we could in our community get some benefits from when an overpass was put in place. So being able to stop that highway...how would I stop it? The city or the state was to pay for the movement of utilities, telegraph poles, anything like that. Nebraska didn't know that they weren't going to do it, and so I contacted federal officials. They said the state had to do it and there was a lot of stoppage at that point. So this cut through our community, split it. That land lay idle for over a year, so the property on either side of it diminished in value, property that elderly white people had lived in all their life. Then when the city decided to take it, or the state in this case, the value of it had dropped so much that when they took it by eminent domain, these people couldn't get anywhere near what that property had been worth. They'd get enough money to move into some of these white people's houses who were starting to move out of the community. So these people would make a down payment with that money. They didn't have the income. They would lose the house because they couldn't make the payments. They didn't have that house. They didn't have the house that was taken from them. That's what white people did to us and that's why you hear me getting very angry on this floor at times. I'm angry about TIF because our community and communities like ours were used to say this is a way to build it up. There's a company that came, not many years ago, into our community. They wanted to move into it. They didn't need TIF. And when they got that TIF, they came into the community and they brought all their employees with them. That didn't create employment in our community for

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the people who live there. It never does. They're going to have to get 33 votes on this bill. I'm tired of these things going through by this...they give us this smooth, snake oil piece that I've heard over and over and over. They tried to give it when Cabela's was going to build in Sarpy County and I said, Cabela's is not going to get it. Former Senator Brown pushed for it, Dave Landis carried the bill, and I was able to stop them from getting it. And you know what happened? Cabela's didn't get the benefits. Cabela's built right where they would. I said, when a company that large talks about building somewhere, they've looked at all the demographics and they're not going to waste that money, they'll build there. And if I hadn't insisted, Cabela's would have gotten that money which they did not need. [LB496]

PRESIDENT FOLEY: One minute. [LB496]

SENATOR CHAMBERS: And now Cabela's have left those people out there in Sidney or wherever they were. I fought ConAgra's bill, LB75 it was called, held it up as long as I could. I said, you're like a prostitute, they're going to use you then throw you away. It took some decades but that's exactly what ConAgra did. After they got what they wanted from Omaha, they left. These people forget conveniently all the work that I've done, that I've tried to do for my community. I could have left Omaha. I could have left Nebraska. I had invitations. But it's where I live. All my family is here and all of my friends are here, both of them. Thank you, Mr. President. [LB496]

PRESIDENT FOLEY: Thank you, Senator Chambers. Senator Brewer. [LB496]

SENATOR BREWER: Thank you, Mr. President. Well, I started this afternoon in favor of LB496 but the dynamic duo of Senator Chambers and Senator Groene have made me rethink that. So, Mr. President, at this time I'd like to yield the remainder of my time to Senator Groene. [LB496]

PRESIDENT FOLEY: Thank you, Senator Brewer. Senator Groene, 4:45. [LB496]

SENATOR GROENE: Thank you, Mr. President and Senator Brewer. Do you know what we're discussing here with passion? It's property taxes are too high in this state, folks. They're such a

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burden that people can't build or won't build because the property taxes are so high. This is one of the placebos to cure a sickness, and that sickness in the state of Nebraska is high property taxes. My urban friend Senator Harr, if he wants to help, and he does in some ways, help rural Nebraska, get us some of our income and sales taxes back through TEEOSA aid, state aid to education. That's where you could help. I'm curious what town Senator Harr has been in. I've been in every one in the state of Nebraska. You name a town, I've probably been there. In western Nebraska, I've been in every one multiple times doing business and I watched it over the last 27, what Senator Schumacher talked about. When construction happens in an agriculture town you lose jobs because what is built is agriculture facilities become more efficient, need less labor. Elevators run on less help. Chemical plants run on one man instead of five. Fuel stations become automatic instead of somebody washing your windows. Agriculture progresses and how it progresses, to maybe help pay our property taxes is to employ less people. In North Platte there isn't any home sitting abandoned. There's a bidding war over little homes that are 1,000 square feet and stuff...not a bidding war. They always come up and somebody, a carpenter buys it. Some guy who works at the railroad, he invests in a house, he rebuilds it and rents it out. Let me tell you about small-town America. Those houses are boarded up. They're dilapidated. They fall in. You really think this is going to help that situation? It's going to help a few bankers in a few instances where a developer comes into a larger community. It's going to be the Class Is, it's going to be North Platte, maybe, if they can keep me down here and not back there fighting, Fremont, it's going to be in Grand Island maybe. But don't fool yourself. This is not going to happen in the little towns, in the villages. Houses that were already going to be built, because the first place the little...the occupant of a small town goes is to the Hastings and the North Plattes. They move there. That's the migration. And then their kids move to Omaha and Lincoln because they get all the tax dollars for the universities and the projects. But that's how we migrate. We migrate from the little town to midsized town and then further east. If you want to do something about economic development in rural Nebraska, cut our property taxes for everybody. Maybe then retirees might come home because their property taxes are less, upper-middle class who grew up. You see that every once in awhile, they grew up in rural Nebraska, got a Ph.D. or something, went off and invented something, went off to the big city, and they come home with their memories of their childhood. Those folks won't get a TIF. [LB496]

PRESIDENT FOLEY: One minute. [LB496]

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SENATOR GROENE: Their property taxes might be the situation why they don't move back home and then their grandkids show up in a small town, their heritage. No, they won't. We're going to have a few houses down the corner on the block in a cornfield that had nothing to do with blighted and substandard because somebody felt like they did something for rural Nebraska. Senator Chambers is really helping rural Nebraska with this. He's the only urban senator that understands it, and Senator McCollister so far. Maybe I'm missing somebody. But this will not do. The people who locally who did the studies, Platte Institute and OpenSky, see the problem here--it deteriorates the tax base, it does not improve it--when they did their studies. You can pay a consultant to come back with anything you want them to say and they're out there. [LB496]

PRESIDENT FOLEY: Time, Senator. [LB496]

SENATOR GROENE: Thank you. [LB496]

PRESIDENT FOLEY: Thank you, Senator Groene. Senator Halloran. [LB496]

SENATOR HALLORAN: Thank you, Mr. President. Well, back to an earlier statement: All politics is local. If this were truly a senate...let me get back what a Unicameral...I don't want to get into this too deeply, but if it was a two-house system. Being a single-house system, I have to act as a senator and a representative. I have to be a representative for my district. If we had a house of representatives, that would singularly be my job. And if we had a senate, I'd be looking out for the benefit of the whole state. And then we would come together on the bill. Well, again, all politics is local. I have visited with a number of people in Hastings who are involved with development. They find this to be a tool. They don't have any pending project that they're just waiting in anticipation of passing this, but they do say that it would be a tool, a helpful tool for development. And I know I shouldn't trust people that are developers. It's a bad name, almost as bad as bankers, right, or lawyers. But the fact of the matter is I trust these folks not to abuse it. Now as a representative for my district, I'm looking out in their behalf. Can I look out across the state and say that others won't abuse it? No, I don't know. I can't do that. I don't know. I don't think people will intentionally abuse it. It may happen that there would be some unintentional abuse, but overall in my district which I represent, I'm supporting LB496 because I don't believe they'll abuse it. Hastings is a zero-growth population town. Now for many of the communities, as

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Senator Schumacher pointed out, a lot of towns are losing population. I don't find it something to brag about that Hastings is a zero population growth town. That's pretty pathetic. So I'm looking for anything to support in my town any form of development that will be using TIF responsibly. And as odd as this may sound, I'm going to yield the rest of my time to Mike Groene, Senator Groene. [LB496]

SPEAKER SCHEER PRESIDING

SPEAKER SCHEER: Senator Groene, 2:24. [LB496]

SENATOR GROENE: Thank you. Thank you, Senator Halloran. I have before me the "but for." There isn't...there's no such thing in law. "Plan; approval; findings," Section 18-2116, "(i) the redevelopment project in the plan would not be economically feasible without the use of tax-increment financing, (ii) the redevelopment project would not occur in the community redevelopment area without the use of tax-increment financing." Doesn't say in the community, it says in the blighted area is where they're going to build. Senator Halloran when he was talking, a light bulb came into my head. Do you realize, folks, if you are a high-tax town...Hastings is. I met their administrator and their business manager. They are screaming in their schools because they are a low property tax area. They need more property taxes because state aid isn't filling in. Do you realize also the person who buys that home will still pay high property taxes? They will pay higher property taxes because the home they live in, the property taxes that they're paying will not go to support their school and their county. It compounds. Those people might not buy that house because the property taxes are too high. [LB496]

SPEAKER SCHEER: One minute. [LB496]

SENATOR GROENE: When I moved out west for my career, I had a choice of living in Imperial, Nebraska, or Holyoke, Colorado, or St. Francis, Kansas. My wife vetoed St. Francis. It's pretty isolated. The taxes were twice as high in Imperial than Holyoke. Guess where I moved? I didn't move because it was a nice house. I moved because the taxes were less in Colorado. And why I got back into, why I'm doing, standing here, is when I moved back to Nebraska 12 years, 10 years later, I was shocked at the property taxes, absolutely shocked,

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because we do these things, we do these things, we're going to build a community. Why do we have a \$900 million deficit? We've done so many tax credits and these type of deals we should be rolling in the dough because that's the promises you heard about growth. If we do this one, geez, we're going to roll in the dough. We ought to be there. [LB496]

SPEAKER SCHEER: Time, Senator. [LB496]

SENATOR GROENE: Thank you. [LB496]

SPEAKER SCHEER: Thank you, Senator Halloran and Senator Groene. Waiting in the queue: Senator Linehan, Groene, Erdman, Crawford, and others. Senator Linehan, you're recognized. [LB496]

SENATOR LINEHAN: I'm yielding my time to Senator Groene. Thank you. [LB496]

SPEAKER SCHEER: Senator Groene, 4:50. [LB496]

SENATOR GROENE: Thank you, Senator Linehan and Mr. President. Here's one in Jefferson County, TIF funds used for the renovation of existing historic square foot school into 26 two-bedroom affordable seniors at \$355 per month. Here's another one in Fairbury, Nebraska--I think that's Senator Ebke's area--subdivision property building, a duplex on a lot, single-family residence, also construction of paving. Also in these descriptions they tell you what they did with the money and it's always...it's pointed towards infrastructure because that's what statute says. What we are doing here, remember, folks, we are increasing property taxes twice now with TIF, once by taking it off the tax rolls, diverting the money for the increased infrastructure cost, but we're also taking it away from the city itself to put the street in, the sewers, the sidewalks, and pay the deputy sheriff who drives through your town, because we're going to give it to the contractor, we're going to give it to the bank for collateral. That's what this law does. That's its whole purpose. We got a problem with TIF and what the bill that comes to the floor is one to expand it where it doesn't even fit inside the Constitution of the State of Nebraska for its purpose. I never heard once one of the proponents talk about fixing a blighted and substandard area--have you?--not once by using this. They're talking about housing. They're talking about

