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Government, Military and Veterans Affairs Committee
February 01, 2018

[LB960 LB995 LB1000 LB1003 LB1037 LB1130]

The Committee on Government, Military and Veterans Affairs met at 1:30 p.m. on Thursday, February 1, 2018, in Room 1507 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB1037, LB995, LB1003, LB1130, LB1000, and LB960. Senators present: John Murante, Chairperson; Tom Brewer, Vice Chairperson; Carol Blood; Tom Briese; Mike Hilgers; John Lowe; and Theresa Thibodeau. Senators absent: Justin Wayne.

SENATOR MURANTE: (Recorder malfunction) ...Veterans Affairs Committee. My name is John Murante; I'm the state senator for District 49, which includes Gretna and western Sarpy County, and I'm the Chairman of this committee. We are here today for the purposes of conducting several public hearings. We'll be taking those bills up in the order on which they appear on the agenda outside of this room. If you're here and wish to testify on any of the matters before us, we ask that you fill out one of these green sheets of paper that are located on either side of the room. If you're here and wish to express opposition or support for any of the matters before us but you do not wish to testify, we ask that you fill out one of these sign-in sheets which are, again, located on either side of the room. If you do testify, we ask that you begin by stating and spelling your name for the record which is very important to our Transcribers Office. The order of proceedings is that the introducer will be given an opportunity to open and we will listen to proponent testimony, followed by opponent testimony, and then neutral testimony, and then the introducer will be given an opportunity to close. We ask that you listen very carefully and try not to be repetitive. We do use the light system in the Government Committee. Today we will be allotting three minutes for public testimony. When the yellow light comes on, you have one minute remaining and we ask that you begin concluding your remarks. When the red light comes on, your time has expired and we will open the committee up to any questions that they may have of you. At this point I would like to remind everyone to turn off or silence any cell phones, electronic devices, anything else that makes noise. If you have a prepared statement, an exhibit, or anything you'd like distributed to the committee, please provide 12 copies to our page who will distribute them to the committee. If you don't have 12 copies, just provide our page with what you have and he will make copies for you. And our page for the day is Joe Gruber from Omaha. And with that we will move on to introduction of members. Senator Lowe.

SENATOR LOWE: John Lowe, District 37.

SENATOR BRIESE: Tom Briese, District 41.

SENATOR HILGERS: Mike Hilgers, District 21, northwest Lincoln and Lancaster County.

SENATOR THIBODEAU: Theresa Thibodeau, District 6, Omaha.

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SENATOR BLOOD: Carol Blood, District 3, Bellevue and Papillion.

SENATOR MURANTE: And on my immediate right is Andrew La Grone, he is the committee's legal counsel. And on the far left is Sherry Shaffer, she is the committee's clerk. And with that we have dispensed with our formalities. And welcome back, Senator Baker to your Committee on Government, Military and Veterans Affairs.

SENATOR BAKER: Well, thank you, Senator Murante and members of the Government, Military and Veterans Affairs Committee. My name is Roy Baker, R-o-y B-a-k-e-r; I'm here to introduce LB1037. This bill was brought to me by the Nebraska Association of School Boards. It would allow elected members of cities, villages, or a school district to participate in voting on matters if there is a conflict of interest based on their service as a member of the board of an association of school boards or an association of cities and villages. The elected official still need to file a conflict of interest statement based on the business association as required by current law. Adopting this bill will enable school districts and cities and villages to conduct their businesses more efficiently. Current practices vary, but some elected officials are going through a process to exclude themselves from parts of votes on payments of bills to the associations where they also serve as a member of the association's board. The process is cumbersome and administratively burdensome. I like the fact that they've been working with Frank Daley for advice on the drafting of this bill, and so hopefully this bill might be a candidate for consent agenda. With that I close my opening. [LB1037]

SENATOR MURANTE: All right. Are there any questions? Seeing none, thank you very much for your opening. We'll proceed to proponent testimony. Welcome. [LB1037]

MATTHEW DUNNING: Thank you, Senator, members of the committee. My name is Matthew Dunning, M-a-t-t-h-e-w D-u-n-n-i-n-g, and I represent Nebraska Association of School Boards. LB1037 is a bill that is intended to allow elected officials to more efficiently conduct business, while still providing full accountability and transparency for the public. My testimony will address the bill from the perspective of the school boards. The association that I represent is made up of school board members from across the state and we are a voluntary membership association with our own board of directors made up of local officials selected for the statewide board. As a member of NASB, you're qualified to receive a number of benefits such as attending workshops, conferences, professional development opportunities. When it comes time to pay bills, many districts will put bills in a batch of...or a group of bills and sometimes those batches will include charges that are going to be paid to the NASB for some of those registration fees or membership dues. When that happens, and there is a NASB board member sitting on the local school board, under current law the school board member is required to do three things: (1) is to prepare a written statement describing the nature of the conflict; (2) is to file that statement with

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the school district so the district can make it matter of public record available to the public, and then (3) is to abstain from voting on the matter. LB1037 would still require school board members to do (1) and (2) of those steps, but would allow the school board member to go ahead and vote on the matter. We believe that that eliminates some unnecessary administrative burden both on the school board member and the district staff which identifies some of the different conflicts that might be arising. Currently, the board members are reciting a statement when this happens. Many of them are saying out of the abundance of caution that they are abstaining from the vote and the vote proceeds without their participation. We would request that this bill be advanced to the consent agenda, and I would entertain any questions you might have. [LB1037]

SENATOR MURANTE: All right, thank you very much for your testimony. Are there any questions? Seeing none, thanks for coming down. [LB1037]

MATTHEW DUNNING: Okay. I just mention one other thing, we are working with Senator Baker on an amendment to the bill to clean up some of the technical language and also working with Accountability and Disclosure Commission to accomplish that. [LB1037]

SENATOR MURANTE: Okay, great. [LB1037]

MATTHEW DUNNING: Thank you very much. [LB1037]

SENATOR MURANTE: Thank you. All right, additional proponent testimony? Welcome. [LB1037]

CHRISTY ABRAHAM: (Exhibit 1) Thank you, Senator Murante and members of the Government Committee. My name is Christy Abraham, C-h-r-i-s-t-y A-b-r-a-h-a-m. I'm here representing the League of Nebraska Municipalities. And I first want to thank Senator Baker for introducing this piece of legislation. The League supports this bill because it does clarify what our League board members can do. And as I'm sure Frank Daley will explain in much more eloquent details than myself, the commission issued an opinion this fall. It's Opinion 203. And with that opinion held was that when you sit...and I'm going to use the League as an example, because that's what I'm most familiar with, when you sit on the League board and you are also a mayor or city council member back in your own district, because that's how you get on the League board is if you are a city official or city employee, that you cannot take official action that would benefit the League board. So in our case, it's paying of the League dues. And so what this opinion says is because there's that business association that they would have a conflict of interest. And under current law, that means they need to abstain from voting. So what this bills does is it allows a city council member or a mayor to go ahead and vote on their budget. And what is of particular concern to the League is mayors. As you know, there's only one. And so if

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they are not able to act on their budget, most times they approve their budget; rare, rare occasions are they going to veto a budget; if they're not allowed to act on the budget, that's a problem. Certainly for city council members, we can probably work that out and still have a quorum, but still all of our elected officials want to vote on their city's budget. That's a huge issue for them and they want to be able to make that vote. This bill clarifies that they need to disclose that they are on the League board, file the appropriate paperwork with their city clerk, but then it does allow them to take that official action to vote. So that's why we're in favor of this bill. So...oh, and I should talk about the amendment. I told Frank Daley this morning, who worked with me on this amendment, Lynn Rex would throw me off the sower if I didn't include this amendment. It turns out Lincoln and Omaha are treated just a little bit differently than every other city. And we definitely need to include the mayors of Lincoln and Omaha in the bill, so this amendment that I have distributed just clarifies that we mean every city. Sorry, Lincoln and Omaha. Thank you for your time today. I'm happy to answer any questions. [LB1037]

SENATOR MURANTE: Thank you for your testimony. Senator Blood. [LB1037]

SENATOR BLOOD: Thank you, Senator Murante. Just a quick question, is the difference because the others have weak mayor systems and they do not, or what is the difference? [LB1037]

CHRISTY ABRAHAM: What an excellent question. [LB1037]

SENATOR BLOOD: Thank you. [LB1037]

CHRISTY ABRAHAM: You're welcome. And I don't mean to get down into the weeds with you, but if you look on the bill, I'm on page 2 of the bill, lines 1 and 2. It talks about an official or political subdivision designated in Section 49-1493. And that section then talks about what those folks need to do. It turns out that the mayors of Lincoln and Omaha are included in that list. It's also your statewide constitutional officers, Board of Parole, Public Service, members of the Legislature, but unfortunately Lincoln and Omaha are also under that category. So when you move over to page 3 under subsection (2) of the new language, that's for every other city. And so I needed to draft the language to make sure it clarifies every city including Lincoln and Omaha. [LB1037]

SENATOR BLOOD: Thank you. [LB1037]

CHRISTY ABRAHAM: You're welcome. [LB1037]

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SENATOR MURANTE: Senator Hilgers. [LB1037]

SENATOR HILGERS: Thank you, Mr. Chairman; thank you, Ms. Abraham, for being here. Just a couple of quick, clarifying questions. [LB1037]

CHRISTY ABRAHAM: Sure. [LB1037]

SENATOR HILGERS: One is, tell me if my understanding is correct. Before Opinion 203 came out, generally speaking, folks weren't finding that there was a conflict so they weren't recusing themselves. Now that (Opinion) 203 has come out, there might be a conflict and that's what is sort of...that's the reason why this bill is in front of us to clarify? [LB1037]

CHRISTY ABRAHAM: Yes. Yes, and I think there's two explanations for that. One is, I think our city folks were looking at the budget as more of a planning document. This is sort of our general road map for the year, as opposed to the claim. I think when it came to paying the claim for League dues, then a League board member would say, oh, I really should abstain. But I think they viewed the budget in a different way. And so that's why they were going ahead and voting on that. And (Opinion) 203, I think, makes pretty clear--can't even vote on the budget. [LB1037]

SENATOR HILGERS: So in other words, this would sort of keep...this would keep what has been the status quo for a long period of time. [LB1037]

CHRISTY ABRAHAM: Yes, yes it would. Thank you. You said it more eloquently than I did. [LB1037]

SENATOR HILGERS: I appreciate the explanation. The other question I have, and I think you answered it, but I want to make sure. So there's two pieces that you...where you could vote, there's a (1) and a...(i) and (ii), we've spoken about the conflict of interest, and the first one I was wondering...it says, the extent the individuals vote or participation is legally required for the action and is that because that opinion would apply to mayors as well. Is that why that's included? [LB1037]

CHRISTY ABRAHAM: I think so. And it's also that same language is repeated on page 2 lines 22 and 23. So I think...it was also done for some consistency, that those folks who have to file the Statement of Financial Interest, they get that exception. And so I think we wanted to carry it over to the other folks too. [LB1037]

SENATOR HILGERS: Okay, thank you very much. [LB1037]

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CHRISTY ABRAHAM: Thank you, Senator. [LB1037]

SENATOR MURANTE: Any final questions? Seeing none, thank you for your testimony. [LB1037]

CHRISTY ABRAHAM: Thank you so much. [LB1037]

SENATOR MURANTE: Mr. Daley, welcome back. [LB1037]

FRANK DALEY: Thank you very much; it's good to be here. Senator Murante and members of the Government, Military and Veterans Affairs Committee, my name is Frank Daley, D-a-l-e-y. I serve as the executive director of the Nebraska Accountability and Disclosure Commission, and I'm here today to express the commission's support of LB1037. LB1037 essentially creates a good sense, narrow exception to what is currently a very, very good law. Currently, certain categories of public officials have a conflict of interest if they are faced with taking an official action or making an official decision which could result in a financial benefit or detriment to them, a member of their immediate family or a business with which they are associated. And today we're concentrating on the business association aspect of it. Business is a defined term under the Accountability and Disclosure Act, and it's a very, very broad term and it includes both for profit entities and nonprofit entities. So something like the League of Nebraska Municipalities or the Nebraska Association of School Boards is a business under the Accountability and Disclosure Act. You can have a business association with an entity in a number of ways, but one of the ways you have that association is if you are a member of its board of directors. So if I'm a member of the board directors of the League of Municipalities, I have a business association with the League of Municipalities. So what occurs is that if a public official who serves on the board of one of these private entities is faced with taking an official action which would have a financial effect on that private entity, he or she has a conflict of interest they're required to disclose, they're required to file the disclosure statement with, technically, the city clerk or the school superintendent in most cases, and they're required to abstain from participating or voting. We've kind of consistently and informally interpreted this over the years to mean if you're on the board of the League of Municipalities and something comes before you involving the League of Municipalities, you have a conflict. But it wasn't formal and we were asked for an advisory opinion, and I think some folks were kind of shocked by the result of the opinion. I think it's a good reflection of the current law, but it does create some problems. So at any rate, what this bill does it says if you're a public official, public employee, and you're on a board and your city or village or school is a member of that organization, you're serving by virtue of your public office, then that would be a situation where you can simply disclose and then participate in the vote. This is similar to an exception which was created a number of years ago for the commodities boards, which is still in law, so there's

