

## **Government, Military and Veterans Affairs Committee February 15, 2018**

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**MURANTE:** [00:00:01] I'm the state senator for District 49 which includes Gretna and western Sarpy County and I'm the Chairman of this committee. We're here today for the purposes of conducting public hearings. We will be taking the matters up in the order in which they appear on the agenda outside of this room. If you are 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. The green sheets are located on either side of the room. If you are here and wish to express support or opposition for any of the matters before us but you do not wish to testify, we ask that you fill out one of these white 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, then we will listen to proponent testimony, followed by opponent testimony, then neutral testimony, and introducers will be given an opportunity to close. We ask that you listen very carefully and to try not to be repetitive. We do use a light system in the Government Committee. Today we are allotting our testifiers three minutes to testify. 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 they may have of you. At this time I'd like to encourage everyone to turn off or silence any cell phones or electronic devices, anything that makes noise. If you have a prepared statement and exhibits or anything you would like distributed to the committee we would ask that you provide 12 copies to our page who will distribute it to us. If you don't have 12 copies provide...one of our nominations is calling in, so that's what's happening right now. Provide what you have to the page and he will make copies for you. Our page for the day is Joe Gruber from Omaha. And we will move to introduction of members, Senator Lowe.

**LOWE:** [00:02:07] John Lowe, District 37, which is the south half of Buffalo County.

**BRIESE:** [00:02:13] Tom Briese, District 41, nine-county area from central into northeast Nebraska.

**HILGERS:** [00:02:18] Mike Hilgers, District 21, northwest Lincoln and Lancaster County.

**BREWER:** [00:02:24] Tom Brewer, District 43, 13 counties of western Nebraska.

**THIBODEAU:** [00:02:26] Theresa Thibodeau, District 6, Omaha.

**BLOOD:** [00:02:29] Carol Blood, District 3, western Bellevue and southeastern Papillion.

**MURANTE:** [00:02:32] To my immediate right is Andrew La Grone, he is the Government Committee's legal counsel. On my far left is Sherry Shaffer, she is the Government Committee's clerk. And Senator Brewer is the Vice Chairman of this committee. So with that I believe Mr. McFarland can you hear us?

**BARRY McFARLAND:** [00:02:50] Yes, I can.

**MURANTE:** [00:02:52] All right, great. This is a gubernatorial appointment to the Nebraska Tourism Commission, so please go ahead and tell us a little bit about yourself.

**BARRY McFARLAND:** [00:03:00] Good afternoon. I'm Barry McFarland. I am from Lexington, Nebraska. My family owns Mack's Creek Winery and Vineyard here in Lexington and also we have a wine bar in Kearney, Nebraska, as well. And with this appointment I would be representing the southwest portion of Nebraska, Lexington, McCook, Ogallala area. And so we've been with the

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winery for the last 15 years. I just recently came on board full-time here at the winery. Before that, in my previous life, I was the assistant superintendent of Lexington Public Schools and an elementary principal before that.

**MURANTE:** [00:03:33] All right. Thank you very much for your introduction. Are there any questions for Mr. McFarland? I see none. So hold on for one moment, Mr. McFarland, if you would. We'll open the committee up to any proponents of Mr. McFarland's appointment to the Nebraska Tourism Commission. Are there any proponents? I see none. Are there any opponents? I see none. Is there any neutral testimony? There is none. Mr. McFarland, thank you for calling in today. Much appreciated.

**BARRY McFARLAND:** [00:04:21] Thank you very much. Have a good day.

**MURANTE:** [00:04:22] Thank you. Next up on appointments, John Chapo. Welcome.

**JOHN CHAPO:** [00:04:34] Thank you. Good afternoon, senators. Hi. I'm John Chapo. I'm the president and CEO of the Lincoln Children's Zoo here in Lincoln, Nebraska, and I represent the Lancaster County area on the Tourism Commission. I've been with the Lincoln Children's Zoo in April it will be 32 years. The Lincoln Children's Zoo is a 501(c)(3) nonprofit receiving no tax dollars of support for its operation, no income tax, property tax, sales tax of any sort. We have a benefit of Visitor's Improvement Fund dollars, but we are completely self-earned and contributed revenue, including for our capital campaign project. Lincoln Children's Zoo has about a \$3 million dollar a year operating budget and we serve about a quarter million people every year. We are the state's third largest arts and cultural attraction regarding attendance. We are the city's and Lancaster County's largest tourist attraction and we're very proud of the guests we get to serve. We provide low-income families with admission as well. And we are definitely economic development. We're investing a lot of money into the infrastructure of the Lincoln Children's Zoo to make it larger to better serve more people and be a larger destination for tourism in the Lincoln and Lancaster area. And I'm very proud of what we accomplished. I was born and raised in South Bend, Indiana. I was born a Hoosier but I've been a Husker and my wife and I have three wonderful millennials who are all Husker born and I'm very, very proud of our family.

**MURANTE:** [00:05:55] All right. Thank you very much for your introduction. Are there any questions? Senator Hilgers.

**HILGERS:** [00:06:00] Thank you, Mr. Chairman. Thank you, Mr. Chapo. Am I saying that correctly? Actually, it wasn't a no-question Thursday, so it's not a question, it's a comment. I have three little girls in Lincoln and they love going to the zoo.

**JOHN CHAPO:** [00:06:10] Excellent.

**HILGERS:** [00:06:11] It's one of our favorite places to go. They love Boo at the Zoo, in particular.

**JOHN CHAPO:** [00:06:14] Isn't that fun?

**HILGERS:** [00:06:15] It is. So I appreciate all the good work you're doing and it's a jewel in our community.

**JOHN CHAPO:** [00:06:19] Thank you, Senator. That's very kind of you.

**MURANTE:** [00:06:20] Thank you. Senator Brewer.

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**BREWER:** [00:06:22] Thank you, Mr. Chairman. How many people work at the Children's Zoo?

**JOHN CHAPO:** [00:06:25] There are 30 full-time employees and we will put on an additional 70 to 75 in the on season coming up opening up March 8 and then literally hundreds of volunteers, about 150 to 200 adult volunteers and about 300, 350 youth volunteers.

**BREWER:** [00:06:42] Just as a point of interest for you, my daughter spent five years working there in the summer. So she really enjoyed your facility and her time there.

**JOHN CHAPO:** [00:06:53] What's her first name?

**BREWER:** [00:06:54] Kalee Brewer and she had very curly hair and she adopted every creature that was available.

**JOHN CHAPO:** [00:07:00] Well, we are good for the soul. We are great for kids and people of all ages. I'm very proud of what we do for our community and for families. So thank you.