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housing out in the cornfield. That's what they're talking about. At least they're honest there. They're not going to push any of the old houses. They're going to build on the edge of town. Like I said, I've been in every small town. Any housing development that goes in is done on the edge of town. Why: because the old part of town, the infrastructure, is in bad shape and it's more costly for the developer to build in the old part of town but we're going to give them a free ticket now. You don't have to worry, even blink at fixing the old part of town and the infrastructure because we're going to give it right to you so you can put in new infrastructure, or you'll get the city to do that too. This is bad, bad policy when we already have a property tax crisis in the state of Nebraska, and I used the word "crisis" accurately. We have a crisis and you're going to take property off the tax rolls so that a banker can make sure he's got collateral and some guy who doesn't even live in your community can make an extra 30 percent profit over the local contractor because he's going to get TIF for 15 years. [LB496]

SPEAKER SCHEER: Time, Senator, but you're next in the queue so you've got your five minutes now. [LB496]

SENATOR GROENE: Thank you, Mr. President. Here's one in Wausa, Nebraska, might be Senator Albrecht's, 16 studio units and four one-bedroom apartments which will provide assisted living services for senior citizens and others who desire personal service and then amenities. I'm going to start calling LB496 the banker collateral bill because it surely isn't to do this because we're already doing all this. We're building studio apartments. We're building homes hopefully in blighted and substandard areas because that's where it's supposed to. We're improving the old infrastructure of our communities. We're going to kill that. We're going to kill that at all for the honest city council who says, no, you build it here, we need to clean this blighted and substandard area up. No, that contractor is going to come to town and say, hey, you have to give it to me because here it says I can build anywhere and here it says you've got to give me the money because I can make a bigger profit. I get a kick out of that amendment that said you can't...undue profit. When you can make 30 percent over 30 years on your investment and your competitor can't, I would think right there would eliminate you under the amendment about undue profits. Come on, folks. Let's fix the property tax problem. Let's get everybody in the boat. Let's get everybody paying their fair share--I'll use that from Senator...President Obama, too, I think he used that--pay your fair share and then as a team we will lower property taxes and the

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tax burden across this state. Don't cut and run on us for a profit margin. Be part of it. Be part of the fix. This body needs to be part of the fix, too, and turn this stuff away. I thought I'd be able to go through the whole session without one tax credit, without one special interest crawling through here looking for a property...for a tax break at the expense of the rest of us, didn't make it. What am I, eight days or nine days short? It's right there, it is. We got it sitting right there. We're going to help the good old boys out with a tax break and the rest of us are going to pay more because we're scared, we don't understand free markets. We've got a shortage of homes. Well, build the homes. That's how free markets work. Do you understand that some folks aren't sitting and building right now because they're looking for a tax break and they're holding the town hostage because they've got to have it? It needs to disappear. TIF needs to be reined in. We need to look on projects that actually help blighted and substandard areas in our inner cities, and our downtown in our little towns all have an area. I can drive you through three or four towns I know in western Nebraska where housing development was TIFed and then I can drive you to the blighted area of town, the old houses, dilapidated. They didn't build them there. It was abused. Those old buildings are still there. This is bad government, bad policy in an economic crisis, in a property tax crisis. We're going to let some individuals cut and run, not help the community out by paying their taxes, for 15 years. Let's put an end to it now, let's let the Urban Affairs Committee come up with some good legislation where we examine this thing, put some bite into enforcement, to make sure when property taxes are not paid, there is a true benefit to the community. [LB496]

SPEAKER SCHEER: One minute. [LB496]

SENATOR GROENE: We're not there with this. I would not be a builder anywhere in rural Nebraska and start with one brick or one spade of dirt on a new home unless I was TIFed. You're going to have to, to be competitive. You're going to drive them all to it and they will get around it. They will come in with estimates the house is \$180,000 and who is going to pay attention if it's a \$300,000 house? There's no enforcement. They told us it was going to be a \$180,000 house. Ah, we'll TIF it. It won't be TIFed at \$180,000. County treasurer will get that tax bill. She'll split it up. I say split it up because..."her" because that's all I've ever known is ladies are the best county treasurers, I guess, out in rural Nebraska. And she'll send it to the bondholder. You'd be a fool to build a house in rural Nebraska... [LB496]

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SPEAKER SCHEER: Time, Senator. [LB496]

SENATOR GROENE: ...without TIF. [LB496]

SPEAKER SCHEER: Time, Senator. Thank you, Senator Groene. Senator Erdman, you're recognized. [LB496]

SENATOR ERDMAN: Thank you, Mr. Speaker. As I look around to see how many may be listening, don't look like there's too many. We're pretty serious here. It's a pretty serious discussion and I appreciate that. Let me share a project that was TIFed in my local community. A gentleman made an application for a TIF project to build a truck parking lot, put in electrical outlets and meters so a person could rent that stall and park your truck there, plug it in, in the wintertime, had a place for you to park off the street. Didn't go well a couple years, wasn't making any money. So he takes the electrical outlets out, doesn't pay the taxes, doesn't pay anything on the restoration or whatever he had to do, waited till the value went down so his amount that he would pay taxes on was far less. Then he applied for a second TIF project. They approved it. Then he built a storage unit. But there's no violation of the TIF things. There's nobody doing things wrong. They're all doing them right. Senator Chambers asked several times, I hear him say, what happens if this doesn't pass, what do you do then? What's the consequences of not passing this? I don't know. Maybe the banks have to finance the whole project, they don't have as secure a position as they had before or would have had. Maybe they bill those anyway, as Senator Chambers alluded to with Cabela's, and they do actually get more property tax collected. That's kind of a novel idea. I'm not so sure whether we're swimming upstream or not, don't know if we're making any progress but I will tell you this. We're giving you an idea of what this is and what it does and you have to make the decision based on the information that we've shared with you. Senator Groene understands these TIF projects. Senator Groene understands what he's talking about. Lest you believe that I'm against TIF, I am not. I'm against the abuses of TIF. It's not used correctly and we need to do as Senator Wayne said: study this TIF and analyze what we do, qualify how we're going to use it, and then adhere to it. Those projects that were reviewed by the Auditor, there wasn't one of them that had everything in place that they should have had, but there's no oversight. And so they do whatever they want and they apply for whatever they want and it seems like they get away with it. It doesn't make any sense that we would allow them to

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exempt themselves from property tax to do whatever they want to do. Senator Groene, I appreciate your commitment to sharing the truth and bringing to light the things that TIF does. This is a tax abatement bill. And I know what Senator Williams said about there's no...it does not...this does not decrease property tax by having this bill pass and I understand what he's saying. But as I shared with you about what the county assessor wrote to me and shared about their growth, there would have been more property tax paid had there not been those TIF projects. Those people in that county have got it figured out how to get TIF projects. They don't build anything unless it's TIF. [LB496]

SPEAKER SCHEER: One minute. [LB496]

SENATOR ERDMAN: And once they get it figured out, everybody gets on the wagon and pretty soon all the projects that you have, all the new projects qualify for TIF. So, consequently, that's why Senator Groene is doing what he's doing. Let's wait until next year, study it, find out what we need to put in place and make commonsense decisions. Thank you. [LB496]

SPEAKER SCHEER: Thank you, Senator Erdman. Senator Crawford, you're recognized. [LB496]

SENATOR CRAWFORD: Question. [LB496]

SPEAKER SCHEER: Do I see five hands? Indeed, I do. The question has been called. All those in favor of...shall the debate cease? There's been a request for the call...to place house under the call. The question is, shall the house go under call? All those in favor vote aye; all those opposed vote nay. Please record. [LB496]

ASSISTANT CLERK: 19 ayes, 0 nays to go under call, Mr. President. [LB496]

SPEAKER SCHEER: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber please return to the Chamber, record your presence. All unauthorized personnel please leave the floor. The house is under call. Senator Bolz, Senator Hilkemann, could you check in. Senator Krist, could you check in. Senator Kuehn, Senator

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Pansing Brooks, Senator Geist, Senator Watermeier, please return to the floor. Senator Geist, please return to the floor. Senator Riepe, please return to the floor. Senator Pansing Brooks, please return to the floor. The house is under call. All members are here and accounted for. The question before us is, shall the question (sic) go under call? I'm sorry, Senator, what did you ask for? [LB496]

SENATOR GROENE: Roll call vote, regular order. [LB496]

SPEAKER SCHEER: There's been a request for roll call vote on the call of the question. Mr. Clerk, regular order. [LB496]

ASSISTANT CLERK: (Roll call vote taken, Legislative Journal page 1503.) Vote is 35 ayes, 8 nays to cease debate, Mr. President. [LB496]

SPEAKER SCHEER: The motion to call the question is successful. Senator Groene, you're welcome to close on your motion to recommit. [LB496]

SENATOR GROENE: Thank you, Mr. President. I think I did something there I haven't even seen Senator Chambers do a roll call vote on. (Laughter) But time is of the essence. I think I've explained to you why we do not need this, why we should not do it: for ethics of our body and the respect of the rule of law, our constitution. And it doesn't address the issue we face in Nebraska: high property taxes, high property taxes. Instead of addressing it, we add to the problem if we pass LB496. We take more real estate valuations off the tax rolls, quite frankly, on homes that would have been built anyway. Any new homes in the small communities I go to as a farmer moving to town, a hired man coming to town, the homes are sitting there, empty, some boarded up waiting for that factory to come. You want that factory to come to western Nebraska, rural Nebraska? Give us some of our income and sales taxes back to TEEOSA. Let us drive that property tax level so low that we don't need to TIF anything. The corporation or the business sees how low the property taxes are in rural Nebraska. We have an economic crisis in rural Nebraska long before this last turn down. Yes, the farmers made money but the small towns did not, and they did to a point. Farmers came in and bought equipment, built houses in town, a lot of them. But long range, we have a problem. Why would you move to a small town in Nebraska when the

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property taxes are high? Why would you? Remember, this house that you build with this program, that individual who moves into it is still paying high property taxes. He's not getting the abatement; (it's) somebody who lives far away in a big city probably, where his construction company exists, brings no jobs to town. My contractors are all busy. But that's what this does. Well, the bankers got collateral but we lost our tax base; no more jobs came because of the construction companies locally moving here. In fact, I told my economic development people, why don't you go to Sidney and put an ad, get some of those contractors there to move to North Platte, bring their whole crews, because you know what happened in Sidney. They got a lot of houses there that were TIFed and they're only ten years old and they're starting to get boards on them. Why would that happen? All those homes are sitting there. They're new. They've been TIFed. Why would those houses' value go down in Sidney, Nebraska? The houses are there. Somebody ought to be flocking to Sidney since Cabela's left. That's what we've been told here. It's donkey backwards, folks. How did we ever get to this place where you build a house and then the factory comes, or the business? Economics says the business comes, you bring them in, the laborers come, the workers come, and they build a house--the American dream. We're going to build a house first. This needs to end now. This common sense needs to enter this body. [LB496]