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some precedent for this. I think again, it's a very, very narrow, good sense improvement to the Accountability and Disclosure Act. And I'd like to thank Senator Baker for bringing this bill, and thank you folks for the opportunity to testify as to this bill. [LB1037]

SENATOR MURANTE: All right. And thank you for your testimony. Are there any questions? Seeing none, thank you very much for coming down. [LB1037]

FRANK DALEY: Thank you. [LB1037]

SENATOR MURANTE: Additional proponent testimony to LB1037? Is there any opposition testimony to LB1037? Is there any neutral testimony to LB1037? Senator Baker, you're recognized to close. Senator Baker waives closing. And that ends the public hearing on LB1037. Proceed to LB995 and Senator Linehan. Senator Linehan, welcome back. [LB1037]

SENATOR LINEHAN: I'm sorry. [LB995]

SENATOR MURANTE: Apology Accepted. [LB995]

SENATOR LINEHAN: Good afternoon. Senator Lou Ann Linehan, L-o-u A-n-n L-i-n-e-h-a-n. I'm here today to give to you for your consideration LB995. It's a pretty simple bill. I was surprised earlier this year to find out that school board members do not have to file any disclosure or accountability statements. So I called Accountability and Disclosure Commission and I'm like, why? Because if you get appointed to a commission for the Governor, you had to fill out Accountability and Disclosure statement, and we all know we do. And, hopefully, maybe they're here to testify or...I don't want to misrepresent. But I think what happened is when Accountability and Disclosure rules were put in place in the '70s when many of you don't remember this, but I do remember Watergate, and thereafter everybody that ran for office and it kind of trickled down and it was expected that everybody who filed, and they've been updated and there have been improvements, that if you're going to run for public office anybody should be able to see what your conflicts may or may not be. So I think probably the reasons school board members were left off is back in the '70s...I looked up today, back in the '70s we spent...not nearly enough surely...compared to today we spent about \$4,000 per student in today's dollars. School districts are much bigger business now; they're much bigger. Back in the '70s, I don't know, like 20 years ago we had 900 school districts, so I suppose in the '70s we had a lot more than 900 districts. And I know one of the letters your committee received today I think makes this point very well. I don't know that the person who wrote the letter asked for it to be read into the record, so I don't want to overstep my bounds here, but the person who wrote made the point that a lot of people on school boards in his small community, they have all kinds of conflicts. They have somebody on the school board whose wife might be a teacher or their kids

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get hired in the summer to do jobs, or they drive the car. That's true, but the thing in a small district, as this person is talking about, everybody already knows it, they know that before they go to bed at night. If you're in a small school district where I grew up, in Lewiston Consolidated Schools, everybody knew everybody's business to some extent. You certainly knew if school board members' wife worked at the school or if their children cut the grass. My mom still lives in that community and they still argue about who cuts the grass and gets paid \$20 a month in Crab Orchard, Nebraska. So I understand his concerns, and that's probably legitimate if you got a little school district where everybody already knows everything. But we have school districts...our biggest school district is \$600 million. So when you're dealing with that big of a budget, almost over half a billion dollars, then I think it's just good governance that there would be some accountability and disclosure for the people that are in charge at that \$600 million budget or \$200 million budgets or \$400 million budgets. It's no longer the little school with 250 kids and everybody knows everybody. It is now a very important system with huge amounts of money. In the state of Nebraska, we spend about \$4 billion a year on public K-12 education. That's a lot of money when the people that are making all those decisions have no disclosure requirements. So that's it. [LB995]

SENATOR MURANTE: All right, thank you very much for your opening. Are there any questions? Seeing none, thank you very much. [LB995]

SENATOR LINEHAN: Thank you. [LB995]

SENATOR MURANTE: Proponent testimony for LB995, are there any proponents? Opposition testimony to LB995? Mr. Bonaiuto, welcome back. [LB995]

JOHN BONAIUTO: Thank you, Senator Murante. John, J-o-h-n, Bonaiuto, B-o-n-a-i-u-t-o, representing the Nebraska Association of School Boards here speaking as an opponent of LB995. And really I think that it's good that Senator Linehan has submitted this bill for discussion simply because it's good to revisit these things from time to time to see why we do certain things the way they're being done. I don't think it's any different...was any different in the 1970s than it is now. Schools have been big operations. Schools...the budgets have grown, but they still, in most communities, have been one of the largest operations in that community. School board members are volunteers, they're providing a community service at no salary; different than appointed boards and commissions of running for the school board demands a lot of time, effort, and energy and you don't meet just once in a while; you're meeting regularly and they're public meetings. As far as potential conflicts, whether that's a small community or large community, the statutes that govern school boards, there are volumes, and the operations, the budget, bills, purchasing, bidding, the school boards religiously follow the open meetings law. We try to help with that as much as we can so it is something that is done correctly.

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Accountability and disclosure that we just talked about a bill that deals with accountability and disclosure. My concern with this bill is that it could very likely have a chilling effect on individuals that are considering running for the school board and they look at this and say--do I really want to run for this position that is not going to be a paid position and still have to jump through various hoops and fill out financial accountability and disclosure forms? The other thing is that we represent more than 1,700 elected officials. I don't know what the process is now of dealing with those forms and the filing, but we may not double the number of officials that would be filing, but I bet it would be close. With that I will conclude my testimony. [LB995]

SENATOR MURANTE: All right. Thank you very much for your testimony. Are there any questions? Seeing none, thanks for coming in. [LB995]

JOHN BONAIUTO: Wow, thank you. [LB995]

SENATOR MURANTE: Additional opposition testimony to LB995? Is there any neutral testimony to LB995? Seeing none, Senator Linehan. [LB995]

SENATOR LINEHAN: Thank you. I agree that I was a parent and I've had friends on school boards and is probably the toughest job in the world. I understand, because you're dealing with peoples most precious thing they hold most precious is their children. So I appreciate everybody that is willing to serve on a school board. But I don't think that negates the fact that we're talking about a \$4 billion of finance authority, and we don't have disclosure on any possible conflicts. It just...it is a huge amount of money and if something would go wrong in the future, I'm not sure how we would explain we had no idea or we need to look into it. So again, if you've got a little school...I'm more than willing to look at knocking the small little schools like Lewiston or Hyannis off because I'm growing up in those communities. I'm quite sure everybody knows everybody's business already so I understand that. But we are becoming a more and more...more and more of our population is concentrated in urban areas. And you just don't...it's unlikely that most of our neighbors can even name even their school board members. So it's not quite the same openness that there once was. So thank you for your consideration. [LB995]

SENATOR MURANTE: Thank you. Any final questions? Seeing none, thank you for your testimony. [LB995]

SENATOR LINEHAN: Thank you very much. [LB995]

SENATOR MURANTE: And that closes the hearing on LB995 and brings us to LB1003. Senator McDonnell, welcome back. [LB995]

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SENATOR McDONNELL: (Exhibits 1 and 2) Thank you. Everyone should be getting a copy of my testimony. Good afternoon, Chairman Murante, and members of the Government, Military and Veterans Affairs Committee. I'm Senator Mike McDonnell, M-i-k-e M-c-D-o-n-n-e-l-l from Legislative District 5 representing south Omaha. I'm here to introduce LB1003 to change the leave absence without loss of pay provisions under the Military Code. Under current statute, all employees, including elected officials of the state of Nebraska, or any political subdivision, and who are members of the Guard or Reserves are entitled to military leave of absence without loss of pay when employed with or without pay under the orders or authorization of a competent authority in the active service of the state or the United States. Members who regularly work or who are regularly scheduled to work 120 hours or more in three consecutive weeks shall receive a military leave of absence of 120 hours each calendar year. Members who work less than 120 hours in three consecutive weeks shall receive a military leave of absence each calendar year equal to the number of hours they normally work or would normally be scheduled to work. The intent of LB1003 would be to adjust the paid military leave hours and increase the hours for members who work 159-plus hours in three consecutive weeks and work 24-hour shifts to 360 hours of paid military leave. LB1003 would also change the language from "120 hours or more" to "between 120 hours and 159 hours" for members who would receive 120 hours of paid military leave. Recognizing the sacrifice that our members of the military make, both financially and personally, it is important that we as employers appreciate and do what we can to try to ease some of those hardships. By increasing the number of paid military leave hours for those members regularly working 159-plus hours and the 24-hour shifts, that is a small part of what we can do. While the most recognizable impact will be with firefighters, there is another impact that is less recognizable but just as important. There are many individuals including some of our own staff who are dedicated public servants both to their state and to their country. For example, last year a legislative aide who is also a member of the Army Reserves spent 52 days on active military duty...52 days. The minimum requirement by military code is 38 days, one weekend a month and two weeks of training every year. However, as the training requirements by the military have increased, the amount of paid military leave hours has not increased. Last year when this individual had over 50 days of active duty, if you do not include the weekend drill, that is still 104 hours beyond the paid 120 hours of paid military leave. And this individual is not a firefighter, does not work 24-hour shifts. Although I do not think that any senator here would argue that our staff does not work over the 159 hours in three weeks during the session. My experience as union president and as...for ten years of the city of Omaha and also as fire chief for six years, is that this is a two-way street. We're supporting these people because they're out helping our state and serving our state and our country. But what they're bringing back to our organizations, and me speaking from the fire perspective, is just invaluable. You get people out there that are coming to our organization that are dedicated, they are committed, they care, and they're trying to make a difference. Now all these numbers, everything we're going to do here, isn't going to make these people whole. They're going to continue to serve, they're going to continue to do this if we make no changes in the law whatsoever. This just helps make it a little

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bit easier on them and their families. They're not doing it for the money. They sure didn't serve their country because of the money. They sure aren't serving as firefighters because of the money. They are serving because they care. What they're coming to us and asking us to do is can we support them just a little bit more. And it's a pretty easy conversion. If you're working 8 hours a day and you get 15, you get you to 120. If you're working 24 hours times 15, you get to the 360. So that's how the numbers came about. But I felt as fire chief, in my six years as chief, hiring well over a hundred people, when you look and you go through the interview process and you find somebody that has served their country and is going to continue to serve in the Reserves, but now they want to serve their community...the example, the city of Omaha, you've got a person there that's going to make a difference. And there's a saying that John Wooden was probably the greatest basketball college coach who ever lived. He had a player one time ask him--hey coach, how do I help the team? How do I help the team become better? He goes--you make yourself better and you'll make your team better. When these people are hired and they come in, not only are they bringing all that information, that experience from the military, and then it's a two-way street, once they become...go into the Reserves and now they are already hired as firefighters, they're bringing information back and forth and its helping us. But just as individuals, because of the way they handle themselves and how they care and their dedication, they're making the team better because they've made us better by being around them. So I can't emphasize that enough as we are getting...as the cities, as the department, as a union we are getting so much from these people. And, of course, our state and our country is getting so much from these people. So this is trying to make it a little bit fairer and also trying to make sure that we realize the sacrifice they're making. And the people behind me that are going to testify in what they do and the time they spend away from their families is because they're trying to make a difference and they are. This bill is a small step in the direction to keep the paid military leave hours consistent with the amount of active duty training required by the military code. There will be individuals testifying after me who will be able to answer more specifically regarding their experiences with military leave time, but I would be happy to try to answer any questions you have for me at this time. Thank you. [LB1003]

SENATOR MURANTE: All right, and thank you for your opening and for bringing this bill. Are there any questions? Seeing none, thanks for coming down. [LB1003]

SENATOR McDONNELL: I'll stick around for closing if necessary if you guys have questions. [LB1003]

SENATOR MURANTE: Sounds great. [LB1003]

SENATOR McDONNELL: Thank you. [LB1003]

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SENATOR MURANTE: Welcome. [LB1003]

GARY BRUNS: Good afternoon, Chairman Murante, members of the committee. For the record my name is Gary Bruns, spelled G-a-r-y B-r-u-n-s, and I'm the vice president of the Nebraska Professional Firefighters Association. We are an organization of over 1,300 career firefighters residing in 16 Nebraska communities. Furthermore, I'm a former member of the United States Army Reserves, 47th Engineer Detachment that was deployed in support of Operation Iraqi Freedom in 2003. First, I'd like to thank you for your time and attention in the matter that is before you today. I'm here today to speak in support of LB1003. Our membership's experience has shown that the current statute which allows for paid military leave doesn't meet the current needs of the brave men and women who wear the uniform of the National Guard and Reserves while also wearing the uniform of a professional firefighter. State statute takes into account the typical minimum training requirements for a person working a traditional 40-hour week, but does not take into account the unique schedule firefighters work. The majority of Nebraska's firefighters work a 56-hour work week or 2,912 hours in a year. To put that into perspective, if you were to divide a firefighter's 24-hour shift schedule by the traditional 8-hour day, we would work the equivalent of 364 days a year. To meet the increased training requirements by the military, we have found that firefighters increasingly need to be on leave without pay or burning their vacation leave or using up their banked time...comp time banks. LB1003 will mirror current statute for a 40-hour per week employee by allowing for the equivalent of 15 24-hour shifts. I know Nebraskans support the men and women in the military, but a survey of our members showed that the majority of communities only implement military leave policies at a minimum required in State Statute 55-160. That is why we are asking for consideration for the increased hours to reflect training demands for the people working greater than the 40-hour work week. I can tell you when I enlisted in the military, it was out of sense of duty and love for my country. And the same can be said about my desire to become a firefighter and serve my local community. I never gave it a second thought about how the demands of serving in both capacities would affect my young family financially, and more importantly, the time that I was separated from them. Ultimately, this is what led to my decision not to reenlist and focus solely on my career as a firefighter. I appreciate you listening to our concerns and would like to thank Senator McDonnell and the committee for their willingness to work with the firefighters who wear multiple uniforms. Thank you. [LB1003]