**BREWER:** [00:07:10] She now has seven dogs, okay?

**JOHN CHAPO:** [00:07:12] Sorry about that, Senator.

**MURANTE:** [00:07:16] All right. I see no additional questions. Thank you very much.

**JOHN CHAPO:** [00:07:20] Thank you.

**MURANTE:** [00:07:22] And we'll open it up to proponent testimony to Mr. Chapo's appointment. Is there any opposition testimony? Is there any neutral testimony? That closes the hearing on Mr. Chapo. We'll proceed to Darrin Barner, also to the Nebraska Tourism Commission. Welcome.

**DARRIN BARNER:** [00:07:45] Thank you. Good afternoon, everybody. Darrin Barner, born in Wayne, Nebraska. My wife is from Pender about 25 miles away. Went to Wayne High. I currently right now live in Laurel which is just 20 miles north of Wayne, town of 900. My employer is Heritage Homes, large modular home company, we're in 11 states and Canada and my job with them is the national recruiter to go out and find builders to help promote and sell homes throughout the central United States. My travel background, back in my 20s and 30s I actually have 5,000 flights under my belt. I used to work for Northwest Airlines, based out of Minneapolis. My flight pattern was normally Las Vegas. So did a lot of traveling, a lot of hotels and sightseeing since it was with MLT Vacations, which is kind of a vacation package with Northwest Airlines. After 9/11, airline industry kind of went in the tank. I was laid back off and pointed myself back north from Dallas back up to Wayne, Nebraska, and that's where I was at with Heritage Homes. I also help coach at Wayne State College.

**MURANTE:** [00:08:54] Thank you for your testimony. Are there any questions? I see none. Thank you for coming down today. Much appreciate.

**DARRIN BARNER:** [00:09:00] Appreciate it. Thank you, everybody.

**MURANTE:** [00:09:02] All right. Is there any proponent testimony to Mr. Barner? Is there any opposition testimony? Is there any neutral testimony? That closes the hearing on Darrin Barner and we'll proceed to Roger Kuhn. Welcome.

**ROGER KUHN:** [00:09:25] Thank you, Chairman Murante, Senators. My name is Roger Kuhn,

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it's R-o-g-e-r K-u-h-n, I'm seeking appointment to District 4 with the Tourism Commission, which is Cass and Sarpy Counties. I've served on the Tourism Commission almost five years, so this is a reappointment. I am a lifelong resident of Cass County, born and raised and currently live in Cass County. My background is I work for the Game and Parks Commission. I've been with the Game and Parks Commission nearly 35 years. I was a superintendent at Mahoney State Park when we developed the park, built the park, opened the park in '91. From there I became division administrator and oversaw the state park system across Nebraska, so I'm very familiar with the state from border to border. I currently am assistant director with the Game and Parks Commission and that's my background employmentwise. So with that, I would answer any questions you might have.

**MURANTE:** [00:10:34] All right. Thank you for your testimony. Senator Brewer.

**BREWER:** [00:10:37] Thank you, Mr. Chairman. Your hometown in Cass County is?

**ROGER KUHN:** [00:10:42] Louisville.

**BREWER:** [00:10:42] I was going to guess that. I went out and participated in the youth event you had in the fall there at the park where it was multiple stations and the youth had an opportunity to not only learn how to safely use a tree stand, but also try pretty much every possible thing that could be available to them from bows and arrows to different types of weapons and all. You helped to design and set up some of that?

**ROGER KUHN:** [00:11:13] Yes. Yeah, we refer to that as a family, a family-friendly shooting complex. In fact, the facility you're talking about at Platte River State Park is so popular and we were fortunate in that it was a private donation that made that possible that we exported that facility or that idea to Wildcat Hills State Recreation Area and just opened a similar facility this summer there, based on the success we had that you're describing, Platte River Park. So, no, it's a great introductory thing for kids, especially in families, to get outdoors and do those type of activities.

**BREWER:** [00:11:51] I was impressed, for one, at the number of young ladies that were there participating, and in some cases outshooting the boys in every category. But they also were really professional and the safety part of each of those stations. They would walk them through and do it in a way so that they weren't being too bullish in it, it was just to slow walk them through how to do it and do it right. And then they gave them a chance to come through it and show their skills after they taught them, so well done.

**ROGER KUHN:** [00:12:31] Thank you very much. We're blessed with some great facilities and great people. I think you know the Game and Parks Commission administers the hunter education program throughout the state. So we have volunteers and people that are very well versed in working with kids and that type of thing.

**BREWER:** [00:12:46] Thank you for what you do there.

**ROGER KUHN:** [00:12:48] Thank you.

**MURANTE:** [00:12:50] Thank you, Senator Brewer. Senator Hilgers.

**SENATOR HILGERS:** [00:12:51] Thank you, Mr. Chairman. Thank you for being here today. I understand you have been serving on the Tourism Commission for a few years.

**ROGER KUHN:** [00:12:55] Correct.

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**HILGERS:** [00:12:56] Can you speak a little bit to where you see where some of the opportunities are over the next, for the next couple of years in Nebraska for encouraging tourism in our state?

**ROGER KUHN:** [00:13:04] Yeah. I think one of the biggest things is we have a new executive director who's in the audience, I know, Mr. John Ricks. John's been the director of the Tourism Commission now for just one year and I would say he's been doing a fantastic job. He's hit the ground running. He's very, very knowledgeable, very experienced in the tourism industry, given his background, and he's bringing that to Nebraska. So he's got some-- some big ideas. He's traveled throughout the state, has met most of the stakeholders in the tourism industry and decision makers. I think he's met with most of the senators. I know he's met with the Governor. He happened to go to Southeast Asia on the trip with the Governor to promote tourism in Nebraska. So we're definitely heading in the right direction. The biggest challenge we have in tourism in Nebraska, the industry is, we rank last or near the last as far as number of dollars to market and promote spin on tourism in Nebraska. We're about last and so trying to get the word out, especially to nonresidents, to get them to Nebraska to spend dollars is something I know John's got on his radar and something we need to seriously consider if we're going to move the state forward in what's known as our third largest industry, tourism.

**HILGERS:** [00:14:17] Is that a per capita number or is that a total number?

**ROGER KUHN:** [00:14:20] Total, budget total number, yes.

**HILGERS:** [00:14:22] All right. Thank you.

**MURANTE:** [00:14:25] Thank you, Senator Hilgers. I see no additional questions.

**ROGER KUHN:** [00:14:28] Thank you.

**MURANTE:** [00:14:29] Thank you. All right. Is there proponent testimony to the appointment? Is there opposition testimony? Is there any neutral testimony? Seeing none, that closes the hearing and we'll move to the next item on the agenda, Roger Jasnoch. I hope I pronounced that correctly. All right, wonderful. Welcome.