SPEAKER SCHEER: One minute. [LB496]

SENATOR GROENE: We need a green vote on MO133. Let's send a message. Senator Wayne, I got a lot of faith in him. He's going to fix this problem. He's going to have a backbone. He's going to stand up to the lobby, the League of Municipalities. He's going to stand up to others who personally gain from TIF and say, no, this is a statewide problem and it's all tied into property taxes. And I hope he lets me in on the conversation. Let's fix TEEOSA. Let's bring some state aid back to rural Nebraska so they can lower their property taxes. You urban senators, that...you want to help us? Let's do that. I don't need your vote here. I don't need your help on this, because your cities, Lincoln and Omaha, are not involved in this bill. You're taking away my property tax base in my rural areas if you vote for LB496. [LB496]

SPEAKER SCHEER: Time, Senator. [LB496]

SENATOR GROENE: Thank you. [LB496]

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SPEAKER SCHEER: Thank you, Senator Groene. The question before us is... [LB496]

SENATOR GROENE: Roll call. [LB496]

SPEAKER SCHEER: Thank you, Senator Groene. The question before us is a recommit to committee motion. There has been a request for a roll call vote. Mr. Clerk. [LB496]

ASSISTANT CLERK: (Roll call vote taken, Legislative Journal page 1504.) Vote is 6 ayes, 33 nays, Mr. President. [LB496]

SPEAKER SCHEER: The motion fails. Being the appointed time of the three-hour limit, we will move to the next item on the docket, Mr. Clerk. Raise the call. [LB496]

ASSISTANT CLERK: Mr. President, on LB415, there are E&R amendments. (ER88 Legislative Journal page 1414.) [LB415]

SPEAKER SCHEER: Senator Wishart for a motion. [LB415]

SENATOR WISHART: Mr. President, I move the adoption of the E&R amendments to LB415. [LB415]

SPEAKER SCHEER: All those in favor say aye. All those opposed say nay. It is advanced. Mr. Clerk. [LB415]

ASSISTANT CLERK: Senator Kolterman would offer AM1383. (Legislative Journal pages 1504-1506.) [LB415]

SPEAKER SCHEER: Senator Kolterman, you're welcome to open. [LB415]

SENATOR KOLTERMAN: Thank you, Mr. Speaker. AM1383 to ER88 and to LB415 is really a technical amendment that changes a couple of words that were picked up by E&R Revisor, it

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was determined could not be included in the E&R amendment. I'd move that we get a green light to that technical amendment. [LB415]

SPEAKER SCHEER: Thank you, Senator Kolterman. Waiting in the queue to speak: Senator Friesen, are you wishing to speak on this item? Senator Schumacher, on this item? Any wishing to speak on this item? Seeing no one who wish, Senator Kolterman waives closing. The question before us is adoption of AM1383. All those in favor please vote aye; all those opposed vote nay. Please record. [LB415]

ASSISTANT CLERK: 39 ayes, 0 nays on the adoption of the amendment, Mr. President. [LB415]

SPEAKER SCHEER: AM1383 is adopted. Mr. Clerk. [LB415]

ASSISTANT CLERK: Senator Kolterman would then offer AM1374. (Legislative Journal pages 1506-1507.) [LB415]

SPEAKER SCHEER: Senator Kolterman, you're welcome to open. [LB415]

SENATOR KOLTERMAN: Again, thank you, Mr. Speaker. AM1374 is an amendment that take us back to where we were regarding separation of service before LB415 was introduced. AM1374 makes the following changes to the school plan. It returns the definition of termination to the current status, which means that it eliminates restriction on return to work for members who take an early retirement inducement so there's no longer any amount of additional time such member would have to sit out, other than the current 180 days when intermittent substitute and voluntary service is allowed. It also allows all members to provide intermittent substitute and voluntary service during that 180-day separation of service period. It eliminates restriction on providing service to classified schools within the 180-day separation of service or any time. It strikes the requirements for member to certify under oath that there's no prearranged agreement to provide service to a classified school. It retains the definition of early retirement inducement. This term is in current statute as one of the forms of payment that are not counted as compensation. Retaining the definition will make it easier for the PERB to implement since

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currently the board has to determine what the early retirement is or is not. It also provides a definition for the purposes of certification requirements. Under the Class V Omaha plan, it strikes the definition of termination which means termination can (inaudible) be guided and determined by the OPS policy, not statute. It eliminates the restriction on return to work for members who take an early retirement inducement so there's no longer any amount of initial time such member would have to sit out. It eliminates the restriction on providing service to any employer in the school plan. And it strikes the requirements for member to certify under oath that there's no prearranged agreement to provide service to any employer in the school plan. In addition, it strikes the definition of service in any capacity which describes working as a consultant, contractor, etcetera, since that term was stricken the definition of termination. Termination of separation of service will continue to be implemented as it has been both the school and Class V plans. What remains in LB14 (sic LB415) as introduced is: in the school and classified school employees retirement plans, a new rule of 85, with a minimum retirement of age 60, will apply to all employees hired on or after July 1, 2018. All current employees and employees hired prior to July 1, 2018, will have their current rule of 85, which requires the minimum retirement age of 55. So that doesn't change. Employers have a new requirement to certify under oath whether or not the employer had a...employer had a prearranged agreement prior to termination with the employee to provide service to the employer and whether or not the employee granted an early retirement incentive. Employees have a new requirement to certify under oath whether or not the employee had prearranged agreement prior to termination, to provide service to any employer in the school plan, and for the employee to certify under oath whether or not the employee was granted an early retirement incentive. In conclusion, I have drafted an interim study resolution as requested by the lobby and a number of senators who have opposed the provision in LB415 on the separation of service periods, limitations on substitute service, and limitation of an early retirement inducement is accepted. So this issue can continue to be reviewed with all the players who want to participate in the discussion during the interim. At all times I have met, discussed, compromised, and negotiated in good faith. I've also encouraged senators who question the provisions of the bill to ask me questions during debate because I feel it is important that these issues are discussed and understood. As we move forward, I will continue to work and negotiate in good faith. My primary concern is to protect the plan and maintain fiscal health of these plans. With that I would say that I'd like to thank all the senators that have been involved. I think I have ten senators that signed on to my resolution

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to study this, this summer. I plan to invite and involve all of them, along with the NSEA, the Nebraska Council of School Administrators, the school boards, the PERB, anybody else who would like to...has an interest in this. With that I would ask for a green light. And thank you for your support on AM1374 of LB415. Thank you. [LB415]

SPEAKER SCHEER: Thank you, Senator Kolterman. Senator Pansing Brooks, you're recognized. [LB415]

SENATOR PANSING BROOKS: Thank you, Mr. President. I just rise to support AM1324 and LB415 thereafter. I also want to thank Senator Kolterman for his willingness to work with us. I know that he'd been working on this for quite a while, so it was, I'm sure, quite aggravating to him to have some of us coming in at the 11th hour because we were hearing from our teachers about the concerns within the bill. And he has worked hard to compromise in good faith. And I know with his incredible knowledge that it's been sort of a struggle to pull a lot of us along on this. And I really appreciate his kindness and his willingness to work on this. And also his amazing attorney, Kate Allen, who also works for Retirement, and I think they've done amazing work. And also to thank NSEA for helping us to work to find some good language. So I look forward to the interim study and figuring out the best solution moving forward. So thank you so much, Senator Kolterman. Thank you, Mr. President. [LB415]

SPEAKER SCHEER: Thank you, Senator Pansing Brooks. Senator Chambers, you're recognized. [LB415]

SENATOR CHAMBERS: Mr. President, members of the Legislature, I'd like to ask Senator Kolterman a question if he would respond. [LB415]

SPEAKER SCHEER: Senator Kolterman, would you please yield? [LB415]

SENATOR KOLTERMAN: Yes, I would. [LB415]

SENATOR CHAMBERS: Senator Kolterman, you did not vote to override the Governor on that ex-felon's voting bill, did you? [LB415]

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SENATOR KOLTERMAN: No, I did not. [LB415]

SENATOR CHAMBERS: Thank you. The reason I ask, Senator Pansing Brooks used the word "kindness" with reference to Senator Kolterman. With all due respect to Senator Kolterman, I don't think anybody is kind who voted against that bill. Some of us have sweated blood on those issues. These truly are among the least, the last, and the lost and we want to keep them lost. I'm doing some serious thinking about how I'm going to conduct myself the rest of this session. I cannot be concerned about teachers, preachers, politicians, anybody. There's only one commitment that I've made for the remainder of the session and that was to Senator Schumacher on a bill that I had supported; unlike others who supported a bill, then when the Governor put pressure on, they backed away. I know a person in here who has a relative locked up, and who voted for that bill, and then the Governor said get off the bill, and she got off the bill. And then talked like a mad woman in explaining why she did it. You know why I use harsh words now? We're not playing games. And Senator Kolterman, I'm not looking at you now, I'm just facing in that direction. I don't owe anybody on this floor anything. Jesus said, you all owe no man anything except to love one another. I don't feel that way about all of you all. But since you're all my children, I cannot say that I dislike you, but I dislike what you've done, not just Senator Kolterman. I could make everybody angry, and I'll bet you I could talk three hours, or whatever amount of time we have on this bill, the rest of this day. And you all want to go home, don't you? And you know what the people who are ex-felons say? Let me go home. Let me vote. That's all I'm saying. It won't cost anybody anything. It doesn't hurt you, doesn't hurt you, Senator Brasch, if I'm allowed to vote. You hate me so much. You don't want me to vote. You don't even have to look at me. I'm not going to vote in your precinct, and the rest of you, spineless people. Shakespeare said: Oh it is wonderful to have the strength of a giant, but it's tyrannous to use it like a giant. Well, I'm in a position to be tyrannous right now because the rules are on my side and I'm well rested and I'm loaded for bear. And this is a bill that a lot of people have worked on. A lot of people care about it; but see, they're the good people. They're not like the unpeople, the ex-felons, who are my brothers and my sisters, that's why the God you all worship sent somebody like Jesus here. You can hate him, you can revile him... [LB415]

SPEAKER SCHEER: One minute. [LB415]

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SENATOR CHAMBERS: ...but he still is going to try to do what he's supposed to do for the ones you all don't think are fit to live. You all would kill the ones that he died for. You want forgiveness. But you won't extend it. You don't want me to be vindictive on this bill, do you? But I'm in a position where I can be. And I'm just in the mood. Thank you, Mr. President. [LB415]