SENATOR MURANTE: Thank you. Are there any questions? Senator Blood. [LB1003]

SENATOR BLOOD: Thank you, Chairman Murante. Thank you for your testimony; thank you for your service, not only in the military but also as a fire person. [LB1003]

GARY BRUNS: Absolutely. [LB1003]

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SENATOR BLOOD: I actually have several questions and they're not real hard. [LB1003]

GARY BRUNS: Okay. [LB1003]

SENATOR BLOOD: The first question is, do you know off the top of your head how many people we're talking about within your organization? [LB1003]

GARY BRUNS: Well, that number, obviously, will change year to year. [LB1003]

SENATOR BLOOD: I know it will fluctuate. [LB1003]

GARY BRUNS: It will fluctuate, but currently, it's about 8 percent of our membership. Now keep in mind... [LB1003]

SENATOR BLOOD: And your membership is how much? [LB1003]

GARY BRUNS: 1,300. [LB1003]

SENATOR BLOOD: 1,300. [LB1003]

GARY BRUNS: Keep in mind, Omaha already follows these rules. So that really kind of gets the number down to about 5.5 percent. [LB1003]

SENATOR BLOOD: Okay. So it's always been my impression...and it's purely my impression, that after September 11, a lot of people were flag-waving and really super supportive of the fire department. And then after kind of that got out of our memories, things kind of went back to normal and people started picking on firemen again. And the concerns that I have is that when it comes to budgets, usually when the first groups that get picked on, but...I'm leading to a question, don't worry...so it seems like there are a lot of other issues that you guys deal with. You have an exceptionally high rate of cancer because of all the caustic chemicals, and not to sound like a "Debbie downer", but you guys have an excessively high rate of cancer, is that true? [LB1003]

GARY BRUNS: It's true. [LB1003]

SENATOR BLOOD: PTSD. [LB1003]

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GARY BRUNS: True. [LB1003]

SENATOR BLOOD: More stress within the family because of the hours that you work.
[LB1003]

GARY BRUNS: Absolutely true. [LB1003]

SENATOR BLOOD: Okay. So this would be something that would help possibly lift you guys up and maybe help with morale and maybe help bring people up to a higher level as far as knowing that they are appreciated if we could support something like this? [LB1003]

GARY BRUNS: I couldn't concur more. I can tell you when...I'm a firefighter in Lincoln, that's where I'm employed. And I don't know if it's germane to the conversation, but I'll just tell you my experience. I started in 2002, and five months after I was...started in my probationary period I was deployed to Iraq. And I don't believe it was the city as a whole or as a policy, you know, I think they're going to follow what is the minimum in the law. But I did experience...personally experience a chief who didn't really have that empathy respect for military folks. And before I even came on Lincoln Fire and Rescue I was told...try to keep that to a minimum, letting them know that I was in the Reserves. I was obviously in the Reserves before I started with the city of Lincoln. And I can tell you when I got back, you know, generally from the administrative side, everybody I worked with they were very appreciative of me being home. I was excited to be home. But this one particular person who dealt with HR issues was not too friendly. And you just see that. I don't think he was a bad person or really had any ill will towards folks that were in the military, I think it was just more of a nuisance for him. And so then I became a nuisance. Does that answer your question? [LB1003]

SENATOR BLOOD: It does. The concern I have is that...I know Senator Brewer knows this, you know, I have a special place in my heart for both the military and first responders because they go where we don't go and they run where we run...they run toward what we run away from. And so I think we should always work hard as legislators to lift you guys up. [LB1003]

GARY BRUNS: Well, I think it's important to keep in mind, we're not asking for anything, you know, above and beyond. We're just...we have a unique schedule and we're just trying to be comparable with the 40 hours as much as we possible can. [LB1003]

SENATOR BLOOD: I agree. [LB1003]

GARY BRUNS: We're already putting in more hours. [LB1003]

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SENATOR BLOOD: Thank you. [LB1003]

SENATOR MURANTE: Any additional questions? Senator Thibodeau. [LB1003]

SENATOR THIBODEAU: So I want to thank you for your service as well. [LB1003]

GARY BRUNS: Absolutely. [LB1003]

SENATOR THIBODEAU: Thank you, Mr. Chairman. So you did state that Omaha fire department already follow these rules, correct? [LB1003]

GARY BRUNS: Correct. They're following the 360. [LB1003]

SENATOR THIBODEAU: Good. So what this legislation would do would be to put all the other firefighters, basically, in line with what Omaha is already doing so everybody across the state would be on the same page? [LB1003]

GARY BRUNS: Yeah. It's not specific to firefighters, it's more about hours worked. [LB1003]

SENATOR THIBODEAU: Yes, sorry, yes. [LB1003]

GARY BRUNS: It will capture professional firefighters. [LB1003]

SENATOR THIBODEAU: Okay. Thank you. [LB1003]

GARY BRUNS: You're welcome. [LB1003]

SENATOR MURANTE: Senator Brewer. [LB1003]

SENATOR BREWER: Thank you, Mr. Chairman. Well I think the question I'm going to ask you is...obviously, you were not as fortunate as many to have Senator McDonnell, or then Chief McDonnell as your chief, I take it, right? [LB1003]

GARY BRUNS: Correct. [LB1003]

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SENATOR BREWER: I probably should have worked closer with Senator McDonnell on this because the simple fact...and there's no way to change it, is the modern military we have, the sheer number of pieces of equipment that require advanced technology it starts at the infantry and runs through everywhere. So there's really no way to do your 12 drills in an AT, annual training, and be able to be proficient on the different weapon systems or the new generation of radios or the new generation of trucks, so it's not an option whether or not you do above and beyond that. If you're going to be effective, you're going to have a chance to move up in the military, simultaneously doing your full-time job, you have to go to additional training. So really, the issue at hand is are we going to support their ability to be in a second organization or not? Because if you just do the 12 drills in AT, I think your time in the military would be pretty limited and your opportunities for advancement, would you agree with that? [LB1003]

GARY BRUNS: I would agree. And there are some testifiers behind me that are currently serving and may be able to speak to that a little bit more effectively. [LB1003]

SENATOR BREWER: Good. Well, thank you. [LB1003]

GARY BRUNS: But I would agree. [LB1003]

SENATOR BREWER: Thank you for your service and thanks for this testimony. [LB1003]

GARY BRUNS: Yes, sir. [LB1003]

SENATOR MURANTE: Thank you. Any final questions? Seeing none, thank you for your testimony today. [LB1003]

GARY BRUNS: Thank you. [LB1003]

SENATOR MURANTE: Much appreciate it. Welcome. [LB1003]

RON TROUBA: Thank you. Good afternoon, senators. My name is Ron Trouba, R-o-n T-r-o-u-b-a; and I'm here as the president of the Lincoln Firefighters Association here to testify in support of LB1003. If my testimony goes a little bit over, I understand that if you have to stop me, I'll try to get through it. After graduating high school in a rural area of Nebraska, I joined the Marine Corp and served just over four years of active duty. As part of my service I received training in aircraft and structural fire fighting at a Department of Defense facility. And after finishing my service, I returned to Nebraska to establish a home and raise a family. I applied for a firefighter position with the city of Lincoln and noticed the option to request veterans

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preference points on the application. I later learned that the city only recognized the veterans preference in the case of a tie. Although I was successful at obtaining my position as a firefighter without the veterans points, it was a bit disheartening to know that people can proclaim their support of our veterans and our troops even if it's not with complete sincerity. To my knowledge, the city of Lincoln is now following the language that the Nebraska Legislature established to support veterans, and I personally would like to thank you for ensuring that those measures are in place. Today we have a new issue and a new opportunity for the Legislature to ensure that we support the men and woman who are currently serving in our Armed Forces. State law provides military leave without loss of pay from a member's employer and this should be designed to cover the mandatory minimum training and drill requirements each year. Members of the Guard or Reserves typically receive military orders requiring them to attend drills once per month, as well as the two-week drilling period each year. But as Guards and Reserves are being utilized more frequently, they have experienced more required trainings and also more deployments in support of military operations. Current state statute provides for 120 hours of military leave for people who work an average of 40 hours per week and a smaller amount for folks who work less than 40 hours. But it does not account for the people who work much more than 40 hours per work, work unusual shift schedules, or work unusually long shifts like firefighters who work 24 hours at a time. In many careers, people who work 40 hours a week work a Monday through Friday schedule and can attend a majority of their monthly drills without missing any work. Firefighters in cities across the state work rotating schedules that include weekends. And attending just one day of one month's required drill causes a firefighter to miss 24 hours from work. We now have a two-fold problem affecting these members. Military requirements are greater than they were in the past and the state statute meant to protect them doesn't adequately account for their schedule. With this two-part problem, we have witnessed two distinct results. These members are choosing between trying to fill both commitments in the same weekend or take leave without pay from their regular job and suffer a reduced income for their families. When they try to do both, they're participating in their military drill requirement all day, then reporting directly back to work as a firefighter in their local community working through the night, and then reporting back to their military post the next day for another day's drill. They're working 32 consecutive hours or more with potentially no rest. It's unsafe in either position for them, their peers, and the public. But they are trying to stretch their military leave hours to avoid a pay cut. Our military members are already making a great sacrifice for all of us and we should not thank them by asking them to reduce their family's income in order to meet their military training requirements. It's also worth noting that some members travel a significant distance to the base which they are assigned to making it impractical to travel back to their place of regular employment and work overnight between two drill days. Lastly, this bill does not change the fact that these service members must have military orders before being granted this leave. It's not automatic or guaranteed that each member will receive 360 hours per year. It is only when they are fulfilling their military obligation, only when that obligation overlaps their regular work schedule, and only when they provide a copy of their military orders to their employer. I ask that

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you all consider the sacrifice that our troops are making and show them that they are appreciated and supported by this state. [LB1003]

SENATOR MURANTE: All right, thank you very much for your testimony. Are there any question? Seeing none, thank you for coming down today. [LB1003]

RON TROUBA: Thank you. [LB1003]

JERRY HALL: Good afternoon. [LB1003]

SENATOR MURANTE: Welcome. [LB1003]

JERRY HALL: Good afternoon, Senator, members of the committee. My name is Jerry Hall, J-e-r-r-y H-a-l-l. In 1986, I joined the Air Force Reserve as an enlisted medic. Six years later I got my degree and they promoted me to Second Lieutenant and I became a healthcare administrator all assigned to the 710th Medical Squadron at Offutt Air Force Base. 2014, I retired as Lieutenant Colonel in charge of the Air Force Reserves medical humanitarian tours in Central America and South America. Backing up to 1997, I joined the Omaha fire department. At that time, our contract mirrored the federal law which stated you get 15 paid days off a year. During that time when I was doing one weekend a month and two weeks a year, it covered it perfectly. Sometime in the early 2000s the federal law changed from 15 days to 120 hours so the city government wanted to mirror that. Our union at that time negotiated for us to have 180 hours instead of the 120. That worked okay. I was able to get the 180 hours, but I also had to work some time off without pay. 2006, I go to Iraq and while I'm over there I find out that my unit is closing at Offutt because of the BRAC, so I had to find another Reserve unit. So I go up to...I find a unit up in Minneapolis. So now I'm traveling every month to Minneapolis, so I'm leaving Friday, coming back Sunday night. So I'm using even more time off without pay. So I find a job down at the...I was offered a job down at headquarters in the IMA program, it's Individual Mobilization Augmentee. In that program you don't go every month, you can do your training any time you want. So I did my training on my days off. I didn't use any more military time, except for my two-week annual tour. Worked out perfectly. 2014, I tell my boss I'm going to retire. They offer me a position...a commander's position down in Oklahoma City. Being a commander of a unit requires you to be there at least five days a month. And now you're going back to a regular unit program. You have to be there Thursday, Friday, Saturday, Sunday, over the drill, and you travel back on Monday. So every month I'd have to be gone five days. At the 180 hours, which we are currently at at that time, I told them I couldn't do it. I couldn't do that much time off without pay. If we would have had the 360 hours, like they do now, I probably would have taken it, and I still would have been to this day a commander down in Oklahoma City. So with that, I'd be happy to take any questions. [LB1003]

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SENATOR MURANTE: All right, thank you very much for your testimony. Are there any questions? Seeing none, thank you very much for your testimony. [LB1003]