**ROGER JASNOCH:** [00:14:53] Mr. Chairman, Senators, my name is Roger Jasnoch, J-a-s-n-o-c-h, 8 Crestview Drive, Kearney, Nebraska. Currently employed at the Kearney Visitors Bureau, where I've been director for 31 years. Prior to that, I was in North Platte for five years and prior to that five years in York and proud to be a graduate of UNK at Kearney in 1975. I currently am seeking reappointment for District 8, which is the central part of Nebraska. And look forward to working with the new commissioners and new director, John Ricks. Thank you.

**MURANTE:** [00:15:30] Thank you. Are there any questions? Senator Lowe.

**LOWE:** [00:15:34] How was goose season?

**ROGER JASNOCH:** [00:15:35] Icy. But the cranes are here.

**LOWE:** [00:15:41] The cranes are arriving, good.

**ROGER JASNOCH:** [00:15:41] Tuesday.

**MURANTE:** [00:15:46] All right. Senator Hilgers.

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**HILGERS:** [00:15:46] Thank you, Mr. Chairman. How is the Archway doing?

**ROGER JASNOCH:** [00:15:50] The Archway is doing very good. For the first time in modern history they are able to meet their current ongoing expenses, if you will. Now being a facility that's 15-plus years old some things wear out and that's where the city and the Visitors Bureau and other people have come in so that for the first time they're meeting their ongoing expenses.

**HILGERS:** [00:16:13] Wasn't there a change of the exit so now that you can actually access it a little easier?

**ROGER JASNOCH:** [00:16:17] Uh-huh, that's helped immensely, too. And that's a new entrance to our community and it basically connects the airport and major manufacturers.

**HILGERS:** [00:16:26] I've been through it. I think it's pretty cool, so I'm glad to hear that. Thank you.

**ROGER JANSNOCH:** [00:16:28] Thank you.

**MURANTE:** [00:16:30] Thank you, Senator Hilgers. I see no additional questions.

**ROGER JASNOCH:** [00:16:34] Thank you.

**MURANTE:** [00:16:37] All right. Are there any proponents wishing to testify on this appointment? Any opponents? Any neutral testimony? Seeing none, that closes the hearing on Mr. Jasnoch and we'll proceed to our last gubernatorial appointment, Debra Nelson-Loseke.

**DEBRA NELSON-LOSEKE:** [00:17:03] I should have just kept my maiden name. I'm Debra Nelson-Loseke, D-e-b-r-a N-e-l-s-o-n hyphen L-o-s-e-k-e. I am from Columbus, I'm the director of the Columbus/Platte County Convention and Visitors Bureau and I represent District 6 for the Nebraska Tourism Commission. I've been in my position as director of the CVB for 12 years now; time flies when you're having fun. I am a lifelong resident of the Columbus area. I actually grew up in Genoa, which is just 20 miles west of there, but my mother is a Columbus, born in Columbus. Well, actually all of us kids were born in Columbus, but my mother went to Columbus High School. So Columbus has always been my hometown so I haven't strayed far. It's just me and my husband. He's my child, I say, and we're very involved in the community. We look for any opportunity to volunteer to make Columbus a better place and it's a great place to promote. I will let you know we are the home of Nebraska's only FlowRider so bring your (inaudible) up this summer and your kids and try out our FlowRider. I'll take, entertain any questions.

**MURANTE:** [00:18:16] All right. Thank you for your testimony. Are there any questions? I see none. Thank you for coming down today. Much appreciated.

**DEBRA NELSON-LOSEKE:** [00:18:22] Thank you.

**MURANTE:** [00:18:25] All right. Are there any proponents wishing to testify on this appointment? Is there any opposition to this appointment? Any neutral testimony? Seeing none, that closes the public hearing and ends our public hearings for the gubernatorial appointments and we will proceed to LB1072, Senator Linehan. Welcome back to your Committee on Government, Military and Veterans Affairs.

**LINEHAN:** [00:18:52] This is such a fun committee to do.

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**MURANTE:** [00:18:56] I'm going to tweet that out, I want you to know that.

**LINEHAN:** [00:19:01] I don't. I can hardly do e-mail. Hi, good afternoon. I'm Lou Ann Linehan, L-o-u A-n-n L-i-n-e-h-a-n, senator from District 39, in Elkhorn, Waterloo, and Valley, western Douglas County. The reason I brought this bill is last summer I got a call from a distraught constituent who had lost a contract to another state, which he thought was unfair because his understanding was the other state used, had a preference rule. So I did some research, and not enough, so I'll admit that right up front, and just said actually my staff tried to warn me off. I didn't listen. So if you got the green copy of the bill in front of you I think here's the part where I think maybe we don't need to change the law, we just maybe need to do a better job of making sure the law as it's now written is enforced. So on line 8 of page 2 of the green copy where it strikes out, a resident bidder shall be allowed a preference over a nonresident bidder from a state which gives or requires a preference to bidders from that state. The preference shall be equal to the preference given or required by the state of the nonresident bidder. So I think if we were just sure that was being enforced, that would be fine. I think if a Nebraska contractor is facing this in another state and then they lose bids to that state because of their state preference, I can understand why they would think that's unfair. So I think maybe we just, I don't know how we go about that, but just make sure that there is some way to kind of for this committee to reinforce that we should be aware of what's going on in other states. And if they're giving preference then we shouldn't give them equal opportunity. I'm all for equal opportunity. I don't like preference rules. I know how they can stifle competition and can actually hurt our contractors. But I also feel like we should make sure that we're protecting Nebraskans if they're running into this in other states. So with that, I'll take questions.

**MURANTE:** [00:21:25] All right. Thank you for your testimony. Are there any questions? I see none.

**LINEHAN:** [00:21:30] Thank you.

**MURANTE:** [00:21:31] Thank you. All right. Are there any proponent's wishing to testify on LB1072? Are there any opponents to LB1072? Welcome.