SPEAKER SCHEER: Thank you, Senator Chambers. Senator Linehan. [LB415]

SENATOR LINEHAN: Thank you, Mr. President. I want to commend Senator Kolterman and his committee and also I think he had some assists from Senator Baker and Senator Williams on dealing with this very difficult and politically charged issue. I have been very impressed by Senator Kolterman's determination to keep these accounts sound and to ensure that the people that dedicate their lives to our kids in those schools have retirement that they can depend upon. It's very important and it seems to me a bit thankless of a job. So I appreciate all their hard work. I do have a couple of questions if Senator Kolterman would be willing to yield to a question. [LB415]

SPEAKER SCHEER: Senator Kolterman, will you please yield? [LB415]

SENATOR KOLTERMAN: Yes, I would. [LB415]

SENATOR LINEHAN: Thank you, Senator Kolterman. I just want to make sure I understand it. So teachers who leave, retire and they have a...there's a payout for early retirement. We're not going to have any restrictions on them going back. I know at one time it was three years, then two years, and there was something about 18 months, but I'm not clear where we are now on that. [LB415]

SENATOR KOLTERMAN: Thank you, Senator Linehan. What we did is we took that out and we will include that in the interim study this summer. So we're back... [LB415]

SENATOR LINEHAN: Okay, so right now, it's the 180 days. [LB415]

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SENATOR KOLTERMAN: Yeah, it's...it actually goes back to the way it has been for the last decade or longer. [LB415]

SENATOR LINEHAN: But that's why you're doing this study to see how that affects... [LB415]

SENATOR KOLTERMAN: I think it's going to be...the problem that we had, we had an amendment brought to us that...and we were open to that amendment. The challenge was to make sure that it met all the compliance issues and it was so detailed that we felt it was going to take more time to study this in its entirety. And so we just decided to pull that section, go back to the original way the bill was written and work on that this summer. So the 180 days intermittent is the way it was before. We're going back to that. The three-year wait that we had in there, that's been pulled out of the legislation. So it really deals with the basic thing that's left from a teacher perspective is the idea that we move to age 60 with the rule of 85. And anybody that has been...that qualifies prior to...or that's in the system today and they aren't hired after July 1 of 2018 will still be eligible for the benefits that they've been promised. [LB415]

SENATOR LINEHAN: Thank you very much, Senator Kolterman. Again, I would like to thank Senator Kolterman and his committee for their hard work. And I will yield my time back. Thank you, Mr. President. [LB415]

SPEAKER SCHEER: Thank you, Senator Linehan and Senator Kolterman. Senator Chambers, you're recognized. [LB415]

SENATOR CHAMBERS: Thank you. Mr. President, members of the Legislature, I put a motion up there that I'm going to deal with, but it's not a priority motion. See, Senator Kolterman said a lot of people worked with him and he worked with a lot of people on this amendment. I could have offered a priority motion and he couldn't even get a vote on his amendment. But see, I'm not like my hard-hearted colleagues here. The Governor can't call me and say--Chambers, I own you, do what I tell you to do, and I jump. You all ought to be glad I'm not like that. But I watched you all do it too many times. But I can't be quiet like you all. I haven't reached that low a level yet. So I will not deprive him of his opportunity to reap the fruits of his labor and the labor of other people whom I deeply respect. But that respect that I have for others and the work that people

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did in good faith is not enough to make me back away from what I've determined that I must do. Who on this floor can really speak for the people who have no voice? I don't want to be chairperson of a committee, I'm not looking for any favors from anybody. I don't accept campaign contributions, I don't make promises to anybody that I know I can't keep. And nobody can bully and intimidate me into saying what I feel like I shouldn't say or stop me from saying what I should say. I will not stand up here and give of a catalog of all the Christian principles that I believe in, then use the eraser word "but" and erase it all and say--but I'm not going to do what I know I ought to do. I'm going to do what I think I should do. And as the "Bible" said, the sun also rises; tomorrow will come. I can't keep you all here to midnight, because the Speaker won't even let me stay on the bill that long. So how long will I be able to stay on the bill? How long will you all going to stay here with me? And you will be here with me. Because as I said about the British Empire, the reason the sun never set on the British Empire was because God didn't trust the British in the dark. So how long are you all going to stay here with me to make sure that I don't wreak havoc in trying to do that which is good, just, and proper? I don't equip myself with your Jesus, but see, I can teach you all something about your Jesus and why people wanted to execute him and why there was a legal lynching of him. Because he would come when people have everything going like they wanted, having a good time, then he'd put a wet blanket on it. There were people in the synagogue, in the church, selling animals, changing money. And Jesus came in with a small whip; it was more symbolic than anything that would hurt people, and whipped them out of the temple. And he said--my father's house is to be called a house of prayer of all nations, and you have made it a den of thieves; and he whipped them out of the temple. That's why they wanted to kill him. You think they killed him because he raised the dead and healed the sick? You all love your little children. How would you feel if you had a little daughter and she died? You would be heart broken. And what would you think if a guy came along who was hated by all of the important people and he says she's not dead; and they said you must be crazy, just like they say you are. He said, and you don't know who you're talking to. But we'll see; the proof of the cake is in the eating. So he took the little girl by the hand, and he said, child, get up. [LB415]

SPEAKER SCHEER: One minute. [LB415]

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SENATOR CHAMBERS: And she opened her little eyes, she stretched like little children do when they've been asleep, and she sat up, and the first words out of her mouth--mommy, where are you? And the mother came and wrapped her arms around the little girl. Then how do you think she felt about the man who came and healed her, brought her back to life? So if a man really did that, how could other people of the religious persuasion engineer his legal lynching? Because people who profess to be religious are some of the most hateful hypocritical people you can find and they hide behind religion. So I'm not going to stoop to the level of Christians and deny Senator Kolterman that for which he worked so hard to achieve. But I'll tell you what, the temptation is there. [LB415]

SPEAKER SCHEER: Time, Senator. [LB415]

SENATOR CHAMBERS: Thank you, Mr. President. [LB415]

SPEAKER SCHEER: Thank you, Senator Chambers. Senator Craighead, you're recognized. [LB415]

SENATOR CRAIGHEAD: Thank you, Mr. President. I just wanted to say thank you to Senator Kolterman and the Retirement Committee for all the work they did on AM1374. This has been a very emotionally charged issue and I think we've heard from a lot of people on this. I also look forward to the interim study this summer. And if he would like it, I'd yield the rest of time to Senator Kolterman. [LB415]

SPEAKER SCHEER: Senator Kolterman waives the additional time. Thank you, Senator Craighead. Senator Chambers, you're recognized. [LB415]

SENATOR CHAMBERS: Thank you, Mr. President. [LB415]

SPEAKER SCHEER: This is your last time, Senator Chambers. [LB415]

SENATOR CHAMBERS: I'm not going to interrogate anybody on this floor, but I might tailgate on things people say. Senator Craighead said this was an emotionally charged issue...for them.

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Cannot other people have emotionally charged issues? But their issues relate to the people that others would like to pretend don't exist. But somebody has to speak for them. Somebody has to go there bond in the same way your Jesus supposedly went your bond. And now we're kind of quiet this evening because we had a discussion that people were interested in. But just to show you that even though I might speak in the mournful tones of a mortician, I still retain my sense of humor. That's what keeps us from killing our children when they've been disobedient, like you all have been and hard-headed, contentious, argumentative, stiff-necked. Some people ask and wonder how I could be with Senator Groene. Well, Senator Groene was with me on that last bill, just like the Governor was with me against Senator Watermeier's bill. And even if he were not with me, and I already told him this, if a stopped clock can be right twice a day, Senator Groene, even Senator Groene can be right a couple of times during a legislative session. And he picked a good bill to be right on. And it was a righteous thing he did. And my concept of righteousness is different from that of a lot of people here. But when I think something is righteous, I will get behind it. And even if we lose, in terms of the number of votes, we maintained our dignity and self-respect. And I kind of like, in a perverse kind of way, being the one to speak for those who have no friends. Because no matter how things go for me today, tomorrow I may be the one without a friend. I may be the one who needs only...even if the person can't speak, they will look at me with an expression on their face to say, I understand and if I could do something, I will. You know why that means much? Because somebody's made a human contact with you. And they've let you know, no matter what your circumstances are, you are a member of the human family, but things are so bad I cannot rescue you. And I'll give you the only thing that I can give and that's a sympathetic look, and I hope you understand what I'm trying to convey. I don't expect you all to understand. I've been around you too long. I listened to the discussion that was being held on this bill that Senator Kolterman brought. I don't think there was anything moral about it. It didn't reach the level of morality. These were contending political forces trying to work their will. That's all that it was. Everybody was seeking a benefit. Everybody was trying to come out ahead, and everybody had a friend, and everybody had allies. But I'm speaking for those who have no friends and we have no voice and who...the forgotten people. But I don't forget them. And the only time I can have an opportunity to make you all think is a situation like this. And I live for these moments. And I watch and I wait, because I know that time is going to be on my side and I know that things are going to come my way. See, if you know how to use a yo-yo, you take a string and there's a loop at the bottom. [LB415]

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SPEAKER SCHEER: One minute. [LB415]

SENATOR CHAMBERS: That's the way it is, then you spin the yo-yo so that it makes the string put the two...puts the two together. But you leave a looseness at the bottom so if you throw it down hard enough, it spins at the bottom. It will spin and it spin; and if you flick your finger, it will roll back up the string. And you can throw it out and all around and the yo-yo keeps spinning and you flick it and it comes back to you. So that's the way time is in the Legislature. In fact, that's the way the Legislature is, it's like a yo-yo at the end of the string. And whoever has his or her finger at the top of the string and knows how to yo-yo can flick it and the yo-yo will come right back up to the finger...the hand. So I'm flicking the yo-yo now. I'm flicking the Legislature. And I'm going to... [LB415]

SPEAKER SCHEER: Time, Senator. [LB415]

SENATOR CHAMBERS: ...and I'm in a position...thank you, Mr. President. [LB415]

SPEAKER SCHEER: Thank you, Senator Chambers. Senator Walz, you're recognized. [LB415]

SENATOR WALZ: Thank you, Mr. President. I stand in support of AM1374 and LB415. And I also just want to thank Senator Kolterman and...there's so many other people who are involved in this process. I also want to say that I think one of the most important things that came out of this process is the fact that we are going to be working together to come up with a plan that supports Senator Kolterman's retirement, as well as a plan that protects and keeps teachers in the classroom. So again, I just want to thank him for his efforts and everybody else who was involved in that. Thank you, Mr. President. [LB415]

SPEAKER SCHEER: Thank you, Senator Walz. Senator Groene, you're recognized. [LB415]