JERRY HALL: Thank you. [LB1003]

SENATOR MURANTE: Much appreciate it. Additional proponents? Welcome. [LB1003]

ADAM FISHER: Senator Murante, committee members, my name is Adam Fisher, A-d-a-m F-i-s-h-e-r. I'm here today in support of LB1003. I'm a member of the Bellevue Fire Department and Bellevue Professional Firefighters Association. I'm also a 13-year enlisted member of the U.S. Army Reserve and a veteran of three overseas operations. Currently as it stands with the 120 hours, as has already been addressed, we were required to do more training in the post-911 world and with the global war on terrorism. As Senator Brewer stated, you can't advance without going to additional training, additional schools, it's just part of life now. As a firefighter, in the last six months I've had to take 120 hours of additional vacation leave to cover my military time. That time takes away from my family, as it does with other members. I've missed soccer games for my son, things like that. Currently, next month I will be doing a 29-day annual training of which I will have to take the entire month of March off without pay. My wife and I are fortunate enough to have a savings built up that we can use, but if we didn't have that, that's a mortgage payment that we would potentially miss or a car payment. The 360 hours, obviously, it doesn't cover all of our training. We're not asking it to cover all of that. We're just asking to be equal to the 40-hour work week employee. I think that's all I have. Do you have any questions? [LB1003]

SENATOR MURANTE: All right. Thank you very much for your testimony. Senator Blood. [LB1003]

SENATOR BLOOD: Just a quick question, I know that you guys just negotiated a new contract and it was finally approved. [LB1003]

ADAM FISHER: Correct. Yes. [LB1003]

SENATOR BLOOD: Did you try and negotiate this into the city contract and what happened? [LB1003]

ADAM FISHER: Yes, we did try to negotiate it into the contract and the city of Bellevue told us, no, we're going to recognize what's currently on the law. [LB1003]

SENATOR BLOOD: Well, shame on them. Bellevue is all about the military. [LB1003]

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ADAM FISHER: Correct. [LB1003]

SENATOR BLOOD: Thank you. [LB1003]

ADAM FISHER: Thank you. [LB1003]

SENATOR MURANTE: Senator Brewer. [LB1003]

SENATOR BREWER: Thank you, Mr. Chairman. You're Army? [LB1003]

ADAM FISHER: Yes. [LB1003]

SENATOR BREWER: Good. (Laughter) What MOS? [LB1003]

ADAM FISHER: 88Mike. I'm a truck driver. [LB1003]

SENATOR BREWER: A truck driver. Awesome. Well, again, as I mentioned, truck driving is a basic skill, but the great thing about those skills is they carry over whether it be the safety training, the operational training, the actually truck driving skills themselves. Sometimes what's lost with folks is that they don't understand that it isn't just that you come up missing for a few days and that disturbs certain people, you're actually there doing something that could carry over and be very productive in the other job. [LB1003]

ADAM FISHER: Correct. [LB1003]

SENATOR BREWER: So anyway, thank you for your service. [LB1003]

ADAM FISHER: Thank you. [LB1003]

SENATOR MURANTE: All right. Any final questions? Seeing none, thank you for your testimony. [LB1003]

ADAM FISHER: (Inaudible). [LB1003]

SENATOR MURANTE: Additional proponent testimony to LB1003? Is there opposition testimony to LB1003? Any neutral testimony? Senator McDonnell. [LB1003]

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SENATOR McDONNELL: Just a quick update, also since we introduced this bill, we have been contacted by healthcare professionals. And, you know, nurses, you look at their 12-hour shifts and we're open to working with the committee to look at this from any perspective, not just the 24-hour person that's, basically, your firefighters, but anybody out there that's trying to be there and serve their country and their state and at the same time help their employer. So we're open to any ideas you guys have on that based on if we should look at other areas to help other people out that are serving their country. [LB1003]

SENATOR MURANTE: (Exhibits 3-8) All right, thank you very much. Seeing no final questions, I do have letters of support from Steve LeClair, the president of the Professional Firefighters Association of Omaha; Bryon Line, Nebraska veterans; Phillip Thomas, Grand Island Professional Firefighters; Timothy Graham, Hamilton County EMS Association; Nick Howe, Eppley Professional Firefighters; and Thomas Burns, Bellevue City Council. And that closes the public hearing on LB1003 and brings us to LB1130. Senator Kuehn, welcome back to your Committee on Government, Military and Veterans Affairs, as you have cleared the room for us (inaudible). [LB1003]

SENATOR KUEHN: (Exhibits 1 and 2) Interesting trend. Thank you, Chairman Murante and members of the Government Committee. I am Senator John Kuehn, J-o-h-n K-u-e-h-n, and I represent District 38, which is comprised of seven counties in south-central Nebraska. Today I bring to you for consideration LB1130. LB1130 is to provide transparency regarding the sources of income for elected officials which may potentially influence their official actions. LB1130 establishes a public reporting requirement based on an elected official's Statement of Financial Interests, which are filed with the Nebraska Accountability and Disclosure Commission. The disclosure requirement applies if the Governor, Lieutenant Governor, Secretary of State, Auditor of Public Accounts, State Treasurer, Attorney General, a member of the State Board of Education, a member of the Board of Regents of the University of Nebraska--with the exception of student members, a member of the Public Service Commission, or a member of the Legislature reports income greater than \$1,000 received from any 501(c)(3) or 501(c)(4) tax-exempt organization. When such a financial arrangement is present with a publicly elected official, it is required that the nonprofit organization report all sources of revenue for the same reporting period. I believe your committee clerk has, and I hope you have in front of you, AM1706, which includes input from the Nebraska Accountability and Disclosure Commission. It would be my request that the committee consider AM1706 as a movement forth and replacing the green copy of the bill. There's a few changes I want to bring to your attention in AM1706. First, it designates that the organization's status as a 501(c)(3) or (c)(4) will be delineated on that Form C-1, the Statement of Financial Interests. So the individual, when filling it out, would designate or put a check by a box, for example, that this is an organization that meets those requirements. It clarifies revenue, and it also aligns the reporting period to ensure that the reporting period for the nonprofit group parallels and aligns with the reporting period for the

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Statement of Financial Interests. Money and its influence on the political process represents an exercise of power. The use of private wealth to effect public policy and impact social change certainly warrants scrutiny of that significant use of power. We already have established extreme scrutiny in the form of contributions and expenditures that come to an elected official via our campaigns. Campaign spending, as you all well know, since yesterday was the deadline for filing your annual statement, is both regulated, restricted, documented, and fully available to the public. You know that if you receive a campaign contribution of more than \$250 from any individual or organization, you report that publicly. If you have an expenditure of greater of \$250, you report that publicly. We also know that on our Form C-1, sources of income of \$1,000 or more are of significant public interest. So if we're concerned about what the potential impact of \$250 of a campaign contribution may be or \$250 of expenditure from a campaign may be on the official activities of an elected official, I would suggest that when a senator has a personal financial relationship, it too merits transparency. While our campaign receipts and expenditures are regulated, restricted, and documented, money flowing into us under current Nebraska law via employment is neither regulated nor restricted. And when you look at the potential dollar amount of an employment arrangement with a state senator, for example, the dollar amounts, whether that be in the form of benefits or salaries, can very quickly dwarf campaign contributions which are the focus of so much media attention and even discussion on the floor of our own Legislature. I want to give you just kind of an experience from one of my issues related to a campaign contribution to illustrate the impact and scrutiny that money coming to state senators has. Several years ago we had a bill which some of you were a part of which dealt with packer ownership of hogs. And after I made a cloture vote on that bill, a couple of nonprofit groups utilized social media and others to say I had been bought off by Smithfield Foods, a packer that owned hogs and was advocating for the bill. And it was far and wide across my district that I had been bought off by Smithfield Foods. The irony is I never received a campaign donation and have never yet received a campaign donation from Smithfield Foods. So the accusation that somehow my vote had been under the influence of money when money didn't even exist still raised a question that warranted activism and public discussion. So let's think then about what happens when someone has a financial relationship in terms of employment. One of the issues of concern for me is what happens when nonprofits...which are tax-subsidized. So their tax-exempt status gives them a tax exemption by the public. They are nontransparent and they are a means of directing monetary assets that can certainly impact public policy. So when money flows directly into the pockets of an elected official via an employment arrangement, it represents a particularly troubling source of political power. And this, like all money into politics, has the ability to influence soft power. So if your financial arrangement is with 501(c)(3)s or (c)(4)s, which are dependent upon donors, certainly a direct ask isn't even needed. Your behavior in that soft power, whether that's the agenda of your donors or the internalized policy preferences of the donors who are paying your salary, can certainly influence your vote and certainly warrant public scrutiny. Think about what it would be like if you oppose policy positions of a major donor, which pays your salary, and you have to make future conversations with that donor about an ask for

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contribution to that nonprofit (c)(3) or (c)(4). And so given those limitations and the potential for influence on elected officials, I think it warrants full transparency on the source of those dollars and how they are potentially influencing elected officials at the state level. So with that, I open to any questions you may have about the bill or the proposal. [LB1130]

SENATOR MURANTE: All right. Thank you for your testimony. Senator Brewer. [LB1130]

SENATOR BREWER: Thank you, Mr. Chairman. All right, let's slow walk this back just a little. So say, for example, I'm on the board of directors for Wounded Warrior Project. If I don't receive monetary income from that, otherwise you're a voluntary board member,... [LB1130]

SENATOR KUEHN: Uh-huh. [LB1130]

SENATOR BREWER: ...we indicate it on the financial disclosure report. Other than that, this would only apply if your income or your, I guess, job in life is that working for a 501(c)(3) or (4)? [LB1130]

SENATOR KUEHN: Uh-huh. [LB1130]

SENATOR BREWER: (c)(3) is a nonprofit; (4) is political. Is that how that works? [LB1130]

SENATOR KUEHN: Simplistically, yes. [LB1130]

SENATOR BREWER: Okay. What you would need to do is provide the sources of revenue that that 501(c)(3) or (c)(4) receives, so they would essentially do like a financial disclosure report that would break out who and how much. And then would your wage be a part of that, I assume also, how much you receive a year from...? [LB1130]

SENATOR KUEHN: Currently, Nebraska law does not require us to... [LB1130]

SENATOR BREWER: Okay. [LB1130]

SENATOR KUEHN: ...report our actual income. It would only be requiring the sources of income in that organization, that nonprofit. So the dollars directed specifically to you would not be required to be reported. So at present, you don't have to report any wage income on C-1, on your Form C-1, and that does not change with this bill. [LB1130]

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SENATOR BREWER: Okay. [LB1130]

SENATOR KUEHN: And if for...in case anyone needs refreshed, because they'll be due I believe at the end of the month, I do have the page from your C-1 which includes where the sources of income are listed as well as the term, so everyone can see what current practice is with regard to that form. [LB1130]

SENATOR BREWER: Thank you. [LB1130]

SENATOR MURANTE: Thank you, Senator Brewer. Senator Blood. [LB1130]

SENATOR BLOOD: Thank you, Senator Murante. Two questions:... [LB1130]

SENATOR KUEHN: Uh-huh. [LB1130]

SENATOR BLOOD: ...Would it matter if you were full time or part time? [LB1130]

SENATOR KUEHN: As long as the financial arrangement is more than, at this present time in the bill says \$1,000, time status is not involved. [LB1130]

SENATOR BLOOD: So it wouldn't matter whether they work for the American Cancer Society, March of Dimes,... [LB1130]

SENATOR KUEHN: Correct. [LB1130]

SENATOR BLOOD: ...the Library Commission. You would want their entire list of donors and all of the information, including name, address, which is what you're saying, correct? [LB1130]

SENATOR KUEHN: It depends on...it depends on the organization. So for example, you are...so I'll just use myself because I would be... [LB1130]

SENATOR BLOOD: Okay. [LB1130]

SENATOR KUEHN: ...impacted by this bill. So I report income of more than \$1,000 a year from Hastings College, which is a 501(c)(3). So all sources of revenue would need to be reported if I was serving in this role and had that financial relationship. Now the difference is, and there's a

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distinction, because for example the college receives a large number of donations through... [LB1130]

SENATOR BLOOD: Right. [LB1130]

SENATOR KUEHN: ...a separate foundation which is not the 501(c)(3) with which I have a financial arrangement. So certainly in some cases that could...the list of donors could get very large. [LB1130]

SENATOR BLOOD: Well, I think of like the American Cancer Society... [LB1130]

SENATOR KUEHN: Uh-huh. [LB1130]

SENATOR BLOOD: ...or the March of Dimes or... [LB1130]

SENATOR KUEHN: Uh-huh. [LB1130]

SENATOR BLOOD: And the concern that I personally have, I certainly see where you're coming from with this and everybody is working really hard on transparency this year and I respect that. But not everybody wants their information out there when they donate to a nonprofit because they're not donating for political reasons. [LB1130]

SENATOR KUEHN: I agree with that and the issue becomes, and this is a choice of the nonprofit, so as someone who is employed by a nonprofit,... [LB1130]

SENATOR BLOOD: Right. [LB1130]