**DOUG WILKEN:** [00:21:48] Afternoon.

**MURANTE:** [00:21:48] Go ahead.

**DOUG WILKEN:** [00:21:48] Good afternoon, Senator Murante and members of the committee. My name is Doug Wilken, spelled D-o-u-g, W-i-l-k-e-n, I'm the inner materiel administrator and general counsel for the Department of Administrative Services and I'm here today in opposition to LB1072. LB1072 seeks to grant a preference to resident bidders over nonresident bidders as defined in the bill. The bid submitted by resident bidders must be comparable in price to that of a nonresident bidder and otherwise meet the required specifications to receive the preference. The goal in government contracting is to create a level playing field for bidders. But this bill would interfere with that goal and may have a negative impact on Nebraska businesses who attempt to do business in other states, as the introducing senator has mentioned. So this is going to fall along with her introduction. The current statute provides resident bidders from Nebraska preference equal to the preference given that to bidders in their resident state. If the nonresident bidder's state does not give a preference, then no preference is given to the Nebraska resident bidder. If the nonresident bidder's state gives a preference then that preference is given to the resident bidder in Nebraska. This maintains a level playing field between Nebraska resident bidders and nonresident bidders by granting the reciprocal preference. Removing that preference under LB1072 may result in Nebraska bidders having a reciprocal preference applied against them in other states due to Nebraska granting

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the preference to its resident bidders here in Nebraska. The agency generally opposes any bidding preference due to the fact that they limit competition, drive up costs to taxpayer, disrupt market conditions, and potentially impede Nebraska companies doing business in other states. Our agency views this is that we operate in a global market and that fair and open competition is good for taxpayers. As a point of clarification, the bill does not define the terms "comparable" and "preference." As written, it would be up to the individual agencies across the state to determine what "comparable" and "preference" means and how to apply those agency definitions of "comparable" and "preference" to bids. This may result in nonuniform application of the terms "comparable" and "preference" across Nebraska state government. A nonuniform application of this bill would create the appearance of an arbitrary and capricious standard which leads both to confusion and uncertainty among potential vendors, bid protests, and the possibility of litigation, and additional litigation costs. I thank you for your time and I'd be happy to answer any questions you have.

**MURANTE:** [00:24:25] All right. Thank you for your testimony. Are there any questions? Senator Briese.

**BRIESE:** [00:24:26] Thank you, Senator Murante. Thank you for your testimony. How do other states typically handle this? What's the incidence of bidding preferences in other states?

**DOUG WILKEN:** [00:24:37] I'm not familiar with how many different states have bidding preferences. What you see is that states generally adopt similar types of legislation to level the playing field. And so we'll see these where if we grant a preference then that preference is applied against our bidders in other states, but that it's on a state by state basis. And we've not done the research to see what each particular state does.

**BRIESE:** [00:25:02] Okay. Thank you.

**MURANTE:** [00:25:03] Thank you, Senator Briese. Senator Brewer.

**BREWER:** [00:25:07] Thank you, Mr. Chairman. I ask this question a lot and it's a leading question. Are you an attorney?

**DOUG WILKEN:** [00:25:14] Yes.

**BREWER:** [00:25:15] Actually, I knew the answer. Doug, how many years did you serve in the military?

**DOUG WILKEN:** [00:25:19] Thirty-six years, seven months, seven days.

**BREWER:** [00:25:21] It's almost identical to mine. Thank you for your service.

**DOUG WILKEN:** [00:25:24] Thank you for yours.

**BREWER:** [00:25:24] Doug was our JAG officer and was that person that we went to to get all the right answers. So appreciate your service and the service you're doing now.

**DOUG WILKEN:** [00:25:36] Thank you.

**MURANTE:** [00:25:41] And I see no additional questions. Thank you for your testimony.

**DOUG WILKEN:** [00:25:44] Thank you.

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**MURANTE:** [00:25:44] Additional opposition testimony. Welcome.

**KYLE SCHNEWEIS:** [00:26:02] Good afternoon, Chairman Murante and members of the committee. I'm Kyle Schneweis, K-y-l-e S-c-h-n-e-w-e-i-s. I'm the director of the Nebraska Department of Transportation. I, too, am here today before the committee in opposition to this legislation. At a time when money is scarce and the state is experiencing a budget shortfall it is imperative that the Department of Transportation maximize the taxpayer dollar. And among our many performance measures that we use, one relates to the number of bidders each project receives and its relation to low bid versus the engineer's estimate. This measure establishes proof that bidding competition is good and confirms our longstanding belief that more bids equals lower bids. Unfortunately, we conclude that LB1072 has a potential to stifle competition and reduce the number of bids. And by eliminating the reciprocity language in the statute, surrounding states that have reciprocity clauses might exclude Nebraska contractors from consideration, diminishing their opportunities to win bids for projects in those states. This would result in bids of our projects from Nebraska contractors being hired to make up for the loss of revenue. Nebraska is also likely to receive less interest from our out-of-state contractors who may be able to compete projects at a lower cost, some of whom may decide not to bid at all. Again, fewer bidders means higher bids and runs contrary to our goal of maximizing the taxpayer's dollar. We value our in-state contractors. In fact, over 65 percent of our contracts are awarded to firms from Nebraska. However, we believe that competition is healthy and helps us get the most bang for our taxpayers' buck. So, Senator, thank you for having me here. We urge you to not vote the bill out of committee and I'd be happy to answer any questions.

**MURANTE:** [00:27:39] All right. Thank you for your testimony. Are there any questions? Senator Brewer.

**BREWER:** [00:27:43] Thank you, Mr. Chairman. Use the figure of 65 percent that are in-state.

**KYLE SCHNEWEIS:** [00:27:48] Correct.

**BREWER:** [00:27:50] Is it more likely then that the others are going to be for projects farther west where there's not the companies available to do the type of work that you need done? Or is there really any rhyme or reason?

**KYLE SCHNEWEIS:** [00:28:04] You mean where other states were--

**BREWER:** [00:28:06] I mean like if you have projects in western Nebraska, do you have companies out there that can bid and do that type of work or as it goes farther west do you have firms that come from other states that are more likely to be the ones that do those projects?

**KYLE SCHNEWEIS:** [00:28:22] I'll have to ask for some analysis to be able to answer that question specifically. I can tell you that many of the contractors that we see our geography plays a part. And so Kansas contractors are coming up to the southern border. We have 130, 174 contractors from Iowa that had worked for us last year.

**BREWER:** [00:28:40] 174?

**KYLE SCHNEWEIS:** [00:28:40] That's what I've got here. That was the number of bids we had from my Iowa firms, I should say. So we're seeing a lot of competition there. There's 22 states here that we saw bids from last year, so.

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**BREWER:** [00:28:54] Very good. Thank you.

**MURANTE:** [00:28:57] Thank you, Senator Brewer. I see no additional questions.

**KYLE SCHNEWEIS:** [00:29:00] Thank you.

**MURANTE:** [00:29:00] Thank you for your testimony. Still on opposition testimony to LB1072. Is there any neutral testimony? Seeing none, Senator Linehan again.

**LINEHAN:** [00:29:19] Again, thank you. And I would just quickly say it would be interesting. We can do some more research of what states, if there are any states, that do have preferences and just make sure that we are following the current law that is already on the books. So, unless there's any more questions. Thank you.