SENATOR GROENE: Thank you. I'm a member of the Retirement Committee and I know how much work Senator Kolterman and Kate put into this. And I never got to speak the last time this was up because I always believe in the truth and we kept...I wish we could have kept the bill together because it was...it worked, it needed to be done. Either you're retiring or you're not, we

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shouldn't incentivize somebody to retire, we should stay in the classroom, as Senator Walz said, we need to keep them in the classroom. But I did a survey with my districts and four of them replied. By quarter, the need for subs and here's my town in Hershey, the first quarter they need 95 subs, that's August to October. The last quarter, 171, and in between it's 140 and 114, but only 95 the first quarter. Here's another one of my smaller districts: August to October it's 3 to 4 percent absenteeism; January to February 5 to 6; March to April, 12 percent. Here's another one: first quarter 70; last quarter 123. Here's our biggest district: August, 130; May, 451. The point is, we were told that there was a crisis for subs in that first 180 days through the summer and the first quarter; there isn't. People show up for work the first quarter of the year. That puts us past the 180 days. There's not a crisis for subs at that time of year; that is false. It's the last quarter, what is happening right now where people use up their sick days, their personal days, they go to other graduations. There's a lot of activities; also that they sponsor track meets and other things that happen in the spring. But let's be factual in this body. There's not a shortage of subs the first quarter of the school year. I think you'll find that statewide. Senator Kolterman's bill worked and worked well to "alleviate" (sic) the concerns of the IRS and just common sense and common decency. If you retire, you retire. So I wanted to bring that point up. I'm glad Senator Kolterman is going to get some of it done and I look forward to working with the Retirement Committee, Education, to look at this sub problem, what is causing it. It is mandates from us that takes teachers out of the school? Are we allowing extra activities to drive the situation? Do we need to look at the contracts on personal days and can you bank them and why are you banking them when you have the summer off? That's not a bias statement is it? So anyway, I applaud Senator Kolterman. He found out what it is like to take on the education lobby. It's why my hair is another shade of white. But I always focus on the classroom, and so does Senator Kolterman, and on the state budget, and the soundness of our retirement plan. Thank you, Mr. President; and thank you, Senator Kolterman, for doing what you do. [LB415]

SPEAKER SCHEER: Thank you, Senator Groene. Senator Harr, you're recognized. [LB415]

SENATOR HARR: Thank you. I just wanted to take a chance to defend our friends in education for a minute. I understand what Senator Groene is saying, but there's a truth out there that many of our teachers and administrators are women. And sometimes I wonder--am I the only pro-life person out here? Because I want these women to have children. And I don't want them to only be

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able to have their children after 180 or after the second quarter. They have them the first quarter. My wife had a kid on September 17. Can you believe that? The gall? Terrible. Terrible, terrible, terrible. There are substitutes for women having children. It wasn't a graduation. You know what she did? She had the audacity to come back to work before six weeks was over because she wanted to work a three day week before Thanksgiving to work her way back in. That's terrible, too. We shouldn't even have six weeks. We should have 12 weeks for our teachers. That's what it should be. That's what best practices shows you for your children. Go look at the big corporations, the ones that are succeeding, that are getting the best women...young women to work for them. Do you think they're doing six weeks? No. They're doing 12 weeks and more. So let's be a little careful about judging why people do and don't take vacation time or take leave. There are valuable and real reasons why. I appreciate what Senator Groene says. I actually have enjoyed working with him quite a bit and I like the guy. I hope that doesn't ruin your reelection. But I just had to get that on the record because I do have...we had another child in June which worked out really well because then she didn't have to miss any of the school year, so that was nice. I thought she planned that well. And then we had another one in February 27. I had to think about that. Not a March baby; and there was another problem, because she had to come back to the last week of school. That was terrible. Right? If we had 12 weeks, she wouldn't have had to come back. Folks, there are real world...and women do have children and it's a real consequence that some of the stuff will happen. So let's just be careful about the whole substitution thing. And thank you for the time. And I won't take any more, and, hopefully, we can get out of here pretty quickly, Lord willing and Chambers willing as well. Thank you. [LB415]

SPEAKER SCHEER: Thank you, Senator Harr. Seeing no others in the queue, Senator Kolterman, you're welcome to close on AM1374. Senator Kolterman waives closing on AM1374. Those...question before us is the adoption of AM1374. All those in favor vote aye; all those opposed vote nay. Have all voted that wish to? Please record. [LB415]

ASSISTANT CLERK: 41 ayes, 0 nays on the adoption of the amendment, Mr. President.
[LB415]

SPEAKER SCHEER: AM1374 is adopted to LB415. Mr. Clerk. [LB415]

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ASSISTANT CLERK: Mr. President, Senator Chambers would move to indefinitely postpone LB415. Senator Kolterman would have the option to lay the bill over or take it up. [LB415]

SENATOR KOLTERMAN: I'll take it up. Sorry about that. [LB415]

SPEAKER SCHEER: Thank you, Senator Kolterman. Senator Chambers to open. [LB415]

SENATOR CHAMBERS: Thank you, Mr. President. My young friend, Senator "Wise Hart" jumped the gun. That's why I have to have what I'm going to do up there on the desk. I, like I said at one time, if there was a real Jesus and he was running around here today, as they say on the street, he's the cat I could hang out with. I'm talking about prisoners who no longer are prisoners. They've done their time. Tony Orlando sang a song which people thought had to do with his coming from prison because he said I'm coming home, I've done my time, and I've got to know what is and isn't mine. Well, that yellow ribbon is to symbolize that people are coming back from the war, which could be prison in a way. But he had done his time and he could come home. He may have been killing people for things that you all say you believe in. So all those hands were stained with blood. Now he's coming home and all of that is forgiven. He'll get bits of medal and shreds of ribbon and parades and told that he's great because he killed people that he didn't know for things he didn't understand, sent there by people who had no respect for him. Old men make wars; young men and women fight them. But on this Jesus person, some people say, well, prisoners have done wrong and they need to suffer; even after they paid their debt. You know what your Jesus said? Remember those who are imprisoned as being imprisoned with them. He didn't say they were there because they were falsely accused, that they were unjustly convicted. All he said was they are in prison. Other human beings felt they had the right to deprive somebody of freedom and put them in a cage. And as some philosophers said, God created birds, and human beings created birdcages. You have to in-cage everything to control it. Hunters see beautiful things and have to kill it. And Jesus said, remember those who are imprisoned. And he also was talking to his disciples who are like you all; you make these statements, but they don't mean anything to you. He said, I was sick and you didn't minister to me; I was hungry, you didn't feed me. I was naked, you didn't clothe me. I was in prison, and you did not visit me. I was in prison and you had an obligation to visit me. And they said, Lord, whence saw thee naked and didn't do all these things you said? He said, you didn't do it for the

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least of these, not my followers, not my friends, you didn't do it for the least of these my brethren. So you didn't do it for me. You Christians are the ones who talk about everybody being your brothers and sisters. And they say it up there in one form or another every morning and it makes me sick. I think it was William Blake who wrote: a robin redbreast in a cage puts all heaven in a rage. If heaven can be enraged because of a bird in a cage, why should I not be enraged when I hear the hypocritical words coming from there every morning and hypocrites out here pretending that they mean something. Then when you have the opportunity to do something to help those who have paid their debt and just want to be invited back into the human family and you know what you say? Am I my brother's keeper? Am I the water? Am I the guard? You tell Jesus to his face--Jesus, go to hell. And that's what you tell him by your conduct. I just put the word to it. But you're too dishonest to even admit that. Why can I talk to you and condemn you with your religion? You were the one who put it out there. I didn't bring the religion here in the beginning. I brought a lawsuit so there wouldn't be any preaching up there, there wouldn't be any praying, but people like you all insisted. So now you bring religion to this place and I listen every morning. I listen. Because you're making a mockery of this god you supposedly worship. A simple thing like saying a person should be allowed to cast a vote for those who are going to govern, for those propositions that might determine how much of his or her tax money will be taken if he or she can get a job, and if you all had your way, they wouldn't be able to get a job either. You believe in eternal punishment for others, but you want salvation and forgiveness for yourself. Senator Kolterman wanted a measure of forgiveness, because if you had stayed firm, his little bill would have died. Everybody wanted to get something, and nobody wanted to be dealt with harshly. And those you care about, the teachers, old teachers, female teachers, you wanted them to be shown consideration because they're like you. They haven't yet been caught and prosecuted for the things that they did. There are moral wrongs you can commit which are not crimes, according to man's law, that are far worse than violation of any man-made law. But you got away clean down here because you don't get taken to court, brought to book, and sentenced to prison. And you have to have somebody below you, status wise, to feel like you're something. You stand on other people's shoulders so you can be tall. That's the only way you can feel like you're worth anything is to say everybody else is worthless. I'm going to vindicate my existence. And you know what, I wouldn't care if every one of you left this place and just left me here to speak, because I'm not really speaking to you all, I'm speaking at you. I'm speaking to those who might still be watching us if what we do is still carried out over the air waves. I want

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them to hear what I have to say and the contempt I have for the people in this Chamber who voted the wrong way on that bill; and if you voted no, you voted the wrong way, especially those of you who had voted the correct way before. There was a sculptor, and his statues during the time of Greece, there were alcoves, and his...the figures that he carved were put in those alcoves. And people would watch him as he sculpted. And his philosophy was that these blocks of marble contained the image and all he had to do was remove the excess marble and the image that was within that marble emerged; all he did was cut away the extra, the excess. But they watched, and they said, you spend as much time on the back of the statue as you did on the front of it, on the sides of the statue, which nobody will ever see, why do you do that? He said, the gods see all sides of the statue. So he had the higher motivation for his art than most people. It's not what the human eye is going to see. He had a talent, he had an ability, and he felt a responsibility went along with it and that was to do his best any time he put the chisel to the marble. And that's what he did. But you all are not like that. If human beings are not looking at you, if they don't see you, if they don't condemn you, then everything is all right. But what about the one you all pray to? Doesn't he see you all the time? Doesn't he divine all the secrets that are in your mind, that are in your heart, that will never be spoken in words? Doesn't he see? Doesn't he know? And then you all come up there every morning... [LB415]

SENATOR KRIST PRESIDING [LB415]

SENATOR KRIST: One minute. [LB415]

SENATOR CHAMBERS: ...come here and I watch you. And not all of you are here. There might not be this many people when the hypocrisies going on. Maybe they think they'll be struck by lightning. That's the kind of god they worship also. And you're lucky that he's not like you. So maybe the guy who said that God didn't create men in his image, men created God in their image. But that's not true. Because if God was in your image, you'd be dead. You would have been dead a long time ago. You can feel so superior because you didn't get caught in what you did. But if every act that you committed during your adult life when you made a deliberate volitional choice could be paraded in front of us here or put on a screen and every deed that you did in the dark, in the corner, when no human eye could see you, except the other one. [LB415]