SENATOR KUEHN: ...I have an agreement, an arrangement that that nonprofit understands I am in a political role. So that is a choice. Not all nonprofits are going to have employment policies that allow someone to serve as, let's say, a Regent... [LB1130]

SENATOR BLOOD: Right. [LB1130]

SENATOR KUEHN: ...while they are employed by that nonprofit. And so a nonprofit doesn't have to, we're not forcing anyone to disclose anything. If a nonprofit makes a choice to employ a state senator and allow that as part of their operation, then they are subject to reporting requirements. If a nonprofit wishes to protect the identity of its donors for the purposes of

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anonymous activity, then they simply have to make the choice of not employing a state senator, a constitutional officer, a member of the Board of Regents, etcetera. [LB1130]

SENATOR BLOOD: But isn't there already specific guidelines that say nonprofits can't be involved, certain types of nonprofits can't be involved in donating money or political causes... [LB1130]

SENATOR KUEHN: Well,... [LB1130]

SENATOR BLOOD: ...and can actually lose their license? [LB1130]

SENATOR KUEHN: So my question is, do you consider employment of a state senator a political contribution? If... [LB1130]

SENATOR BLOOD: And that is the question. [LB1130]

SENATOR KUEHN: ...if an employment...if money going to a Regent, for example, or a Public Service Commissioner or a State Treasurer, if salary and benefits, if that is considered a political contribution, that has different determination than does if that is merely income or an employment arrangement. I think that's the underlying policy question: Is all money that flows into our pocket potentially able to influence and should that be disclosed and transparent? Or are there certain avenues by which money can flow to elected officials that anonymity is allowed? I think that's the ultimate policy question. [LB1130]

SENATOR BLOOD: So regardless of whether they actually are donating to him, just the fact that they're...him or her, the fact that they're paying their salary is still in question? [LB1130]

SENATOR KUEHN: I think that's certainly one that merits discussion. Because if we are...if there's an assumption or a concern that a couple thousand dollars to your campaign may potentially influence your vote such that we have decided as a state it is good policy to disclose those donations, then why would the same concern not apply as to whether or not you're getting, and I'm just going to throw a number out, an \$80,000 salary to subsidize your work in that elected office? I would argue that the potential financial benefit is much, much greater than a couple thousand dollars that you have to spend on campaign expenses that you then you have to delineate. [LB1130]

SENATOR BLOOD: The concern that I have, and again it's just a concern, is that, especially for women, nonprofits offer great flexibility. They allow you to be able to juggle all those balls, like

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being able to do public service. And I question--and I'm thinking out loud--I just question that that will generate fear and prevent good people that have to provide for their families. Because, obviously, the \$900 we get a month isn't going to feed their family, even a family of one. So I just question. I, again, I hear what you're saying is that we certainly don't want our public service to be influenced, but is there some kind of middle ground between what we're saying? [LB1130]

SENATOR KUEHN: If I could give you an example, and I'll make it specific to myself, you know, part of my working relationship is the college allows me to teach more classes in the fall and maintain my salary status so that I can afford to be here in the spring. So I know firsthand exactly the stresses and strains that are placed upon that in the financial relationship. Do you think that if a donor were to donate a significant amount of money to subsidize, I was an endowed chair, that subsidized my position, do you think that has...is worth knowing and worth disclosing to the public? So let's say, I tried to think of...I don't want to give an individual name but I'll just say it. Let's imagine that Senator Blood were to endow a million-dollar endowment for an endowed position that then the terms of were to grant me this flexibility. Does that merit...there's no interference with that relationship, but does that merit transparency? Because certainly, if Senator Blood had a drone bill and I was not signing on to that drone bill and I had to go back and say, go back to you next and say, you know, I'm not sure I like this and you're the one writing my salary or contributing to that which contributes my salary, I think that certainly impacts potentially public behavior. I think it warrants transparency and disclosure. [LB1130]

SENATOR MURANTE: Any additional questions? Senator Brewer. [LB1130]

SENATOR BREWER: Thank you, Chairman. All right, let's backtrack again on the issue. Say I decide to work for the Wounded Warrior Project through the summer and into the fall. [LB1130]

SENATOR KUEHN: Uh-huh. [LB1130]

SENATOR BREWER: The report that I turn in won't disclose the amount of money I get for that. If someone wanted to know how much money I made then they would simply go to the Wounded Warrior Project and ask. I mean their records should be available. That should not be.... [LB1130]

SENATOR KUEHN: Well, it's not and so I encourage you to look at 1099. So the only way...part of the problem with nonprofits, and I don't want to take your entire afternoon on my feelings on the influence and there's some great work. I encourage you look at Rob Reich's work--he's a scholar at Stanford--on his concerns about the influence of foundation money in the public policy process. But when the only real glimpse into where these things come from is in a Form 1099, so a nonprofit files a Form 1099 and you can go on-line and look. Problem is, is we just

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were able to see 1099s for the 2016 year. So you can look and see, for example, how a foundation or a nonprofit may have donated money to another foundation or nonprofit but you don't...they do not reveal their sources of income and they don't necessarily reveal specific information. So if you were a top five, I believe it is, salary earner at Wounded Warrior Project, they would be required on their 1099 to list your salary and compensation. If you were not, that wouldn't be available. So only the top five salary earners are required to be reported on the 1099. So in theory, you can work your way back through 1099s and get a sense for how money flows between nonprofits, but nonprofits in particular are interesting because they're tax subsidized. Let's say you have a nonprofit foundation. We're subsidizing it twice. About half of your total funds would be taxpayer subsidized. You get a taxpayer subsidy to put that money in a foundation which shields it from taxation. And the revenue generated then from that foundation is also tax-free. So you can then have what we have established in public policy is, for philanthropic purposes, is tax-incentivized dollars to direct and you can direct that in many ways in a fairly anonymous fashion. So you could establish the Colonel Brewer Foundation. You could receive donations from whoever you wanted to and not disclose those donations. And you then, Tom Brewer Foundation, could employ Senator Hilgers on a salary of your choosing and not disclose where that money came from. [LB1130]

SENATOR BREWER: Wow. All right. Thank you. Thank you for your bill. [LB1130]

SENATOR MURANTE: Thank you, Senator Brewer. Senator Hilgers. [LB1130]

SENATOR HILGERS: Thank you, Mr. Chairman. Thank you, Senator Kuehn, for being here. What...you said Rob, what was his last name? [LB1130]

SENATOR KUEHN: R-e-i-c-h, Reich. He's a scholar at Stanford, has done a lot of great work on the transparency issue and the magnitude to which nonprofit foundations influence and other nonprofits influence the public policy process and influence democracy, so. [LB1130]

SENATOR HILGERS: Could you maybe...maybe from his scholarship or from your own thoughts, could you maybe describe the thought process for folks sitting on nonprofits versus maybe private industry? [LB1130]

SENATOR KUEHN: Well, two reasons: One, if you're employed by a private industry, the sources of that income are relatively straightforward and any potential conflicts of interest are relatively obvious. You know that as I disclose farm income, it's pretty obvious to you that I may have a potential conflict of interest or be influenced by things like cattle prices. I'm going to have a particular influence. And if I'm on the floor promoting things that make it easier or reduce restrictions for veterinarians, it's pretty obvious in terms of that private industry. If you're

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employed by a publicly disclosed company, you know, certainly there's filings regarding income and income statement if you're in a publicly traded company. Nonprofits again, because of their lack of transparency with regard to their income sources and their expenditure sources, just become a real black hole. And when you talk about how nonprofits can move money from nonprofit to nonprofit to nonprofit without disclosing that, it is a particularly interesting way of moving money around to potentially influence the public policy process. And it's one I think we need to be calling much greater attention to. Many states have different requirements than Nebraska does with regard to requiring reporting sources of income. For example, just to start at the top of the alphabet, Alabama requires that if you're a state senator, both you and your spouse, if you're in an occupation that provides a service such as an attorney or an accountant, you have to disclose salary or income amounts from particular groups of clients. So you would have to disclose I make...I have this many clients, I make this much or pay this much. And so as you go through the list of states, states vary widely in their income reporting requirements for elected officials. We tend to be on the very low end of reporting requirements. I mean you basically just have to say, I received income of \$1,000 or more. You identify the source and kind of where it was and that's it. So it varies from state to state. I'm all for increasing the amount of transparency and the visibility of voters to see what's influencing the public policy process, and this is one area where there's a significant black hole that exists in that transparency. [LB1130]

SENATOR HILGERS: Thank you. And then my only other question was my understanding is that these (c)(4)s and (c)(3)s, since they're formed, they're...those are federal entities. Those are references to the federal tax code. They file tax returns with the federal government. And on those tax returns I think there's a schedule that provides, above a certain threshold at least, who their donors are, but that that schedule is obviously confidential. Is that...? [LB1130]

SENATOR KUEHN: That's my understanding. [LB1130]

SENATOR HILGERS: And I agree with that. [LB1130]

SENATOR KUEHN: Yeah, it's not publicly available on the 1099s, so. [LB1130]

SENATOR HILGERS: Thank you very much. [LB1130]

SENATOR MURANTE: Thank you. Senator Lowe. [LB1130]

SENATOR LOWE: Thank you, Chairman. Thank you, Senator, for bringing this. So as of right now, this would not include spouses. So the spouse could be employed by a 501(c)(3) or (c)(4) and would not have to (inaudible). [LB1130]

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SENATOR KUEHN: Correct, as written and with the amendment, immediate family members are not included,... [LB1130]

SENATOR LOWE: Okay. [LB1130]

SENATOR KUEHN: ...although I'm open to entertain any of that notion as well. (Laughter)
[LB1130]

SENATOR MURANTE: All right. Seeing no additional questions, thank you for your opening.
[LB1130]

SENATOR KUEHN: Thank you. [LB1130]

SENATOR MURANTE: And we will proceed to proponent testimony on LB1130. Are there any proponents? Ah, come on forward. [LB1130]

DAWN RUCKER: Hi. [LB1130]

SENATOR MURANTE: Hi. [LB1130]

DAWN RUCKER: I'm Ms. Dawn Rucker and... [LB1130]

SENATOR MURANTE: No, go ahead, have a seat and start by just state and spell your name for the record for us. [LB1130]

DAWN RUCKER: (Exhibit 3) All right. My name is Ms. Dawn, D-a-w-n, Rucker, R-u-c-k-e-r.
[LB1130]

SENATOR MURANTE: Okay. [LB1130]

DAWN RUCKER: And in reference to proponency for LB1130,... [LB1130]

SENATOR MURANTE: Uh-huh. [LB1130]

DAWN RUCKER: ...I was thinking about the example of say, example, mutual funds, where they're offered as loans, and then the ideal of the mutual fund being owned by the federal

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government or in that instance and where there's not a loan. So the businesses that are doing a loan in mutual funds and those by the federal government that doesn't offer them, I was wondering how that tied in, specifically because it has been an issue. You know, it's an issue that some talk about and some don't. [LB1130]

SENATOR MURANTE: All right. I can't answer the question for you but I bet Senator Kuehn will be. It's his bill so I'm guessing he'll stick around afterwards to answer those questions. [LB1130]

DAWN RUCKER: And I didn't see your name as legal counsel. [LB1130]

ANDREW LA GRONE: Oh. [LB1130]

SENATOR MURANTE: It's Andrew La Grone. [LB1130]

DAWN RUCKER: Andrew La Grone? [LB1130]

ANDREW LA GRONE: Yes. [LB1130]

DAWN RUCKER: And I'm sorry, the committee clerk? [LB1130]

SENATOR MURANTE: Sherry Shaffer. [LB1130]

DAWN RUCKER: Sherry Shaffer. Nice meeting you. [LB1130]

SENATOR MURANTE: Good to meet you as well. [LB1130]

DAWN RUCKER: Thank you. [LB1130]

SENATOR MURANTE: Thanks for coming. Additional proponent testimony on LB1130. Opposition testimony to LB1130. Mr. Geis, welcome back. [LB1130]

GAVIN GEIS: Senator Murante, members of the Government Committee, my name is Gavin Geis, G-a-v-i-n G-e-i-s, and I'm the executive director for Common Cause Nebraska. Most of you know I am the first to get on the horse with Senator Kuehn and charge after dragons. Today he's seeing a dragon and I'm seeing a windmill, but that's all right. I'm glad to discuss this topic. I