**MURANTE:** [00:29:36] Thank you. Are there any final questions? I see none. That closes the hearing on LB1072.

**BREWER:** [00:29:39] I have the baton. All right. And next up is LB948, Senator Murante.

**MURANTE:** [00:30:02] Thank you, Senator Brewer. Members of the Government Committee, for the record, 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 County, here today to introduce LB948. Last spring the Mercatus Center at George Mason University conducted a thorough review of all the rules and regulations in the state of Nebraska. Mercatus' analysis made the following findings. The Nebraska Administrative Code contains more than 7 million words. It would take one individual working full time more than ten weeks to read the entire code. There are more than 100,000 regulatory restrictions in Nebraska's code. After reviewing Mercatus' cases analysis, Governor Pete Ricketts issued Executive Order 17-04 and announced an advisory task force to oversee the efforts. I serve on that task force with Department of Banking and Finance director Mark Quandahl, Tax Commissioner, Tony Fulton, and Department of Health and Human Services chief operating officer Bo Botelho. The executive order suspended the rulemaking process and required agencies to review existing and pending agency regulations. Agencies submitted their preliminary findings to the Governor in November, which is what brings us to LB948. First, LB948 changes requirements that agencies promulgate rules in certain instances. As you will hear from a few agencies today there are many regulations that mirror exactly state statute and were promulgated strictly because the statute required a rule. Second, LB948 changes the process for promulgating rules of procedure. Currently, the Nebraska Attorney General promulgates model rules of procedure and then each agency is required to adopt the model rules through the promulgation process in the Administrative Procedure Act. The current process has resulted in the same or similar rules being adopted by each state agency, but also allows for slight differences across state government. Updating to a standard rule or procedure promulgated by the Attorney General will allow for many chapters of regulation to be outright repealed within each state agency. As you see before you, this bill predominantly takes mandatory instances where agencies are mandatorily required to create rules and regulations. But when those rules and regulations are already codified into statute this ensures that they don't have to go through the motion of creating a rule and reg that is already codified into statute, thus eliminating a series of duplicative rules and regulations. That is the intent of this legislation and I would encourage your support of LB948. And I would like to thank Senator Thibodeau for designating LB948 her priority bill for this year. So thank you, Senator Thibodeau.

**BREWER:** [00:32:57] Thank you, Senator Murante, for your opening. Questions? Questions? Seeing none, thank you. All right. Those opponents, come on up. Welcome to the Government Committee.

**BO BOTELHO:** [00:33:17] Thank you, Vice Chair. Good afternoon, Vice Chairman Brewer and members of the Government, Military and Veterans Affairs Committee. My name is Bo Botelho, B-o B-o-t-e-l-h-o, I am the chief operating officer for the Department of Health and Human Services. I'm here today to testify in support of LB948. The size and scope of state government is a critical issue for Governor Ricketts. The administration is focused on changing the culture of state government to realize the people of Nebraska are our customers and we must provide excellent service. Our mission is to create opportunities through a more effective and efficient customer focused state government and overly burdensome regulatory structure stifles innovation and growth. However, before changing the current structure we need to review the current state of regulation in Nebraska. As Senator Murante stated, the Mercatus Center at George Mason University conducted a review of all the rules and regulations in the state of Nebraska last spring. I have handed out an analysis published by the center for your review. Broadly, this study found that Nebraska's Administrative Code contains more than 7.5 million words with over 100,000 restrictions. Upon receiving the initial findings from the center, Governor Ricketts issued Executive Order 17-04. The executive order froze the rulemaking process and ordered agencies to conduct a review of all existing and pending agency regulations. Agencies did not take this responsibility lightly. DHHS looked at its current rules and regulations and asked what language needs the full force of law and struck out the remainder. We then looked at the stricken language and asked, does it have any value? And if so, to whom? When the answer was the public, this language was primarily instructional in nature, thus it tended to lend itself more appropriately to a guidance document. We also found language which really only spoke to the agency. This tended to lend itself to an internal protocol. We then examined the remaining language. First, we looked for redundant statutes and regulations. If the rule only recited statute, it was removed. Competing regulations were harmonized. We then questioned the succinctness of the language, the necessity, and restrictiveness. Regulations were reduced to a strict utilitarian form. We intend to continue to use this model as a lens for future rule drafting and amending. LB948 enables various state agencies to repeal unnecessary regulations that were promulgated only because existing statute included the phrase "shall" promulgate as opposed to "may." You will hear from agency directors Jim Macy and Bruce Ramge about their findings and the impact this will have. The Governor's Office is currently reviewing the preliminary agency reports. Upon completion of the review, the Governor's advisory task force will meet to make further recommendations to Governor Ricketts. Agencies are continuing to review the regulations and the process of repealing and updating overly burdensome regulations. This legislation is the next step in their efforts to deliver a more effective and efficient customer focused state government. We look forward to continuing our work to reduce red tape and make Nebraska a better place to live, work, and raise a family. Thank you.

**BREWER:** [00:36:35] Thank you for your testimony. Questions? Questions? Seeing none, thank you again for your testimony.

**BO BOTELHO:** [00:36:43] Thank you.

**BREWER:** [00:36:46] All right. Additional proponents. Welcome to the Government Committee.

**JIM MACY:** [00:36:54] Thank you. Good afternoon, Vice Chairman Brewer and members of the committee. My name is Jim Macy, spelled J-i-m M-a-c-y. I'm the director of the Nebraska Department of Environmental Quality and I'm here today to testify in support of LB948. DEQ's goal is to have the least restrictive regulatory environment that will, one, ensure Nebraska's air, water, and land resources and the public health and welfare of its citizens and protect to the maximum extent possible in accordance with state law and protect and provide for efficient and effective operation and implementation of state law. Governor's regulatory reform initiative serves another DEQ goal, and that would be to streamline and improve our processes to be more

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efficiently and effectively deliver those services to the state. Some DEQ regulations and the federal regulations they incorporate by reference can be very extensive and complex. Governor's initiative presents a unique opportunity to reduce our regulations to only those requirements that are essential by removing language already in statute. The agency can also make better use of on-line applications and guidance materials to make compliance easier. Since the department was created in 1971 the Legislature has enacted a host of environmental laws that delegate the authority to DEQ to administer. Most of those laws have also come with delegation authority to adopt rules and regulations that may be necessary to set standards or further interpret legislative policy. Many times this delegation of authority is mandatory. That is Legislature states, the agency "shall" adopt regulations. However, we have found on occasion the legislation is sufficiently clear that we don't really need to adopt further explanatory regulations. One of the things the Governor's executive order asked agencies to do was to look at whether our rules and regulations merely repeat statutory language. For DEQ, as we conducted this review it became clear to us that several of our regulatory titles and sections of our titles just did that. The question then became, well, why? If we already have statutory language in the regulation, not only is it needlessly redundant, but it's easy to lose sight of where the authority actually comes from. In many regulations, once we distilled the regulations down to those requirements we needed to fill for filling in gaps, the regulations didn't seem quite as extensive or burdensome. In some cases we've found we might not need to elaborate on the underlying legislation at all, hence our inclusion of the identified DEQ authorizing statutes in LB948. We identified statutes we thought our delegation of regulatory authority could be made permissive rather than mandatory. Quite simply, the Legislature was sufficiently clear in enacting a statute. We don't see the need to elaborate further by adopting regulations that don't add substantive requirements. The department will continue to review its regulation and follow the least restrictive path still providing Nebraska's environment and public health of its citizens. This concludes my testimony. I'd be happy to answer any questions you have.