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SENATOR KRIST: Time, Senator. Thank you, Senator Chambers. Senator Stinner, you're recognized. [LB415]

SENATOR STINNER: Thank you, Mr. President. Members of the body, I do support LB415 and Senator Kolterman's efforts. I do sit on that committee and I can tell you that he works hard on getting everything right. But I do want to talk about something different. And I'm going to try to do this very quickly because I know that Senator Chambers really wants to speak again. I'm going to respond to this revenue report. And I was trying to get my arms around what was actually out there and its April gross receipt, and it goes through General Fund receipts. And I think at the bottom, the first noteworthy thing is to look at the fact that it is off the February 27, 2017, projections. Okay. And we have had a April 26, 2017, meeting. That forecast has yet to be certified. Now we have until the 15th of the month in order to get that certificate and get back out and I need to take a look at that and what the impact is. But as I told you on the mike that I needed the opportunity to analyze this. And I got the spreadsheets from April, 2017, meeting with the forecasting board. And I said that the numbers in April were already in that forecast that they came up with, the \$55 million shortfall. So through April 25, they forecast it and then projected out the rest of the month. For the month, now you need to understand that, for the month, total gross receipts were projected to be down \$80 million. How many million were they actually down? \$78 million. So according to the forecast, and what actually happened, we actually were positive \$2.2 million. Not to belabor the point, but the net receipts were supposed to be down \$65 million according to what the forecasting board was using to project out over the next biennium and the rest of this year. Where did they actually come in at? \$55 million. So if we're using this as the basis, the forecasting board as a basis, we're actually going to be a little over \$10 million up relative to forecast. You need to understand that. This works off forecasting, it works off base line, it works off certification. And, again, forecasts I get, our forecasts, and there are errors to it. But in comparing apples to apples, sheet to sheet, we're actually \$10 million better than what we...better than what we actually did versus what the forecast is. Thank you, Mr. President. [LB415]

SENATOR KRIST: Thank you, Senator Stinner. Senator Chambers, you're recognized. [LB415]

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SENATOR CHAMBERS: Thank you, Mr. President. I appreciate Senator Stinner's acknowledgement that I do want to speak again. I'm not through talking yet about these prisoners. There's a person who is known as the Pope and he presides over the Catholic Church. He is God's Vicar on earth; he's the head of all the Jesuits. And you know what that man did, the man who wears the little funny hat sitting on the back of his head and the gowns and the robes and addresses thousands of people in person and millions of people by way of electronic wizardry? You know what that man did? He hid himself to a prison where there were people that you all hate and have contempt for, locked up for having committed crimes against human beings' laws. And you know what that man did? He got down on his knees in front of prisoners, in front of prisoners. And he had basins of water brought and placed at the feet of these prisoners who were seated. And you know what this man did, who runs the Catholic Church and all the Catholics in the world and out of the world? Even though his little hat might have fallen off his head when he bent his neck, he washed the feet of these prisoners; the ones you all have contempt for who you think should not be allowed to vote. Your Pope washed the feet of criminals. And you feel they're not fit to walk the earth on the feet that your Pope washed. And he not only washed them, there was a picture of him kissing the foot of a criminal. The kind of people you all hate and have contempt for because you worship your Governor and you have no self-respect and no dignity. And not only did he wash the feet of male prisoners, he went to the prisons for women and washed their feet to show you what the one who is supposed to be the king the world will do for those who are considered the lowest in status in the world, the ones you all thought were unfit to walk this earth in freedom. And then you hypocrites here in this Legislature will vote against allowing these types of people, whose feet your Pope would wash, to vote. My good friend, Senator Brewer, even I think voted against the prisoners. I'm not sure, but I think he did. That really, if anything cut me, if I had a heart, I would say that did, but, I'm, fortunately, without that. But I have a brain. I have a mind. I have a memory. I can analyze. And I know things that happen to our people, and then I look at the way we treat other people and it seems that we've lost our soul, if we had a soul, to get along with white people because they're the ones who are to be worshiped. Jimmy Kimmel is a man who has a late night television show and I watched him. His wife had a little baby. I guess like Senator Harr's wife, had the audacity and gall to do, but Jimmy Kimmel's little baby... [LB415]

SENATOR KRIST: One minute. [LB415]

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SENATOR CHAMBERS: ...was not healthy. This little tiny bundle of life, totally helpless, had a heart condition. And Jimmy Kimmel had the insurance, the cash to take advantage of the medical and technological skill that medical research had made available and there was open heart surgery performed on that tiny living being. And that tiny little creature survived. And Jimmy Kimmel tried to talk about it; and like any parent would do, who may think of how close that child came to dying and how grateful he is that the child didn't die, had trouble getting his words out, but he made a statement that everybody should have the means to provide for a newborn child the medical care that was needed and he was condemned for that. [LB415]

SENATOR KRIST: Time, Senator, but you're the next in the queue; you can continue, please. [LB415]

SENATOR CHAMBERS: Thank you, Mr. President. And people in the Trump Administration especially condemned him because they had just passed a bill that would undo what they called Obama Care. So Jimmy Kimmel didn't say anything right away, but the next night he made a heart-felt apology. He said, I had said that all newborn children should have access to medical care, and for that I deeply apologize to all those I've offended. It was very insensitive for me to make such a statement. That's how hypocritical you Christians are; condemned a man because he was grateful for the fact that he had the wherewithal to get an operation for his child and acknowledging there was others who didn't. And he followed it up with a statement that was printed in the paper--you shouldn't have to be a millionaire like me to get that kind of treatment for your child, and you don't need to give breaks to millionaires like me. How many of you would say that? Not one of you, because I watch what you do here where it is not even costing you anything. The contempt I have that's most is for those who had voted for that bill and then voted against it because the Governor told them to vote against it. I wish Senator Wayne were here, but he's not; but I'm going to say some things anyway. He didn't even get the 27 votes of those who used him to defeat somebody they didn't want to be a Chairperson. And he didn't realize at the time what these racists were doing with and to him, but they didn't even stick with him. Where are the 27? I'm going to look at the names of those who voted against his proposal. I'm sure they're the ones who voted for him for Chair because they used him. When they need a black person, they'll use us. They want us to shine their boots and then they'll walk on us. And that's what happened. So you all taught him a very valuable lesson. Twenty-three votes, not even

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the 27 the racist, at least 27, the racists gave him when they wanted to use him. And I pay attention to things that happen. I watch. I observe. I don't think that you all know the meaning of the word shame. If you look it up in the dictionary, you could give that kind of definition; but tonight, you are mine. And as I was saying before, about all of your deeds done in the dark, that you and the other person who is panting and in the throes of lust covered with ropey smut there you are. And suppose they flashed it on a screen for all of us to see, would you stand there proudly or would you run and tell the rocks to fall on you and hide you? Would you want us to see those things? Would you want your wife to see? Would you want your husband to see? Would you want your friends to see? You want your children to see? You want those you've lectured and preached to, to see what you actually are? And there's one who could destroy you but hasn't chosen to do so, knowing what you've done. Then you stand on this floor and make all these high-sounding protestations; then you vote no to stop somebody from coming back and joining the family. Do you all remember the story of the prodigal son? You probably don't even know it, but there are people watching who do. This one boy got tired of being home so he told the father to give him whatever he had coming because he was going to go out in the world like Chicken Little and these others and seek his fortune. He went out and wasted everything he had and then he's living from hand to mouth, sleeping under what would have been overpasses. None of the shelters wanted him because he was too unclean. When he lost his dignity, he lost the sense of the need to even observe... [LB415]

SENATOR KRIST: One minute. [LB415]

SENATOR CHAMBERS: ...the principles of hygiene, so he carried an odor; teeth, yellow, coated; substances between his teeth; and he said, I'm better than this. Well, maybe I'm not, but I don't have to live like this, there's a better place for me, so I'll go to my father. And when he came back, the father didn't turn him away like you all would. He said, everybody, we're going to have a party, we're going to have a feast, go kill the fatted calf. Now why kill the poor calf who had nothing to do with anything? But that's the way religious people did in those days; kill the fatted calf. We're going to have this great banquet because his son who was lost has come home. [LB415]

SENATOR KRIST: Time, Senator. [LB415]

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SENATOR CHAMBERS: And there was another son. [LB415]

SENATOR KRIST: That was your third time. You can use this as your closing. [LB415]

SENATOR CHAMBERS: Thank you. Then we'll take a vote, and naturally, you know I'm going to move to reconsider because I don't want to disappoint anybody. So this other son was angry and he wouldn't go in. And his father wondered what was the matter. He said, he left, left us in the lurch. I did not leave. I practiced what you taught me. I did the work to carry on the family name, to help preserve what you had given to us, and I was going to carry it on. You never had a feast for me; you didn't kill the fatted calf for me. And yet here he comes. And that's what you do. Now, I'm not going to tell you the rest of the story, but you need to read some of those things and maybe you'll learn something; probably you all won't. What are all these stories for? You talk about the good Samaritan. Well, the Samaritans were people who were held in contempt by the Jews; like white people hold black people in contempt, hold Latinos in contempt, hold all people who are not like them in contempt. But this is the one who took care of a person who needed help. The preacher saw him. The man had been attacked by robbers, beaten and left there on the road to die. Preacher went on the other side. All these other people went the other way. Then here come this man held in contempt, and he took the man, took him to an inn, as they called it, told the innkeeper, bathe him, clean his wounds, feed him, take care of him, then whatever is right, I'll pay you when I come back. And then the joke that I tell, because I like to joke about the "Bible;" he said that because he wasn't going to come back that way. But he was known to the innkeeper and the innkeeper knew that his money was good so he took care of this guy. And the only thing that made the Samaritan do that, the only thing that gave him a connection to that man is that he felt he was his brother's keeper. And since he couldn't personally take care of him, he took him to the innkeeper who then did what needed to be done. Jesus often took those that were condemned to show that they were better than those who thought they were so good. So I'm reminding you all of your hypocrisy. If you come here tomorrow, somebody is going to say the Legislature will come to order, or whatever, in five minutes. Then we'll have prayer by the chaplain. Then the chaplain, Mr. Chaplain or Ms. Chaplain will get up there and go through the ritual, the ceremony, the abracadabra, and the few who are here will put their heads down like it means something. I know it doesn't mean anything. You know it doesn't mean anything; and most of you know it doesn't mean anything because you

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don't even waste your time coming in here. Then after they get through, they ring the bell and say everybody come in and check in now and do the work of the devil. And that's what you do. I saw where the Governor signed that bill that let a white ex-felon handle archery equipment, which but for a law we passed would have been considered deadly weapons, and he couldn't handle them or ply his trade without committing a crime. But we took care of the white ex-felon, didn't we? Didn't we? We took care of the white one. [LB415]