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love transparency, love discussing transparency, so I appreciate that he's willing to bring up the subject and open the discussion. We have just a few issues with this topic and just see...don't exactly see a few of the issues that he's brought up. First of all, we see outcomes that he's not seeing: the first one, that there will simply be no legislators in the Unicameral that work for nonprofits at the end of the day. The best case scenario, they all quit. They run for the Unicameral, they get in, and they quit. If they truly care about the nonprofits that they work for when they join up, they'll quit those nonprofits. It will be in the best interest of those nonprofits to not disclose. Donors don't like being known to the public. For whatever reason, they just don't like being known. The other is that they simply won't run. People in nonprofits won't run and we'll lose diversity in the Unicameral. We'll lose the diversity of voices simply because we say they have to disclose. Another outcome is that they'll find a creative way around this. Senator Kuehn noted an interesting way around this: create a foundation, make a pass-through organization so the money just finds another name. You make a foundation, you make a PAC, you find some other legal entity to send the money through so that it isn't exactly the nonprofit that the money goes through. Another thought I had, you know, not every nonprofit employee is--and I'm not calling anybody out here--not every nonprofit employee is Senator Morfeld. Not everyone has those really strong connections to the donors. Some of them are just normal people. Some of them are just a guy working at the Food Bank who wants to run in his community and he's just doing the best he can. He doesn't have strong connections to the donors and wants to run for the Legislature. So do we really want him to question whether he should run, because he doesn't want to hurt the Food Bank when he runs for office? He doesn't want to hurt that nonprofit he cares so much about. Or he doesn't want to quit the Food Bank. He doesn't want to choose between the nonprofit he cares about and running for his community. Also, there are other disclosures we talk about, right? There are a lot of disclosures we talk about: disclosing our personal financial interests; disclosing our donor...those donors, right, that give to your campaigns. Those are one step, right? Those are...they give to your campaign, your financial interests. But what these...this is a two-step financial interest. These are...this is money given to an institution that then pays the legislator that then goes into your bank account. That's a two-step. I don't know any other instances where we talk about two-step disclosures. Maybe I...maybe there's something out there that I just am not aware of. This seems like a unique situation. I see my time is up. I'm happy to answer any questions, but this seems like a nut of a bill and it's really confusing me. I don't know why we need it. Thank you. [LB1130]

SENATOR MURANTE: Thank you, Mr. Geis. So let me give you a hypothetical and tell me if you think this... [LB1130]

GAVIN GEIS: Please do. [LB1130]

SENATOR MURANTE: ...this scenario ought to require disclosure. So let's take it to an absurd extreme, okay? [LB1130]

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GAVIN GEIS: It's always the best. [LB1130]

SENATOR MURANTE: So the Public Service Commission is debating whether there ought to be a pipeline run through the state of Nebraska. [LB1130]

GAVIN GEIS: Never happen. [LB1130]

SENATOR MURANTE: Never happen. Impossible hypothetical. [LB1130]

GAVIN GEIS: Right. [LB1130]

SENATOR MURANTE: And TransCanada decides to set up a (c)(3) organization. They're not going to contribute money to a Public Service Commissioner, but what they're going to do is create a (c)(3) organization, fund it, and then employ Public Service Commissioners. [LB1130]

GAVIN GEIS: Hmm. [LB1130]

SENATOR MURANTE: Don't you think that ought to be disclosed? I mean don't you think the people of Nebraska ought to have a right to know that that is the...that's where the dollars are emanating? [LB1130]

GAVIN GEIS: You know, Senator Murante, if we had that sort of a situation, if we had that sort of impetus,... [LB1130]

SENATOR MURANTE: Uh-huh. [LB1130]

GAVIN GEIS: ...I may be on board. But we don't have that impetus. And I think bills like this need those sorts of situations before you jump in feet first. Does that makes sense? [LB1130]

SENATOR MURANTE: There's probably not enough, like, an absurd extreme to that level, right, but I mean there are... [LB1130]

GAVIN GEIS: I think you need impetus. [LB1130]

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SENATOR MURANTE: And I don't think we ought to be totally...especially an organization like yours who is so very much, especially on disclosure requirements, very much thinks proactively, right? [LB1130]

GAVIN GEIS: Right. [LB1130]

SENATOR MURANTE: You have historically supported legislation where there hasn't necessarily been a problem but you think at least there could be a problem or there's a perception of a problem and you seek remedy for it on a go forward. [LB1130]

GAVIN GEIS: Usually, we at least have the inklings of a problem. We say like, hey, there's this small thing. There's this little thing that we can point to. Let's talk about, you know, the electioneering issue. We can point to there is this flier that was actually put out there. And you and I may disagree on how big of a problem it is, but it's out there. Here, I don't know if there's an actual flier. [LB1130]

SENATOR MURANTE: Okay. The other thing I'm not following you on is the concept that there's sort of an inherent connection between a nonprofit disclosing its donors and there being harm to the nonprofit, that inherently those two things go together. So explain that one to me a little bit. [LB1130]

GAVIN GEIS: Oh, it's not so much harm to the nonprofit, but so much as have you ever had to fund-raise for a nonprofit? [LB1130]

SENATOR MURANTE: Yes. [LB1130]

GAVIN GEIS: Yes. So you know that donors don't like disclosure. [LB1130]

SENATOR MURANTE: Very...I mean most of the nonprofits I've fund-raised for deal with educational opportunities in north Omaha, to be honest. So I don't think they really care, at least the donors I talked to haven't. But... [LB1130]

GAVIN GEIS: (Laugh) So it's more so that it's in the nonprofit's best interests to, if you can avoid disclosure when it comes to donors. You're going to say, you know what, it's okay, I'm going to avoid it, you don't have to work for us right now. [LB1130]

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SENATOR MURANTE: Usually we put their names on an invitation to try and make it seem like there's a lot of support,... [LB1130]

GAVIN GEIS: Oh, that's lovely. (Laugh) [LB1130]

SENATOR MURANTE: ...but it's the exact opposite logic. But... [LB1130]

GAVIN GEIS: But for me, if, let's say, I was running for office and this was...and this was in law, I care about Common Cause enough that I wouldn't. I would quit that job. I would say, you know what, you're better off with me not putting this burden on you. [LB1130]

SENATOR MURANTE: So you want to hide your donors then. I'm kidding. That's not a real question. (Laughter) [LB1130]

GAVIN GEIS: (Laugh) That's not a real question. [LB1130]

SENATOR MURANTE: That's not a real question. Senator Hilgers. [LB1130]

GAVIN GEIS: It's like if it will do good, I'll actually do (inaudible) (laughter) if there's good to come out of it. [LB1130]

SENATOR HILGERS: Thank you, Mr. Chairman. Thank you, Mr. Geis, for being here. [LB1130]

GAVIN GEIS: Of course. [LB1130]

SENATOR HILGERS: I guess I don't understand how... [LB1130]

GAVIN GEIS: Yeah. [LB1130]

SENATOR HILGERS: ...this is a...this is a transparency issue. The whole point of (inaudible) as I take Senator Kuehn's argument is that... [LB1130]

GAVIN GEIS: Yeah. [LB1130]

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SENATOR HILGERS: ...we don't know who the donors are. So the notion that there's no impetus, well, isn't that sort of how the system is structured? It's structured so that we wouldn't know, so that there wouldn't necessarily be a specific impetus. You're saying there should be. As I took your testimony, you're saying, well, jeez, there should be. Why are we doing this, because there's no evidence of a problem? And I want to talk about... [LB1130]

GAVIN GEIS: Right. Oh,... [LB1130]

SENATOR HILGERS: ...I want to talk about what Senator Kuehn... [LB1130]

GAVIN GEIS: ...I understand. [LB1130]

SENATOR HILGERS: ...well, I want to talk about some of the scholarship that Senator Kuehn referenced. But you're saying there's no impetus for a problem, there's no...as I took your testimony, it's, hey, there isn't an example out there where we could say, hey, aha, there's someone who's been gaming the system in a way and has been influenced so, therefore, there's no problem and why are we changing the law? Is that roughly a fair characterization of the point you were trying to make to Senator Murante? [LB1130]

GAVIN GEIS: To a certain extent. What I'm saying, yes, to a certain extent. It's not the extreme of that. [LB1130]

SENATOR HILGERS: Yeah. [LB1130]

GAVIN GEIS: What I am saying is that if there is any reason other than if we keep looking we'll find something, isn't that a little bit of a witch hunt? To say if we could just have all this data we'd find something, wouldn't we? Wouldn't we... [LB1130]

SENATOR HILGERS: Okay. So I don't...so have you read the scholarship from Mr. Reich at all? [LB1130]

GAVIN GEIS: No, I haven't. [LB1130]

SENATOR HILGERS: So, I mean... [LB1130]

GAVIN GEIS: I've actually never heard of him. I would... [LB1130]

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SENATOR HILGERS: Mr. Geis, one moment. [LB1130]

GAVIN GEIS: I look forward to looking. [LB1130]

SENATOR HILGERS: Oh, okay. Just I'll ask the question and you can (inaudible). [LB1130]

GAVIN GEIS: No. Sorry. [LB1130]

SENATOR HILGERS: We'll do one at a time. [LB1130]

GAVIN GEIS: Yes. You go first. [LB1130]

SENATOR HILGERS: Thank you. I don't mind if you go first but just so we don't talk over each other. The transcribers at some point are going to type this out. So but I didn't take Senator Kuehn's...I took...what I took from Senator Kuehn was not that we was...that he's doing this just because it's a witch hunt. In fact, what I took from him were two things really animating this. One was some literature that suggested this is a problem. I haven't read it so I assume that's what it says. I'm going to read it. But the second thing is that there is this sort of inherent problem with money being paid to elected officials, whether it's through campaign contribution or through their employment, that could create a conflict and that transparency will help. I mean is that...that's what I took from his testimony. Is that what you took from his testimony? [LB1130]

GAVIN GEIS: You're correct. Thank you. Actually, thank you for clarifying that. I shouldn't have said witch hunt. You're right. [LB1130]

SENATOR HILGERS: No, that...well, I don't want to make (inaudible). Sometimes I (inaudible). [LB1130]

GAVIN GEIS: No, you're right. I shouldn't have said witch hunt. That was unfair. That was totally unfair. But to that point, you had pointed out business association before... [LB1130]

SENATOR HILGERS: Uh-huh. [LB1130]

GAVIN GEIS: ...and Senator Kuehn did say that this scholar doesn't point to that. But there is something to that. Why nonprofits are the only...why are they the only bad guys, right? Everybody has associations. Every business has connections. Attorneys have influential clients. Businesses have funders that exert influence. Every...in a legislature of this kind that is part time,

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you cannot shake the connections of work that exert influence. So to say that nonprofits are the only type of business that are going to have influence over them I think is a little silly. So if we want to have this discussion, let's not pretend it's only the nonprofits that are going to exert influence. Let's broaden the scope, at the very least. [LB1130]

SENATOR HILGERS: So I think that's a very fair point and I would say I think there is a category of private businesses for which I don't think people would have concern. If you happen to work at a retail establishment, if you're working at JCPenney's for instance. [LB1130]

GAVIN GEIS: You're working at Target, right. [LB1130]

SENATOR HILGERS: Right. There's not that concern. It's not a...there's not a...I don't think there's a concern that... [LB1130]

GAVIN GEIS: Right. [LB1130]

SENATOR HILGERS: ...some of the customers would be influencing you somehow. I think what is at the core of some of the nonprofits, again, as I took Senator Kuehn's testimony, which I think could be broadened--if asked, I think it could be broadened--is this notion... [LB1130]

GAVIN GEIS: Right. [LB1130]

SENATOR HILGERS: ...that you might have people with significant wealth, or entity with significant... [LB1130]

GAVIN GEIS: Right. [LB1130]

SENATOR HILGERS: ...wealth that could use the employer as a shield to transparency. In other words, if I worked for Target, everyone knows who Target is. [LB1130]

GAVIN GEIS: Right. [LB1130]

SENATOR HILGERS: If I work for a 501(c)(4), I don't inherently know who the donors are. Or if I, frankly, if I worked for XYZ Inc. or XYZ LLC that has no public or apparent business, right? I mean there... [LB1130]

GAVIN GEIS: Right. [LB1130]

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SENATOR HILGERS: ...(inaudible) to that degree. And so I guess my question you is, is a reasonable line to draw somewhere in the middle there, nonprofits plus additional business associations that have sort of that same feel that they could be used as a shield, right, versus some of these other private businesses where... [LB1130]

GAVIN GEIS: Right. [LB1130]

SENATOR HILGERS: ...there's really no concerns? [LB1130]

GAVIN GEIS: I think there's a discussion to be had there somewhere, yes. There is certainly this category where we don't need to talk about these ones. [LB1130]

SENATOR HILGERS: Uh-huh. Because I do, I mean I think you raise a good point that if this is an issue, should we look at other places where it might...it might be an issue? And that was...I think that's all I had. So thank you very much, Mr. Geis. [LB1130]

GAVIN GEIS: Yeah. Of course. [LB1130]

SENATOR MURANTE: Thank you. Senator Brewer. [LB1130]

SENATOR BREWER: Thank you, Mr. Chairman. All right. I worked with a number of nonprofits, mostly related to veterans, and we had, well, in those cases, there was no one who didn't want to tell who he was. [LB1130]

GAVIN GEIS: Right. [LB1130]

SENATOR BREWER: But there were certain ones who donated that had very, very deep pockets that wrote seven-figure checks, things like that. [LB1130]

GAVIN GEIS: Of course. [LB1130]

SENATOR BREWER: And what I figured out, from spending time around them, was they like to influence things around them. Where I would be a little concerned is if I was someone, which I'm not and never will be, with a lot of money, the temptation to take and try and find individuals who would be young enough I could get them to do my bidding and I had enough money to influence their lives and start 501(c) "whatevers," give it a title that would make it look legitimate, and then I would have hired guns who would do my bidding. And how could you