**BREWER:** [00:40:56] All right. Thank you for your testimony. Questions? Questions? You're going to get off easy. Thank you.

**JIM MACY:** [00:41:03] Thank you.

**BREWER:** [00:41:07] Next proponent. Welcome to the Government Committee.

**BRUCE RAMGE:** [00:41:14] Good afternoon, members of the Government, Military and Veterans Affairs Committee. My name is Bruce Ramge, spelled B-r-u-c-e R-a-m-g-e, and I am the Director of Insurance for the state of Nebraska. I'm here today to support LB948. As you know, LB948 is a result of the Governor Ricketts' directive to state agencies over the summer and fall to review all rules and regulations, searching for unnecessary red tape. The Department of Insurance, like all other code agencies, did an in-depth review of all active rules and regulations under its jurisdiction, which in the case of the Department of Insurance was 81 chapters. This was a significant undertaking for the department attorneys but it was fruitful because nearly a 20 percent of the department's rules and regulations were identified for either repeal or revision. Two chapters that were identified for repeal, Chapters 4 and 74 of Title 210 of the Nebraska Administrative Code, were identified for repeal but are required to be promulgated by statute. LB948 was introduced to eliminate statutory language that requires agencies to promulgate unneeded rules and regulations. Specific to the Department of Insurance, LB948 amends Nebraska Revised Statutes Sections 44-213.02 to 44-213.03 to eliminate a requirement on the department to issue rules and regulations on Insurer Employee Benefit Plans. Chapter 4 of Title 210 of the Nebraska Administrative Code is unneeded and can be repealed LB948 is adopted. Additionally, LB948 repeals Nebraska's Revised Statute Section 44-7512. This statute requires the department to issue rules and regulations to move property and casualty insurers away from subjective rating due to the adoption of the Property and Casualty Rate and Form Act in the year 2000. Though required by statute, this rule, Chapter 74 of

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Title 210 of the Nebraska Administrative Code is no longer necessary and can be repealed with the passage of LB948. The requirements under these sections of statute require rules and regulations were enacted in 1953 and 2000, respectively. The regulations that were issued are outdated and no longer needed. Thank you for the opportunity to testify in support of LB948. I'll be happy to answer any questions.

**BREWER:** [00:43:46] All right. Thank you for your testimony. Questions? Questions? Seeing none, thank you.

**BRUCE RAMGE:** [00:43:52] Thank you.

**BREWER:** [00:43:52] Additional proponents. Welcome to the Government Committee.

**TIM TEXEL:** [00:44:05] Vice Chair Brewer, members of the committee, my name is Tim Texel, T-i-m, last name is T-e-x-e-l. I'm the executive director and general counsel for the Nebraska Power Review Board. The Power Review Board is the state agency with primary jurisdiction over electric power suppliers operating in the state of Nebraska. We are a noncode agency with five board members and three staff, including myself. So we're a small agency. The board authorized me to testify in support of Sections 37 and 38 of LB948, although I think it's probably fair to say the board believes that in principle allowing agencies the discretion to adopt rules and regs only if needed makes sense. It is not our issue and we are not taking a stance on any of that in the rest of the bill. Currently, whenever an agency adopts or amends its rules of procedure the agency must adopt the Attorney General's model rules, what are called the model rules now in the statute. The model rules of procedure are fairly lengthy. It takes a good deal of time to go through them and tailor them for your agency. As I understand it, LB948 would convert the model rules of procedure into at least what I refer to a standardized set of rules that would apply to all agencies under the Administrative Procedure Act. An agency has the right or ability to go through the process to adopt specific sections that would be different from that if they need something tailored to their specific needs at that agency, so they would not lose that ability. The board supports making those changes in Sections 37 and 38. The current requirements can actually be an inhibitor for agencies to amend their rules. As an example, the Secretary of State's Office informed me that I have the perhaps dubious distinction of having the oldest rules and regs of any state agency. One reason that I have not amended those, even though my board and I would have liked to do so, they're fairly dated, is because of this issue: Going through not only rewriting my rules and regs or my rules of practice and procedure, to be specific, but also going through the model rules takes a great deal of time. And for a very small staff where I have a lot of hats at my agency, it's asking a lot to go through in one block of time to try to do that. Changing, making the changes in Sections 37 and 38 where they are applicable to all agencies unless you create an exception would reduce that kind of workload and make it easier for me to amend my regulations. I can't speak for other agencies, but I know for me it would be a tremendous help to update my regulations or my rules or practice and procedure. I think it would also help attorneys that appear before me as hearing officer because they learn one set of rules instead of a lot of rules for different agencies and that they would just have to learn the exceptions to that rule if they appeared before other agencies, so I think it'd be good for them as well as the public who might want to appear pro se. So with that, that would conclude my testimony and we'd urge at least two forward Sections 37 and 38 to General File and recommend and request that. With that, I'd be glad to answer any questions.

**BREWER:** [00:47:14] All right, Tim. Thank you for your testimony. Questions. Questions. All right. Thank you.

**TIM TEXEL:** [00:47:21] Thank you.

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**BREWER:** [00:47:23] Additional proponents. Going, going, gone. Opponents. Those in the neutral position. Welcome.