SENATOR KRIST: One minute. [LB415]

SENATOR CHAMBERS: But white sticks with white. Thank you, Mr. President. [LB415]

SENATOR KRIST: That was one minute, Senator. [LB415]

SENATOR CHAMBERS: Oh. But I've got more minutes that I'm going to take. So in this moment of collegiality, I'm going to let that end this portion of my presentation. Thank you, Mr. President. And before we vote, I'd ask for a call of the house, because if we don't have 25 people, we don't have a quorum and we are adjourned, so I'm asking for a call of the house. [LB415]

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. Senator Briese, could you check in, please? Please record. [LB415]

ASSISTANT CLERK: 33 ayes, 4 nays to go under call, Mr. President. [LB415]

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 Williams, Senator Groene, could you check in, please. Thank you. Everyone is accounted for. Senator Chambers, how would you like to proceed? [LB415]

SENATOR CHAMBERS: Roll call vote in regular... [LB415]

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SENATOR KRIST: Mr. Clerk, there's been a request for a roll call vote in regular order. We are voting on the question to indefinitely postpone LB415. Go ahead. [LB415]

ASSISTANT CLERK: (Roll call vote taken, Legislative Journal pages 1507-1508.) 2 ayes, 39 nays, Mr. President, on the motion to indefinitely postpone. [LB415]

SENATOR KRIST: Motion fails. Raise the call. [LB415]

ASSISTANT CLERK: Mr. President, a priority motion, Senator Chambers would move to reconsider the vote just taken. [LB415]

SENATOR KRIST: Senator Chambers, you're recognized to open on your motion. [LB415]

SENATOR CHAMBERS: Thank you, Mr. President. For the record, I think that vote was rigged, but I'm not going to push the point. I have something I want to read and I think this is the appropriate time to do it. It's an article that appeared in the World-Herald May 6, and the headline is...there's...above the headline: Schuyler Schools; headline: Racist remarks too often spoil student games, director writes. Then it continues on page 2 of the World-Herald, and naturally they put a caption above that, that caption says: Schuyler; Athletic director says issues have escalated this school year. So while you were down here talking about teachers should be able to use force against students, you're talking about teachers ought to have their retirement protected, these students are, in the words of what I captioned this handout that I gave you--A Nebraska "tradition" passes on to the next generation. Then below that I put these words: America- "with liberty and justice for all?" That's why I say you tell a lie every time you say that flag salute. Every time you make that pledge you lie through your teeth. This is not one nation indivisible. It is divided now. And you lie when you say there is liberty and justice for all. If you put for all white people, you still would lie; because I have some LGBTQ friends who are white and there's no liberty and justice for them. So there is not liberty and justice for all in this country, but you all feel the need to say these things that are an affront to everybody who is outside the pale, based on the way you all mistreat people. So let me read this. There's a picture of this gentleman, his name is spelled K-e-s-i-k....or l-k (sic-Kasik). It's not very much light in here so I have difficulty, but I'm going to do the best I can. Jim Kasik wants people to know how

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it feels to be taunted or called names. He can't make white people know how that feels. If they knew how it feels, they wouldn't do it to children. That was my comment. And for the transcribers, I'll make it clear that I'm digressing. Quote: The parent, former coach, and current athletic director at Schuyler High School has been to a lot of competitions and he's troubled by what he has seen: "Our parents who attend games hear the comments from other fans on a regular basis," Kasik wrote in an opinion piece titled, "What it means to be a Schuyler Warrior." I'm digressing. When he said our parents, he means the parents of these children. These parents hear their children subjected to racist taunts by your white brothers and sisters. And you all would be part of it, too, and you wouldn't say anything to stop it, because you're showing this, on this floor, what you are and what you are not. And then they have the gall to call themselves warriors. Do you know which group of people that term derives from? Native Americans. How do you think Native Americans would fare in the presence of these white racist adults and the children who are being raised to do the same thing? See, children learn this stuff from their parents. Jimmy Kimmel's little boy wouldn't grow up and know that there's a substantial difference between him and a child of a different color. That wouldn't even be noticed until the parent says that one who looks like that is different. That one you don't play with. That one is called this. Then you give the term which is the insulting derogatory term that white adults teach their little children to call other people. Continuing the article: He writes that his students have been called racist names, spat upon by opponents, and told to, "go back home or wait until Trump builds the wall," your President. See the example he is setting? The example you all set for your children? They watch you. They listen to you and they duplicate what they hear and see. And it generates contempt in me, not for the children while they're little, but when they're this age, they know what they're doing and they want to be as hurtful as possible because they hear their parents around the dinner table; they hear it in church; every place they go. Then you all sit up here and act like this is the land of the free and the home of the brave? Liberty and justice for all? I don't use the kind of language you all do, but I would call it the excretions from the gluteus maximus of a bull, if I use that kind of language. I'm going back to the article. "More than 80 percent of Schuyler students are Latino, and most of their parents work at the Cargill meat packing plant, the largest employer in town." I haven't heard anybody say that these Latino parents are taking jobs that white people want. I haven't heard that. Where they slave in these hot fields. I haven't heard any of those people saying these are jobs that we white people want; they're taking our jobs from us and kick them out of the country so we can go work in those

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fields. Kick them out of our country so we can go work under those dangerous conditions in these meat packing plants. This is America. God bless America. Barack Obama's minister said God and then the "d-word" America, because that's what God would have to do based on what America is about. And you know Barack Obama had to condemn his preacher and quit that church. And yet here the President is making fun of people who are disabled, saying get all the Muslims out of the country and don't let any more come in. And the Christians follow him like sheep. Racism is palpable. Continuing: Kasik's column was published in the Schuyler Sun and the Columbus Telegram and has been sent to every member school by the Nebraska School Activities Association. Jim Tenopir, executive director of the NSAA, welcomed Kasik's column and said he hopes it serves as a wake-up call. Sometimes, he said, students and fans cross the line when supporting their teams. "Our school administrators and school advisers need to step up and make sure that what kids are saying isn't derogatory toward any students." Tenopir said. Kasik said he has received positive responses to his column from as far away as California. None have been negative. Kasik, who attended Schuyler schools, started teaching there in 1989 and has three boys who competed in numerous activities for the district. I wanted to turn on my light to make it clear I'm not bailing out. "Kasik said no one incident prompted him to write, but that problems have escalated this school year. It's not a new issue." Now this...I'm digressing. This kind of bad conduct had been going on and on and on, and the parents, the white Christian parents knew it. The white Christian preachers knew it. And they were aiming it at children who could not defend themselves who had feelings and their feelings were hurt. [LB415]

SENATOR KRIST: One minute. [LB415]

SENATOR CHAMBERS: But they were not recognized as human beings by the good white Nebraska Christians, you know, Nebraska the Good Life, Nebraska Nice, The Nebraska Way. We who are not white know what the Nebraska way is, and this white man couldn't take it anymore so he had to speak out to his white brothers and sisters. Had a Latino man written this, it wouldn't have been published anywhere, in my opinion. Continuing where I left off: It's not a new issue. In 2010, a Lincoln East fan threw homemade green cards on the field after a state soccer final against Omaha South High. What do you think that meant? A grown white man at a children's game, kids out there being taught sportsmanship, and he took a handful of what were green...homemade green cards and threw them on the field. Suppose a black person did

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something like that to degrade white children. Do you think the cops would have let that go? Do you think the white people would have let it go? You know what your people are like and you know the kind of things you do when you outnumber somebody. [LB415]

SENATOR KRIST: You're on your next 5 minutes, Senator. [LB415]

SENATOR CHAMBERS: Thank you, Mr. President. Continuing...and this next, I guess, is a tribute to Catholic education in action. "In last year's final, a few Creighton Prep fans were said to have yelled, 'Build that wall' at South fans." It was a reference to now President Donald Trump's pledge to build a wall between Mexico and the United States. There are walls already existing between people in this country, one nation indivisible with liberty and justice for all. Those words ought to stick in your throat. Continuing: This week, Baltimore center fielder, Adam Jones, who is African American, said he had been the target of racial epithets and that a bag of peanuts was thrown at him at Boston's Fenway Park. Digressing: he should have just looked the other way, shouldn't he, say well, it doesn't mean anything. Doesn't mean anything to you all. These things happen all the time, and they'll continue to happen. When my children were in school, they had a policy against fighting. And I said if they call you one of those names, you do what you can to knock his teeth out; and with your little knuckles, you'll teach him what his parents didn't teach him, what his church didn't teach him, and it's up to me to deal with the school people if you do it. My children were not told by me you have to learn how to take it, you have to get over it. No. If he can utter fighting words, you hit him in his mouth and teach him what his parents didn't teach him. Not everybody is a Martin Luther King who said, the more you abuse me, the more I love you. Unmerited suffering is redemptive, but you don't feel that way when it's directed toward you when we're defending ourself, not initiating violence. The first person grabbed at that so-called fracas at that airport was a black woman in an orange dress. And she said when the flight was canceled and all, she said I was angry and upset and for that I got arrested, a black woman. They gravitate to us like a nail to a magnet. We're the ones the cops grab and we're the ones the cops kill. And I'm not going to play like it doesn't happen. And like the cricket, all I have is my voice; although they don't make that sound with their voice. I'm speaking metaphorically because I'm not a cricket. You all are "Ricketts' crickets," not I. Continuing: Kasik, 50, said incidents occur frequently at events involving his players. He has not made a formal complaint to NSAA officials because Schuyler staff teach students that they need

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to learn how to handle such situations. They're going to tell the victim you learn how to handle it; you act like you don't hear it. If you cry, you cry inside. That's the way white kids are. You got to understand. That's what their parents teach them, so you the victim have to learn how to deal with it. As old as I am, I haven't learned how to deal with it, and I hope I never do. And my children wouldn't learn from me that when one of these racist insults you or threatened or attacks you, you have to turn the other cheek, turn his other cheek with your fist. They start it. Your children, your kind, and you don't do anything to stop it. You get offended when I talk like this, you get indignant. All I'm using is words. I'm just taking a little of your time. I'm not taking your dignity. I'm not threatening you physically. [LB415]

SENATOR KRIST: One minute. [LB415]

SENATOR CHAMBERS: And you can't take it where you're going to this evening, or you're going to go home? Continuing with the article: Unfortunately, he said, such behavior won't stop once the young people leave high school. Let them get out of high school and do it to a black person on a college campus and he will learn something then. And then the black person might be shot by the police. Continuing: When a problem such as this comes to the attention of the NSAA, Tenopir said, he can resolve the matter most of the time with a phone call. And I'll stop at this point because my time will probably run out, but I will continue. [LB415]