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prevent them from eventually owning a body? Because if you funded them with enough money for their campaign and you funded them enough money so that they could be a full-time senator in disguise, wouldn't the temptation to do that be pretty great? [LB1130]

GAVIN GEIS: It's an interesting point. I do not...I cannot answer that. I'm not sure. I'm sorry. (Laugh) [LB1130]

SENATOR BREWER: It's food for thought. [LB1130]

GAVIN GEIS: It is. [LB1130]

SENATOR MURANTE: All right. Seeing no additional questions, thank you very much for your testimony. [LB1130]

GAVIN GEIS: You're very welcome. [LB1130]

SENATOR MURANTE: Additional opposition testimony to LB1130? Seeing none, is there any neutral testimony? Welcome. [LB1130]

FRANK DALEY: Thank you, Senator Murante and members of the Government, Military and Veterans Affairs Committee. My name is Frank Daley, D-a-l-e-y. I'm the executive director of the Nebraska Accountability and Disclosure Commission, and I'm here in a neutral capacity. This is a pure public policy concept that you're wrestling with, and the commission is happy to let you wrestle with that. (Laughter) I thought what I'd do is, however, just tell you how this law would work. And by the way, I'm addressing the amendment. The way this works, you file a Statement of Financial Interests, and maybe we'll take Senator Blood, since you raised a question. You file your Statement of Financial Interests on March 1 and you show your sources of income of more than \$1,000 and...for calendar year 2017. And let us just say you work for the American Cancer Society, as you suggested. Maybe you're in the publications department. You work on publications that are sent out talking about the great things the American Cancer Society is doing. Because I'm guessing it's a 501(c)(3) organization, but I don't know that, you check a box that indicates that that's the case. When the commission reviews your statement, we are required to note that it's a 501(c)(3). We are required to send a reporting form to the American Cancer Society. And within ten days after the receipt of the form, they are required to file a report with us disclosing all of their donors during 2017. So that's how this law would work. And with Senator Brewer, you came up with two different scenarios. You indicated that if you were on the board of directors of the Wounded Warriors organization you would be showing that on your

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Statement of Financial Interests as a business with which you're associated, but you're not showing it as a source of income. [LB1130]

SENATOR BREWER: Right. [LB1130]

FRANK DALEY: So under both the green copy and the amendment, you would not need to show anything. We would not be contacting the Wounded Warriors group for a report on their sources of revenue during calendar year 2017. On the other hand, if at some point you converted your association and you were a paid employee or served as the executive director or in some other paid capacity such that you earned more than \$1,000 in a calendar year, when you filed your Statement of Financial Interests, it would show up as a source of income of more than \$1,000. You would check the box, if it's a 501(c)(3) or (c)(4) organization. And then again in that case we would be contacting Wounded Warriors and advising them that they're required to file a report disclosing sources of revenue during 2017. So that's how the law would work and I just wanted to testify as to that as to the mechanics of it all. Thank you. [LB1130]

SENATOR MURANTE: Thank you for your testimony. Are there questions? Seeing none, thank you. [LB1130]

FRANK DALEY: Thank you very much. [LB1130]

SENATOR MURANTE: Additional neutral testimony? Seeing none, Senator Kuehn. [LB1130]

SENATOR KUEHN: Thank you, members of the committee. My staff asked me what happened to the short opening so, sorry. (Laughter) (Inaudible) let's just disabuse ourselves of the idea that that's ever going to happen. I would like to thank Mr. Daley and Accountability and Disclosure Commission. I feel like I need to loan my staff out on interim to NADC to help for all of the time you've invested during my tenure going over bills. Just a couple of issues that I do want to address and let the committee know, I think this is an important policy discussion. And as you're discussing the bill and, for example, I like to put the idea forward and then noodle around on what may be some potential unintended consequences or complications that the committee can deliberate on if they feel this is worthy for consideration on the floor. So, for example, things like...to use Senator Blood's American Cancer Society example, things like a donation limit, so report all donations in excess of \$1,000 or a financial limit so the person making a \$50 contribution doesn't get ensnared. There's also a statement on C-1 that says don't disclose particular customers and that type of thing, so there's additional language that legal counsel may feel that addresses the policy goal without ensnaring individuals who may not be making a donation, the intention of influencing the activity of the (c)(3) or (c)(4). I'm absolutely open to looking at and exploring all of that language. In answer to the question, since I brought it up, the

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title of one of Robert Reich's interesting pieces is actually entitled Repugnant to the Whole Idea of Democracy? On the Role of Foundations in Democratic Societies. And you may have even found or followed the issues that's happened with the New American Society where the director of the Open Markets Institute was critical of Google, who sits on the board of the New America Foundation, and two days later his entire project was removed from the New America Foundation, allegedly with no influence from Google. So draw your own conclusions about those types of influence. So we're having a broader political and policy debate about the influence of these organizations. I have not...I'm not in any way asserting that nonprofits are the only potential source. They are a potential source. And where I begin this process, as I continue to move forward annually with different concepts regarding transparency--last year it was lobbying, this year we're looking at activity of elected officials--so you'll be seeing me later, so. [LB1130]

SENATOR MURANTE: All right. Thank you, Senator Kuehn. Senator Hilgers. [LB1130]

SENATOR HILGERS: Thank you, Mr. Chairman. Thank you, Senator Kuehn. I want to go back to one of the points that Mr. Geis raised in terms of maybe an unintended outcome, just get your thoughts in response to this, which would be that people who work for a nonprofit, say the Food Bank or something, would not...just decide not to run. So in terms of an unintended outcome or an outcome, I guess--I shouldn't say it's an unintended or intended--but how would you respond to that potential criticism? [LB1130]

SENATOR KUEHN: I think every one of us who has a relationship with an employer, so who is not self-employed, has at some point had a conversation with our employers when making the decision to pursue public office of what comes along with that. Some of it may be the issue of, yes, I work for this business and if I make a vote that is unfavorable or get bad media coverage, how does that reflect upon the employer? So, you know, you may have that situation with your employer. And there's a choice that is made in the employment-employee relationship when someone seeks a public office. And I think all organizations, all employers have that conversation. And if a nonprofit believes that protecting the anonymity of its revenue sources is important, then it simply makes a decision, as a matter of workplace policy, that we don't employ state senators, Regents, Public Service Commissioners. I find it a little bit interesting, a couple of times Mr. Geis, who I've had a great working relationship with, commented: donors don't like to be disclosed. I think he's been in front of this committee a couple of times advocating donors should be disclosed for constitutionally protected political speech, which I think is an interesting case. In some cases, donor disclosure is intentional or is absolute; in other cases, it dissuades the ability of a 501(c)(3) to do its job. So I think we do have to think about diversity. I think as long as we are a part-time Legislature with a constitutionally set salary of \$12,000 a year, it's not just going to be nonprofits but every employer that is going to have the opportunity to have that discussion about what's appropriate for that particular state senator. And not all...some nonprofits

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have absolute policies that simply say, and political organizations that say we will not employ someone and allow you to run for office. And that's fair and I don't think we should infringe upon that. But knowing where those dollars flow from I think is absolutely essential. [LB1130]

SENATOR HILGERS: Yeah. Thank you. [LB1130]

SENATOR MURANTE: (Exhibit 4) Thank you. Seeing no final questions, I do have a letter in opposition from Nicole Fox of the Platte Institute. [LB1130]

SENATOR KUEHN: Thank you. Have a great afternoon. [LB1130]

SENATOR MURANTE: That closes our hearing on LB... [LB1130]

DAWN RUCKER: Before our...before it closes, we would like to introduce this to (inaudible). (Exhibit 3) [LB1130]

SENATOR MURANTE: Why don't you hand it over to the page and he'll take care of it for you. Okay. You got it. All right. Thank you. [LB1130]

DAWN RUCKER: (Inaudible). [LB1130]

SENATOR MURANTE: (Laugh) That's all right. Senator Briese. Welcome. [LB1130]

SENATOR BRIESE: (Exhibit 1) Thank you, Senator Murante and members of the Government, Military and Veterans Affairs Committee. My name is Tom Briese, T-o-m B-r-i-e-s-e; I represent the 41st District in the Nebraska Legislature. I'm here today to present LB1000. LB1000 deals with property tax relief, and in some ways the principles of our democratic system. And I note that we do have an amendment, AM1717, that's just been passed out, replacing Sections 5 through 7 of the original bill. All Nebraskans are clamoring for property tax relief. One facet of achieving that relief is doing what we can on the spending side of the issue. I believe that one way to help accomplish restraint and local spending is to encourage and promote public input on the spending decisions of our local governing bodies. This bill is an effort to create additional transparency and accountability in the expenditure of property taxes by requiring a public election before a bond issue takes place under the Public Facilities Construction and Finance Act. The Public Facilities Construction and Finance Act is found at Nebraska Revised Statute Section 72-2301 to 72-2308. Under those statutes, the stated purpose of the act is to allow local governmental units which cooperate with other governmental units to issue bonds to finance joint projects. And I note that Section 72-2307 takes taxes for payment on these bonds outside of

the levy limits found in Section 77-3442. Section 72-2304 of the Public Facilities Construction and Finance Act authorizes such bonds to be issued by a qualified public agency after holding a public hearing on the issue. Paragraph 3 of that same statute provides that no election by the voters of the qualified public agency issuing the bonds is required unless within 60 days after notice of such issuance of bonds a remonstrance petition is filed by 5 percent of registered voters to call for an election on the issue. Paragraph 4 provides that no election is required of the qualified public agency not issuing the bonds to participate in that joint project for its bonds are issued unless there are similar or remonstrance petition is filed. Each of these paragraphs puts the burden on the taxpayers disagreeing with participation in a bond issue by the qualified public agency to secure signatures to get the matter on the ballot. It puts the burden on citizens to prevent an additional bond being levied on them without their consent. Most Nebraskans would never imagine they could be forced to pay for a bond which they had no say in issuing. I believe that instead the burden must be on the governing body of the qualified public agency who wishes to issue bonds to seek and gain voter approval before a bond issue can proceed. LB1000, with the amendment, would require voter approval by a majority of the electors of each of the qualified public agencies participating in a joint project before any bond can proceed...any bond issue could proceed. This would include the electors of a qualified public agency issuing the bonds and any qualified public agency not issuing the bonds but participating in the joint entity or the joint public agency. Section 72-2307 takes...I hit that already I guess, but I mentioned earlier, it takes taxes levied for payment on the bonds described by the act outside of the levy limits. And I think that this increases the importance of requiring a vote ahead of time. I see no fundamental problem with government subdivisions pooling their resources to finance joint projects with neither...might have the ability to pay for otherwise. The problem, I believe, lies in what I think many would describe as a loophole in the law allowing millions of dollars in bonds to be issued separate and apart from a democratic vote of the people. LB1000 will preserve this ability of subdivisions to creatively solve problems through joint projects while bringing the process into more complete accountability to those who will pay for and benefit from the project. I believe that LB1000 is good legislation and that it will strengthen our community as well as our democratic processes in Nebraska. I'd ask for your support on this bill. And with that I'm open to any questions. [LB1000]

SENATOR BREWER: Thank you, Senator Briese. Questions? Senator Blood. [LB1000]

SENATOR BLOOD: Thank you, Senator Brewer. Just a quick question... [LB1000]

SENATOR BRIESE: Yes. [LB1000]

SENATOR BLOOD: ...and granted, I may need to re-read this to find it, so I'm going to cheat and ask you. Is there a threshold? [LB1000]

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SENATOR BRIESE: Sure, its...a threshold as far as... [LB1000]

SENATOR BLOOD: Like as far as the amount of bond that you would expect (inaudible). [LB1000]

SENATOR BRIESE: Limited to \$5 million maximum on construction. And there's a separate category for technological improvements much less than that. But it's \$5 million total on construction-type projects. [LB1000]

SENATOR BLOOD: For maximum, but is there a minimum or is this just all bonds? [LB1000]

SENATOR BRIESE: All bonds, I believe. [LB1000]

SENATOR BLOOD: All right. Thank you. [LB1000]

SENATOR BRIESE: Yeah, you bet. [LB1000]

SENATOR BREWER: Additional questions? Seeing none, thank you, Senator Briese. [LB1000]

SENATOR BRIESE: Thank you. [LB1000]

SENATOR BREWER: And you'll stick around for closing. [LB1000]

SENATOR BRIESE: I will do that. [LB1000]

SENATOR BREWER: Good man, thank you. All right, testimony from those in support. Welcome to your Committee on Government, Military and Veterans Affairs. [LB1000]

NICOLE FOX: (Exhibit 2) Good afternoon, Vice Chairman Brewer and members of the Government, Military and Veterans Affairs Committee. My name is Nicole Fox, N-i-c-o-l-e F-o-x; and I'm director of government relations for the Platte Institute. Thank you, Senator Briese, for introducing LB1000. I'm here today to testify in support of this bill. The Platte Institute believes this bill helps to increase local transparency. While Nebraska local subdivisions hold bond referendums in most cases, there are some that go without the input of voters. Most of Nebraska's local subdivisions have the need to issue debt from time to time to fund certain projects, such as building new schools or replacing outdated infrastructure at existing schools. This is typically done using general obligation bonds where low-interest loans are used to