**NICOLE FOX:** [00:47:43] Good afternoon.

**BREWER:** [00:47:46] Afternoon.

**NICOLE FOX:** [00:47:46] My name is Nicole Fox, director of government relations for the Platte Institute, N-i-c-o-l-e F-o-x, and I am here today to testify in a neutral capacity to LB948. This past summer Governor Ricketts signed an executive order to initiate a review of state regulations. This bill is the result of that review, an initial step to be taken, and we are encouraged by the effort to streamline state regulations. The rules in Nebraska's Administrative Code are based on the state agency, department, or commission that has written them. According to research done by the Mercatus Center that is included in our most recent report, Nebraska's Administrative Code contains over 100,000 restrictions across 72 different agencies. LB948 does not do anything to change these regulations in the administrative code, but rather changes some language in the statutes from mandatory to optional. The only way this bill will result in reductions to Nebraska's regulations is if the agency decides to roll back rules on their own. At most, this bill gives agencies flexibility. Meaningful regulatory reform comes from process changes. Only when government agencies have to change their process will Nebraska see a better regulatory system. For example, this year Virginia has legislation to create a pilot program that would require state agencies to submit two or more existing regulations to be replaced or repealed before a new regulation can be approved. This is the sort of process change Nebraska needs if it is going to enact meaningful regulatory reform. Another type of reform would be to enact some sort of comprehensive sunset provision that would require a regular review at the end of a fixed period of time to evaluate the intention and effectiveness of the regulation. Nebraska does not have a formal sunset commission. According to Nebraska state law, this commission is, this committee is the closest thing that the state has to a sunset review. Chapter 50, Section 1303 states that this committee can conduct an evaluation of any board, commission, or similar state entity. The review must include, among other things, a recommendation as to whether the board, commission, or entity should be terminated, continued, or modified. And while this committee has the ability to conduct sunset reviews of individual state regulations, it has many topics to review each legislative session and an independent entity that meets yearlong would be better suited to review the state's 100,000-plus restrictions. Whether it is a change in process or the creation of a sunset commission, meaningful reform is necessary because businesses and citizens must comply with these regulations which cost them valuable resources and constitutes a hidden tax. Over the years, more and more regulations have been added at the state level, which has increased the complexity and cost of doing business and has ultimately hindered Nebraska's economy. Also in our report is data from the Beacon Hill Institute where they examined Nebraska's regulations from a cost perspective. Through their research they found three primary cost burdens that impact Nebraska's private sector from regulations totaling \$474 million each year. While some regulation will always be essential, regulatory policy should not unnecessarily put up barriers that impede the state's economic growth. In a time when Nebraska is not experiencing robust economic growth, something must be done to provide Nebraska businesses and citizens the opportunity to reach their full potential and ultimately better the state's economy. LB948 does not mandate the removal or sunset of any of the state's regulatory barriers, but we are hopeful that this bill will spur more conversation about the regulatory reform our state needs and more meaningful legislation will result in subsequent years. Thank you for the opportunity to testify and I'm happy to answer any questions.

**BREWER:** [00:51:27] Thank you, Ms. Fox, for your testimony. Questions? Questions? Seeing none, thank you.

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**NICHOLE FOX:** [00:51:34] Thank you.

**BREWER:** [00:51:35] And it should go into the official record that Chairman John Murante had no opposition to one of his bills. All right. Any additional in the neutral capacity? Seeing none. He waives closing. That concludes LB948.

**MURANTE:** [00:52:22] Senator Wayne, welcome to your Committee on Government, Military and Veterans Affairs.

**WAYNE:** [00:52:27] Thank you, Chairman Murante. My name is Justin Wayne, J-u-s-t-i-n W-a-y-n-e, and I represent Legislative District 13, which represents north Omaha and northeast Douglas County. I am on deck in two other committees right now so this will be interesting to see if I can be at two places at once. So anyway, LB725 amends the Prompt Pay Act, decreasing the time frame for state agencies have to pay vendor contracts and obligations from 45 days to 15 days for small and emerging businesses. As a small business owner I can say for certain there 45 days is a very long time, often two to three pay cycles, for a small business owner to float payroll costs and the cost of doing the job. If there is one entity that should be contracting with small businesses it should be the state and the state certainly has the resources to make these contracts more appealing and easier for small and emerging businesses to manage. We talk about helping out small businesses a lot in this body and that small businesses are the backbone to our economy. Well, this bill just absolutely accomplishes what we're talking about, making it easier for small businesses to grow and maintain their businesses. The 45-day waiting period benefits big businesses who have large cash reserves, those companies who can move from one contract to the next without funding any type of movement transportation cost or any concerns that impact small businesses. We are a contract, we need our contracting procedures to serve small businesses, too. As they are today I don't believe that we are taking the steps to assure small businesses in Nebraska can compete with big firms on government contracts, but instead we create, instead today we are creating a bill that will level the playing field so everyone can compete fairly. This bill requires companies wishing to identify as small businesses to receive payments for contracts within 15 days must demonstrate their status as a small business to the agency. The agency has no obligation to determine which contractor is or is not a small business. The responsibility falls on the business owner. The definition of small businesses according to the U.S. Small Business Administration varies from industry to industry. If you wish to pinpoint a definition somewhere in the middle, however, it is: include most businesses with less than 500 employees and less than \$7.5 million receipts annually. I believe these definitions are defined by the SBA are a good metric for us to start with. In regards to the fiscal note, I'm actually very confused by it. I think DHHS and their claim that they will need 12 new full-time staffers to comply with this, honestly, is just simply ridiculous. I know for Title XX you can submit your bill on the 30, 31st and you already have payment underneath Title XX, which is DHHS within seven days. So if they can do it for one of the most complicated and most regulated systems which is automated in childcare, I don't understand the 12 people that they would need to do this. I've seen several fiscal notes on this session where DHHS has raised eyebrows for myself and some of my colleagues. I think we need to take a serious look about the rationale around these fiscal notes and not get bogged down in the inefficiencies that are currently going on that would require 12 new people, but rather focus on what can we do to help small businesses grow. And, again, I can't overemphasize child day care. I have many of those who are my clients with my law firm and I know their pay cycle is seven to ten days. And that, again, is DHHS and one of the most regulated industries in the state of Nebraska. This is not the first version of the bill. It has undergone several changes and I'm obviously open to any more additional changes or suggestions made by this committee. I think it's a good bill and I think it's a way for us to start talking about small businesses in our state and how to compete fairly with contracts. Chairman Murante and members of this committee, please allow this legislation to make it to the floor so we can open up discussion on small businesses and how we can make it easier for those small businesses to compete in this arena

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as it relates to state contracts. With that, I'll answer any questions.

**MURANTE:** [00:56:39] Thank you, Senator Wayne. Senator Brewer.

**BREWER:** [00:56:42] Thank you, Mr. Chairman. All right, Senator Wayne. If you were, let's reverse roles here, say you were DHHS and you knew that we were in a year where if you had a fiscal note on a bill, it probably wasn't going to go anywhere, would you make sure there was a fiscal note on that bill if you didn't like it?

**WAYNE:** [00:57:04] Yes, if I were DHHS. Not saying that's what they did, but if I were them and I didn't like a bill, yes.

**BREWER:** [00:57:09] Thank you.

**MURANTE:** [00:57:11] Thank you, Senator Brewer. Senator Blood.

**BLOOD:** [00:57:13] Thank you, Chairman Murante. Thank you, Senator Wayne. I want to build on what he just said. Does it change the amount of work that's going to be done in any way as far as how many invoices are coming in and out?

**WAYNE:** [00:57:30] That's just it, it doesn't.

**BLOOD:** [00:57:30] Thank you.

**WAYNE:** [00:57:30] And I'll go a step further. The reason we define the small business owner by the owner themselves is so all they have to do is verify. They don't have to go out and look for more information, they just have to verify it for them. So we thought of every way possible to limit the amount of work the state has to do to prove this.