SENATOR KRIST: Senator Chambers, you're recognized. [LB415]

SENATOR CHAMBERS: Thank you, Mr. President. "If that phone call doesn't work, he said, he has the ability to issue a public or private reprimand or take other steps such as game forfeits, putting a school on probation, or suspending a team from post-season play. Tenopir said he never has had to take those actions because of a racial issue. It means he's not going to do anything; because racial issues mean that wrongful conduct is directed toward those not like him. And they're his children who are doing it, and they must be spared, their tender little feelings. By the way, my back is turned, not to you all, but so I can get some light from those windows. "Schuyler senior, Daniel Mendoza, who was born in California," and I'll add, California, United States of America..."and wants to become a physician, said football and basketball opponents have told him they hope Trump gets rid of him and he's deported to Mexico." He was born in

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America, why should he be deported to Mexico? Sometimes Senator Murante makes me angry. Do you think I ever say deport him to Italy? He was born in America. Deport this man to Mexico, this student, who was born in America. You see how racist they are? That's the kind of things you all teach them. Then you all are going to vote like you vote here, and I'm not supposed to be upset? Well, if I'm this upset about the way you all vote, imagine what these young people feel. And you're going to create some angry young men who when they can't take it anymore, Trump will say--this is what we mean. Continuing with the article: Mendoza said he appreciated his athletic director's column. "It means a lot, he understands our struggle." Mendoza said. Other school districts with predominantly Hispanic populations have encountered problems, Kasik said. "You can really only understand it if you're from Lexington, Madison, South Sioux City, Omaha South, or the other handful of districts that are like us." he writes. You mean to tell me that other white people don't understand this? Then why do they use these racist terms? Why do they direct this hateful conduct to our children? They don't understand this because they do understand. They want to be as hurtful as possible, but they want to be in the majority so that there can be no retaliation taken against them. It will never be one on one. Continuing: Madison principal, Jim Crilly said he has faced similar situations in his 16 years in the district. An Omaha South official, who spoke on the condition of not being named, cited several incidents. Why is an official at South High afraid to let his or her name be used? Because of possible repercussions from the racists in Omaha; simple as that, and OPS officials. Continuing: A few weeks ago, after the Packers lost 1-0 soccer match at Millard North, someone wrote on Twitter, "What is wrong with South soccer? Trump's presidency taking a toll on your talent?" You know white people will say, that's not racist. You all know good and well what it is you do. Continuing: Another time the Packers were collecting money at one of their games for an injured football player at another school. Fans of their opponents told them to take their pesos and go back to Mexico. [LB415]

SENATOR KRIST: One minute. [LB415]

SENATOR CHAMBERS: "Erik Tena," T-e-n-a, there's no tilde (inaudible) so I don't know if it's Tena, but anyway, T-e-n-a; "a Schuyler senior who plans to study business at the University of Nebraska at Omaha tries to ignore it when a voice from the crowd calls him Juan or Pablo because of his thick mustache. He said he and his teammates have learned to turn the other

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cheek." Why must they do that? Continuing: quote, They just tell you to not feed the fire, keep it to yourself he said. That's what the white people teach our kids. Continuing: quote, If anything big would happen, you can tell an administrator, don't add to it. Unquote. I'm going to run to some white racist adult and say one of your white kids called me a "n" word? I'm going to be a cry baby and they're going to call me that? I can teach them that there will be a price to pay and I don't care how big they are. Let's say that I'm a kid in school and somebody as big as Senator McDonnell calls me that. [LB415]

SENATOR KRIST: Time, Senator. But you're recognized to close. [LB415]

SENATOR CHAMBERS: Thank you, Mr. President. And I must prepare for this contingency, so while I talk I will prepare my next stroke. And remind me what I was going to say...actually you don't have to remind me, I only have senior moments when I choose to, but I'm not going to have a senior moment on this because I'm as serious as a heart attack, and sometimes you shouldn't say heart attack, you should say a stroke because a stroke is a silent killer, you don't hear anything. You may not feel anything, but suddenly your words slur, one side of your face gets numb, then maybe, maybe it's over and maybe it's not. What chance should somebody as small as I am have against somebody as big as Senator McDonnell? Physically, I should have no chance at all, huh. But if he called me that word, he'd be in the fight of his life with somebody as small and old as I am. I don't have to take it. I don't have to like it. And I don't have to be afraid. And I won't be. My dignity means more to me than anything. I'll take a whipping. But you better do it and be prepared to do it again and again and make sure that I don't get an equalizer. And I don't mean a gun. That's what you all think all the time because you're cowards. Let me go on with the article. I was where..."If anything big would happen, you can tell an administrator, don't add to it. Unquote. Although he's disappointed with the number of occurrences, Kasik said there was a wonderful moment of sportsmanship this week also. Before Schuyler's district soccer final Thursday, players from South Sioux City came over, thanked Schuyler for shedding light on the situation and asked if the two teams could have their pictures taken together. After Prep lost to South last year in the state final, a few Junior Jays attended the South pep rally the next day and were greeted warmly by the Packers." What would happen if a South High player had gone to Creighton Prep among those young racists? Would they have been treated warmly? Yeah, thrown in a bonfire if they could do it. Continuing: Crilly of Madison said he tells his students they have

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nothing to be ashamed of and that if they work hard, they can go far. Departing: he should say, and if you punch hard, you'll stop that mess. Continuing: If someone puts down a teammate, he advises, stick up for that person. "Our kids don't see colors," Crilly said, "They see friends." He wishes. I wanted to read that, even though I handed it out, because I want people who may not read the World-Herald but may watch us to know that there was one white man who took the time to write about this bad situation that he could not bear in silence anymore. So even those kind of white people will reach a point where they've got to act. And his action went further than maybe he envisioned it could. It got out as far as California. He said he's gotten no negative responses. So maybe it would pay off if some of these people would say something or do something to bring this to an end. But unfortunately, too many of them will not. So it's going to go on and on and on. But what I want to get back to is what my colleagues do and don't do here. Now the Governor signed that bill that let's this ex-felon... [LB415]

SENATOR KRIST: One minute. [LB415]

SENATOR CHAMBERS: ...white guy, handle what otherwise would be deadly weapons. That's what the Governor did. He vetoed the bill that would have let ex-felons of all races vote. He is a big hypocrite and he is a liar. He knows that bill is not unconstitutional. There were people around here, no training in the law, jumping up saying the bill is unconstitutional. The Governor told that because he wants to see how dumb they are and how much they will fall in line. Now the Governor is a member of the Pardons Board. The Attorney General is a member of the Pardons Board. If they think that our passing that bill encroached on the powers of the Pardons Board, they as members of that board could file a lawsuit. [LB415]

SENATOR KRIST: Time, Senator. [LB415]

SENATOR CHAMBERS: Thank you, Mr. President. I'll ask for a call of the house. That was my closing? [LB415]

SENATOR KRIST: That was your close. [LB415]

SENATOR CHAMBERS: I'll ask for a call of the house and a roll call vote. [LB415]

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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. [LB415]

ASSISTANT CLERK: 25 ayes, 1 nay to go under call, Mr. President. [LB415]

SENATOR KRIST: 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. Everyone is accounted for, Senator Chambers, how would you like to proceed? Roll call. The vote we are taking is a reconsideration motion by Senator Chambers, MO136. Mr. Clerk. [LB415]

ASSISTANT CLERK: (Roll call vote taken, Legislative Journal page 1508.) 1 aye, 40 nays, Mr. President, on the motion to reconsider. [LB415]

SENATOR KRIST: Motion fails. Mr. Clerk. [LB415]

ASSISTANT CLERK: Mr. President, priority motion. Senator Blood would move to adjourn until Thursday, May 11, 2017, 9:00 a.m. [LB415]

SENATOR KRIST: Mr. Speaker. [LB415]

SPEAKER SCHEER: Thank you, Mr. President. Colleagues, this bill needs to be passed today. The motion in front of you is inappropriate at this time. It has been filed, so we will vote on it. I will ask you to please vote red on the motion to adjourn. Let's finish the evening, finish the bill, and we'll be on our way. We have not put a lot of late nights in. This is not that much to ask. Please vote red on the adjournment. Thank you. [LB415]

SENATOR KRIST: You heard the motion and the Speaker's request. Mr. Clerk, read the roll. Did you ask for a roll call? I'm sorry, Mr. Speaker. No, you did not. Okay, those in favor vote aye; opposed, nay; and we are voting on the adjournment. Have all those voted that wish to? Record, Mr. Clerk. [LB415]

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ASSISTANT CLERK: 1 aye, 40 nays on the motion to adjourn, Mr. President. [LB415]

SENATOR KRIST: Motion fails. Mr. Clerk, next item. Raise the call, please. [LB415]

ASSISTANT CLERK: Mr. President, Senator Chambers would move to bracket the bill until May 25, 2017. [LB415]

SENATOR KRIST: Senator Chambers, you're recognized to open on your motion. [LB415]

SENATOR CHAMBERS: Mr. President, members of the Legislature, I've been told that I'm courteous to a fault, that I am polite and that sometimes those traits rise to the level of courtliness. Nobody has ever accused me of being chivalrous, but in taking the first step in that direction, in homage to my seatmate and the effort she put forth to bail out her compatriots, I will withdraw that pending motion. [LB415]

SENATOR KRIST: Without objection it is withdrawn. Mr. Clerk. [LB415]

ASSISTANT CLERK: Mr. President, I have nothing further on the bill. [LB415]

SENATOR KRIST: Senator Wishart, you're recognized. [LB415]

SENATOR WISHART: Mr. President, I move to advance LB415 to E&R for engrossing. [LB415]

SENATOR KRIST: You've heard the motion, all those in favor aye. Opposed, nay. It advances. Items, Mr. Clerk. [LB415]

ASSISTANT CLERK: Mr. President, your Committee on Enrollment and Review reports LB268A to Final Reading. I have notice of committee hearing from Natural Resources. New resolution, LR245 by Senator Brewer calls for interim study that will be referred to the Exec Board; LR246, also by Senator Brewer, that will be laid over. Motions to be printed: Senator Halloran to LB248; Senator Chambers to LB496; an amendment to be printed from Senator

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Linehan to LB651; (also Senator Williams to LB496). Name adds: Senator Geist to LR131; Senator Riepe to LR178, Senator Kuehn to LR217. (Legislative Journal pages 1509-1512.) [LB268A LR245 LR246 LB248 LB496 LB651 LR245 LR246 LR131 LR178 LR217]

And a priority motion: Senator Brasch would move to adjourn until Thursday, May 11, 2017, 9:00 a.m.

SENATOR KRIST: Welcome back, Senator Morfeld. You've heard the motion to adjourn. All those in favor aye. Opposed nay. We're adjourned until 9:00 tomorrow.