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finance projects that are above and beyond the scope of subdivision's annual operating budget. When local governments are spending above and beyond the scope of the annual operating budget, it is hard not to believe that all bond referendums will eventually lead to property tax increases. While cities and counties are not required to increase their property taxes to pay for the bonds, most eventually increase property tax rates to pay for the increased debt service. We also support Senator Briese's amendment to the bill not allowing bond referendums during special elections. Because special elections are expensive and also result in less voter turnout than a general or primary election, this amendment would allow more voter involvement and thus increasing the transparency of bonds. When subdivisions issue bonds without voter approval, it results in a lack accountability and transparency with respect to local government debt. Lowering taxpayer exposure to municipal debt starts with two key rules: (1) all debt should be put to a referendum vote concurrent with a general or primary election, and (2) governments should report the full financing costs and expected repayment plan for any debt before a vote or put the tax increase amount associated with such debt on the ballot. LB1000 makes strides to accomplish these two key rules, and the Platte Institute supports this attempt at more government transparency. Thank you for the opportunity to testify today. I am happy to take any questions. [LB1000]

SENATOR MURANTE: All right. Thank you very much for your testimony. Are there any questions? Seeing none, thank you very much. [LB1000]

NICOLE FOX: Thank you. [LB1000]

DAWN RUCKER: (From the audience) I have another question. Since this is military (inaudible), how can it be placed on a ballot? [LB1000]

SENATOR MURANTE: Since it's a...I'm sorry. [LB1000]

DAWN RUCKER: Since this is military oriented, talking about taxpayer, this (LB)1000, taxpayer (inaudible) is government and military...when she mentioned putting it on a ballot, well tax information is placed on a ballot for disposition or reason. [LB1000]

SENATOR MURANTE: Sure, well tell you what, how about we'll finish the public hearing and then afterwards we'll meet with counsel and we'll get it all sorted out. Does that work? [LB1000]

DAWN RUCKER: That sounds great. [LB1000]

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SENATOR MURANTE: Okay, great, wonderful. Additional proponent testimony. Mr. Rieker, is this your first time here? [LB1000]

BRUCE RIEKER: Senator Murante, this is my first time. [LB1000]

SENATOR MURANTE: Welcome to the Government, Military and Veterans Affairs Committee. [LB1000]

BRUCE RIEKER: I have broadened my horizons so much this week, I've been before General Affairs for the first time and now here. [LB1000]

SENATOR MURANTE: All right, let me know who is better. [LB1000]

BRUCE RIEKER: (Laughter) We'll see how the bills go. (Laughter) [LB1000]

SENATOR MURANTE: You drive a hard bargain. [LB1000]

BRUCE RIEKER: (Exhibit 3) Senator Murante, members of the committee, my name is Bruce Rieker, R-i-e-k-e-r. I'm the vice president of government relations for Farm Bureau. I'm here on behalf of not only Farm Bureau, but three other ag organizations as well: the Nebraska Cattlemen, Nebraska Corn Growers, and Nebraska Soybean Growers. We're here testifying in support of LB1000 and appreciate Senator Briese bringing this forward. Last year it came to our attention that two public entities were entering into an agreement to issue a \$5 million bond under the Public Facilities Construction and Finance Act, something that it appeared that they were trying to accomplish something that they couldn't do separately without the approval of the voters. Under this act, the two local governments...under the act, two local governments may join to issue bonds to finance joint projects which may be serviced by property taxes. In this instance that we learned about, however, each entity was using a portion of the bond on construction and maintenance in separate locations. As agriculture organizations representing landowners who pay the highest ag property taxes in the country, we generally oppose any local unit of government levying additional taxes without a vote of the people. We're also very concerned about the precedent set by the two entities using authority under this act to accomplish their own construction goals. If this scenario plays out across the state and a bond vote fails in a school district for instance, that school district could circumvent the will of the taxpayers by entering into such an agreement as was done in the situation that is in question. We don't believe that was the intent of the Legislature and we believe that Senator Briese and the amendment that he's added to it helps bring true to form what we consider to be the intent of the Legislature. And for those reasons we urge you to advance LB1000. Thank you. [LB1000]

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SENATOR MURANTE: And thank you. Are there any questions? Seeing none, thank you for your testimony. [LB1000]

BRUCE RIEKER: You're welcome. [LB1000]

SENATOR MURANTE: Much appreciate it. Mr. Mach. Two days in a row. [LB1000]

COBY MACH: This is the first. Good afternoon, Chairman Murante, members of the committee. My name is Coby Mach, C-o-b-y M-a-c-h. I am going to be super short today. The Lincoln Independent Business Association, LIBA, is supporting LB1000. The bill provides for public voting requirement that is needed for all communities. The bill's inclusion of joint entities, joint public agencies is helpful for seeking further government transparency. While these entities spend money out of different funds, they're still spending taxpayer money. And as long as this committee is considering a way to fix community bonding loopholes, LIBA would like you to consider also advancing LB510. LB510 is currently sitting in this committee after introduction last year; addresses the excessive use of installment contract bonding by the city of Lincoln. The bill with the forthcoming amendment will simply place a cap on how much the type of bonding can be done by Lincoln. It's also bonding without a vote of the people. Bonding loopholes, bonding with no vote, bonding with no vote or no cap we think should be fixed and ask that you support LB1000. Thank you. [LB1000]

SENATOR MURANTE: All right, thank you very much for your testimony. Are there any questions? Seeing none, thank you very much. [LB1000]

COBY MACH: Thank you. [LB1000]

SENATOR MURANTE: (Exhibits 4-6) Appreciate it. Additional proponent testimony? Is there opposition testimony? Any neutral testimony? Seeing none, Senator Briese waives closing. I do have a letter of support for LB1000 from Doug Kagan, the president of Nebraska Taxpayers for Freedom. And two letters of opposition, one from Greg Adams of the Nebraska Community College Association; and one from Thomas Higginbotham of the Nebraska Regional Officials Council. And that closes the hearing on LB1000. Which leads to our last item on the agenda. [LB1000]

SENATOR BREWER: Welcome to your committee. [LB1000]

SENATOR MURANTE: Thank you, Vice Chairman Brewer. My name is John Murante, J-o-h-n M-u-r-a-n-t-e; I'm the state senator for District 49, which includes Gretna and western Sarpy

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County. I'm here today to introduce LB960. LB960 is a bill that I have introduced in years past and it is substantially similar to other pieces of legislation which have been introduced in years past. It does a couple of things. First, it eliminates the abilities of a candidate committee to loan money. And I want to be clear, that it's not...this is not a prohibition against a candidate campaign receiving loans. So in the event that a candidate wants to loan their own campaign committee money, this isn't a prohibition against that, this is a prohibition against the reverse happening where a candidate is taking money from their campaign account as a loan. This is a prohibition against that. It's not currently clear in law whether that is unlawful, and I think it really needs to be spelled out. Second, it increases the civil penalty under Accountability and Disclosure from \$2,000 to \$5,000. And it enables the Nebraska Accountability and Disclosure Commission to require a violator or someone who has been...who has broken these laws to pay restitution for the laws that they have broken to the injured parties. So I think it's a pretty simple bill. I think this is, basically, all of the innocuous and generally agreed upon items that have been contained in legislation like this in the past. But for one reason or another in years past, it has stalled because of more controversial components, so we just took the easy parts out and put them in this bill...at least I hope so, and that was our objective. So that's what the bill does and I would be happy to answer any questions that you may have. [LB960]

SENATOR BREWER: Thank you, Senator Murante, for your testimony. Questions? Questions? Questions? Seeing none, thank you. [LB960]

SENATOR MURANTE: All right. [LB960]

SENATOR BREWER: You'll stick around for closing? [LB960]

SENATOR MURANTE: Oh yeah. I'll be right here. [LB960]

SENATOR BREWER: Okay. All right. Supporters, come on up. Welcome. [LB960]

JACK GOULD: Oh yes, thank you. Senator Brewer, members of the committee, my name is Jack Gould, that's J-a-c-k G-o-u-l-d; 315th Infantry, 157th Brigade, truck driver, honorably discharged. If that will help me today, I will... [LB960]

SENATOR BREWER: Man after my heart. [LB960]

JACK GOULD: I appreciate the fact that Senator Murante has brought this bill. We've discussed some of this before, but it's a concern that campaign money is donated with intent; people have a reason for giving. And that purpose is something that shouldn't be ignored. And when you have

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an opportunity to see campaign money used for things that it was not intended for then we have a problem. And there is some history there. I'm not going to go into the examples, but there is some history of some abuse. And in Nebraska, I think we pride ourselves on a clean government. And I think that Senator Murante's bill brings forward a solution to a serious problem. Thank you. [LB960]

SENATOR BREWER: All right. Questions? Questions? Thank you for your testimony. [LB960]

JACK GOULD: Okay, thank you. [LB960]

SENATOR BREWER: Frank, come on up; welcome back. [LB960]

FRANK DALEY: Thank you, Senator. Vice Chairman Brewer and members of the committee, my name is Frank Daley, D-a-l-e-y; I serve as the executive director of the Nebraska Accountability and Disclosure Commission and we are fully in support of LB960. As Senator Murante has explained, it does three basic things. The first thing it does, it raises the maximum civil penalty that the commission may assess for violations from \$2,000 to \$5,000. I will point out to you that it's been at the \$2,000 level since 1999, so the value of the civil penalty has kind of eroded, it's not much of an inducement these days to compliance. The second thing that the bill does, it provides that the commission under the appropriate circumstances can require restitution from someone that violates the Accountability and Disclosure Act. And let me give an example to explain how that works. A number of years ago, we found that a member of a county board had instructed an employee of the county who was a heavy equipment operator to bring a piece of county heavy equipment to the county board member's farm and do dirt work on county time with county equipment. We were able to assess a civil penalty against the county board member, but we were unable to do anything to require some sort of restitution to the county for what it lost. And you can imagine while the county probably had the ability to sue the county board member, the decision is made by the county board consisting of three people, one of whom is the violator, so you can see the potential problems with something like that. This would simply allow us in cases such as that to determine what was the value at the time of the county employee, what's the fair market value of so many hours of use of the heavy equipment, and as part of the penalty phase require the violator to make restitution to the county. So that's kind of what that does. The third thing it does, as Senator Murante has explained, is it clarifies in very, very good language that a candidate committee cannot loan money out, particularly to the candidate. And while the law probably says that now, there's some dispute over that. So the clarification is certainly very welcome. So we support LB960. We really do thank Senator Murante for introducing this bill. And I thank you for the opportunity to testify today. [LB960]

SENATOR BREWER: Thank you for your testimony. Questions? Yes, go ahead, Tom. [LB960]

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SENATOR BRIESE: Thank you, Vice Chairman Brewer. And thank you for being here, Mr. Daley. In your experience, are self loans to candidates very common or do they occur occasionally? [LB960]

FRANK DALEY: They occurred occasionally in the distant past. When we see them on campaign statements, we tell them that we think under the current law those are not permissible and we require the candidate to reimburse the committee right away. However, when push came to shove, it still would be an interpretive-type of situation. So if it got into a court case or something like that, I don't know who would win. [LB960]

SENATOR BRIESE: Do you insist on payment of interest in that situation or have you in the past? [LB960]

FRANK DALEY: No, simply because it would be very difficult to determine what's the appropriate interest. [LB960]

SENATOR BRIESE: Sure. Thank you. [LB960]

SENATOR BREWER: So if I can run a quick question by you. [LB960]

FRANK DALEY: Yes, sir. [LB960]

SENATOR BREWER: We're going to increase from \$2,000 to \$5,000 being the maximum. [LB960]

FRANK DALEY: Correct. Yes. [LB960]

SENATOR BREWER: But there won't be a...I mean, there won't be like a scale. So say you were...we'll just pick a number, say you were fined \$500, just picking a number. [LB960]

FRANK DALEY: Yes, sir. [LB960]

SENATOR BREWER: Seems like a good number for me. Anyway, it will just be proportional to, essentially, the offense or crime that you've committed in your, I guess, tracking of resources for your campaign and it just makes it so it has more teeth and likewise you would pay closer attention to making sure it was all right. [LB960]

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Government, Military and Veterans Affairs Committee
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FRANK DALEY: Essentially, it functions in some ways like a criminal sentence. A judge has a range of penalties. There's a low end; there's high end, and the judge makes his or her decision based upon the nature of the offense and the severity of the offense and maybe some other types of circumstances surrounding the matter. The commission, essentially, does the same thing. It has a range within which it can act. Currently, it's between zero and \$2,000. And this bill would make that range between zero and \$5,000; along with, in certain cases, providing for the restitution process as well. [LB960]

SENATOR BREWER: All right. Thank you for your testimony. Any other questions? Thank you. [LB960]

FRANK DALEY: Thank you all. [LB960]

SENATOR BREWER: Additional testimony in support? Okay. Those opposed? Those in a neutral capacity? He waives closing. That completes...and that completes our hearings today, isn't it. [LB960]