**BLOOD:** [00:57:53] Well, you know, they participated in distributed ledger technology like some states are already doing, those invoices become autonomous. They wouldn't even have to worry about extra work.

**WAYNE:** [00:58:02] Well, that's what they do in childcare actually. You submit, it's an on-line program, you submit, somebody reviews it, they push "pay," and it works pretty simply.

**MURANTE:** [00:58:15] Okay. I see no additional questions.

**WAYNE:** [00:58:20] If I'm not here for my closing, I just want to stress that this is one of more bills to come in the next two years regarding small businesses. I think it's important that the state of Nebraska starts looking at small businesses and how we grow. And so I look forward for this body over the next two years helping us grow small businesses in Nebraska. Thank you.

**MURANTE:** [00:58:38] All right. Thank You. And we will go to proponent testimony to LB725. Are there any proponent's? Opposition testimony to LB725. Welcome.

**ANN MARTINEZ:** [00:59:12] Thank you. Good afternoon, Senator and members of the committee. My name is Ann Martinez, that is spelled A-n-n M-a-r-t-i-n-e-z, and I am the controller for the Department of Administrative Services and I'm here today in opposition to LB725. LB725 would amend sections of the Prompt Pay Act requiring all state agencies, the University of Nebraska, and Nebraska state colleges to make payment in full for all goods and services delivered by a creditor which has been defined as a small business on or before the 15th calendar day either

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before the receipt of the goods or services or the date of the receipt of the agency by the bill for these goods or services, whichever is later, unless the provisions for payment are agreed to in writing by the creditor. A qualified small business shall mean a business classified as such according to the Table of Small Business Size Standards matched to the North American Industry Classification System Code of the United States Small Business Administration as the table existed on October 1, 2017. The creditor shall submit evidence of its classification status as defined above with each bill. It is unclear exactly what that standard form of evidence that the creditor would provide. Payment in full is considered to be made on the date the warrant or check was mailed or otherwise transmitted. The act currently requires the creditor to receive full payment on or before the 45th day, calendar day, as defined above. During payment processing of small business bills the default payment terms and our Enterprise Resource Planning System would have to be changed manually and the accounts payable policies and procedures at the agency level would require updating. During calendar year 2017, central finance processed over 29,000 vendor payments for the 12 divisions within our agency. Procurement and invoice approval processes are decentralized, with many invoices entered and approved first at the facility level which is outstate where goods and services were actually received and then sent electronically using OnBase or ECM to the division's management office for additional review before being sent electronically to central finance for payment processing. For another example, a DAS division cannot approve invoices or payments without review and approval by staff from other agencies, the university, and/or state colleges. Each level of approval is necessary to ensure proper internal controls with a separation of duties. It is impossible at this time to know how many current or future vendors would qualify for the 15-calendar-day deadline. But even with the use of an electronic solution, it will be very difficult to meet that deadline. Based on the information that came from the senator earlier, I think approximately 95 percent of Nebraska businesses would fall under that small category, because of the number of employees they have or their total annual receipts. Central finance would require an additional accounting FTE to assist the agency's divisions to monitor status of unpaid invoices, to review submitted evidence, help determine if a signed contract changes the payment schedule, and to assist the central finance accounts payable staff in processing and preauditing these documents. One-time costs would be incurred to create a new queue, for it to make changes to our workflow systems, to make sure that these invoices that were identified they were due within 15 days. The estimated salary, benefits, and operational costs, again, are here in the testimony. I'll let you look at those as well as additional costs for our electronic solution. These additional costs would result in the need for additional revolving appropriation and an increased Director's Office assessment charged to all divisions. Any increase to a DAS internal assessment can impact the enterprise due to possible increases in rates charged to other agencies. The final one, again, talks about in the Prompt Pay Act, if the payment is not made within the time the creditor or the vendor could then charge us interest as well. I'd be happy to answer any questions that you might have.

**MURANTE:** [01:03:24] All right. Thank you for your testimony. Are there questions? I see none. Oh, excuse me. Senator Briese.

**BRIESE:** [01:03:32] Thank you, Chairman, and thank you for your testimony. According to the bill, interest charges begin to accrue on the 31st calendar day after the date of receipt by the agency of the goods or services or the date to receive by the agency of the bill for the goods or services. Does that change the complexion of interest accrual there really? That's current language.

**ANN MARTINEZ:** [01:03:58] Current language, yes. So, again, currently, we have 45 days to pay, then the interest starts accruing on the 31st day that we received the invoice.

**BRIESE:** [01:04:10] The 31st day after--

**ANN MARTINEZ:** [01:04:10] But, again, the default normally is 30 days. But, again we have up

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to 45 days to pay. And, again, I think it's important...you know, I know the senator talked about, you know, how in certain areas they can...I think our goal in central finance and the goal of our division is to make payment to any of our vendors in the most timely way possible, because again we're wanting to maintain that good relationship with the vendor. We want them to do business with us. We understand that they have their cash flow situations as well. But, again, sitting here in Lincoln, I cannot determine if goods or services were received in an HHS facility in Scottsbluff. The Department of Administrative Services, we are responsible for the maintenance of the 24/7 facilities, the regional centers, the veterans homes, as well as Law Enforcement Training Center, and lots of areas throughout the state. We need the people at the local level to make those approvals to know if they received those goods and services. It takes time then for those invoices to be processed here in Lincoln and we just feel that we cannot consistently meet 15 days on all the type of invoices that we do receive.

**BRIESE:** [01:05:18] Okay. And you indicate that it would take an additional FTE simply to move this time line.

**ANN MARTINEZ:** [01:05:23] Yes, and to watch them, because again at this point in time we're not sure who would qualify. And so we would look at perhaps adjusting our workflow so that at that level they could be identified to push them through the various levels of approval. And then once they got to central finance rather than having them in a normal queue to be processed we would want to identify those and speed up that process, because our goal would be to meet that 15 days as often as we possibly could.

**BRIESE:** [01:05:49] Okay. Thank you.

**MURANTE:** [01:05:50] Thank you, Senator Briese. I see no additional questions.

**ANN MARTINEZ:** [01:05:56] Thank you.

**MURANTE:** [01:05:57] Thank you for your testimony. Is there additional opposition testimony to LB725? Seeing none, is there neutral testimony to LB725? I see none, and as Senator Wayne is not here, we will assume that he's waived closing and that ends the public hearing on LB725 and concludes our public hearings for the day. I did have a few letters I need to read into the record: On LB1072, opposition from Director Schneweis; and in favor of LB948, Bub Windle of the Nebraska State Bar Association; Rhonda Lahm of the Department of Motor Vehicles; Gordon Fassett, Director of the Department of Natural Resources. And that concludes our public hearings for the day. Thank you, everyone.