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Transcriber's Office

Floor Debate
April 17, 2019

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SCHEER: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the sixty-first day of the One Hundred Sixth Legislature, First Session. Our chaplain today is Pastor Matt Erikson from the Mercy City Church here in Lincoln, guest of Senator Geist. Would you please rise.

PASTOR ERIKSON: (Prayer offered.)

SCHEER: Thank you very much, Pastor Erikson. I call to order the sixty-first day of the One Hundred Sixth Legislature, First Session. Senators, please record your presence. Roll call. Mr. Clerk, please record.

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

SCHEER: Thank you. Any corrections for the Journal?

CLERK: I have no corrections.

SCHEER: Thank you. Any messages, reports or announcements?

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

SCHEER: Thank you, Mr. Clerk. (Doctor of the day introduced.) First item, Mr. Clerk.

CLERK: Mr. President, Senator Vargas presented LB550 yesterday. It's a bill for an act relating to wireless telecommunication services. Requires voter approval for taxes and fees on wireless services. He presented his bill, committee amendments were presented by Senator Friesen of the Transportation Committee. Senator Vargas moved to amend those amendments. When the Legislature adjourned for the day, Senator Wayne had pending a motion to bracket the bill until June 6 of 2019.

SCHEER: Thank you, Mr. Clerk. I would note to the body that the queue was emptied last night at adjournment, so if you're wishing to speak, you will have you to relight on the board. First, we'll go to Senator Vargas for a refresher on LB550. I will then go to Senator Friesen for the committee amendment and back to Senator-- unless Senator Vargas can do both his amendment

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and the bill at the same time, would be great. And then I would run over to Senator Wayne for his bracket. Senator Vargas, you're recognized.

VARGAS: Thank you. And yes, I could do both those things at the same time. So very briefly we're talking about LB550. This bill is focused on trying to address our high cell phone taxes and prepaid wireless taxes that we're seeing in the form of occupation taxes. The original bill had many different cuts in and across the board and state and local, but what this does, the amendment, is only focus on a vote of the people for occupation taxes and that would make it so that any new-- any existing occupation taxes would immediately not be in place and go to the vote of the people and if they pass, then they would then be accepted and can be utilized by the municipality and if not, then they wouldn't be able to use that occupation tax revenue. And again, this is in an effort to then reign in a very unique tax and to have some greater transparency and some greater accountability. I appreciate the conversation so far. I think that there is-- I think some consensus on certain aspects. There's definitely some feedback on things that can be changed and concerns people have, which I welcome and I appreciate. But that is where we currently are and that is the current amendment that is the Transportation and Telecommunications is just that piece on occupation tax and then AM1373 is essentially trying to clarify some of that language that we talked about yesterday. Thank you.

SCHEER: Thank you, Senator Vargas. Looking for Senator Friesen. Is Senator Friesen on the floor this morning? Senator Friesen. Senator Friesen? Senator Friesen, would you please review the committee amendment, please?

FRIESEN: Thank you, Mr. President. So what the committee amendment does basically is it just removes some of the other charges that were originally in the bill. It talks about eliminating the Prepaid Wireless Surcharge Act. It reduces or takes away the-- when they tried to remove the telecommunication's relay system, the E-911 service and the Nebraska Universal Service Fund. So it's a cleanup language to eliminate the removal of some of those other funds from cell phones and focuses it strictly on the occupation tax. Thank you, Mr. President.

SCHEER: Thank you, Senator Friesen. And Senator Wayne, would you like to refresh us on your bracket motion?

WAYNE: Thank you, Mr. President. Colleagues, I just added an amendment that would, I think, help move this law forward. I would ask everybody to look on their computers. It's for all new cell phone, taxes would require a vote. So everything will stay the same. And with that, Mr. President, I'll withdraw my bracket motion.

SCHEER: Motion withdrawn. Returning to floor discussion. Senator Vargas, you're recognized.

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VARGAS: Yes, thank you very much, Speaker. I'd like to withdraw in the effort for us to look at the amendment that Senator Wayne brought and I'd like to withdraw AM1373.

SCHEER: AM1373 is withdrawn. Mr. Clerk for an amendment.

CLERK: Mr. President, Senator Wayne would move to amend the committee amendments with AM1393.

SCHEER: Senator Wayne, you're welcome to open on AM1393.

WAYNE: Colleagues-- thank you, Mr. President. Colleagues, if you could just take a second. I know last night there was a lot of negotiation going on for Senator Brewer's bill coming up. I know today we're starting to have conversation about other agenda items, sidebar, but if you could take a just a moment to listen to what we're trying to do here, I think it's very important. And why I say that is because many in here are going to bring a bill and they're going to vote for a bill regarding property tax relief. And I think it's imperative to understand how this all plays into property tax relief, in my opinion. Currently, you have many people who live outside of the cities who don't have the same occupation taxes that we do. And what I mean by that is, let's think about education here for a second. In the education community, you have a landowner who has thousands of acres who maybe only has one or two children going to school, but are disproportionately paying money on their thousands of acres to that school. While people who live in the city, if you go on a per acre basis, there might be multiple homes on that per acre who are actually filling that school, but are not paying the amount, the same amount in taxes to that school. There is an inherent flaw in no matter how we do property taxes when it comes to funding education that that dynamic will always be there. And what we are hearing this year in property tax relief coming out of revenue is that we are going to use the education funding source to reduce that. And that is fine and great and I love to have that conversation, but what that still allows the folks who live in municipalities to have higher taxes. They have higher taxes because of these, not voted for by the people, occupation taxes. And these occupation taxes have caps on them, but at the end of the day, there are still multiple, multiple occupation taxes that don't get vote on by the people. Now, why is that important? Let's think about school funding. That's my background, Omaha Public School Board. And I was one of the ones who was president at a time who led the effort for the largest state bond in the state of Nebraska, 421 million. But when you talk about going over and above your regular budget, and this is very important, colleagues, when you talk about going over and above your regular budget, you take it to the vote of the people. And when it comes to building schools and bonds, there is a set time, a definite time in which that goes away, when those bonds are paid off. It just doesn't roll into the general fund. But when it comes to city occupation taxes, that's what happens. And even if there is a vote of the people, there is never a chance to roll it off. For example, in Omaha, we had a

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restaurant tax. That tax was supposed to go to our fire pension issues and a couple of other things. And in fact, the current mayor ran on the idea of not using and repealing that restaurant tax. That's not the case anymore because it rolled into the general fund. So this tax is going to live on forever, although the voters never really believed it was gonna live on forever. Now, this amendment is not all what Senator Vargas wants, but this amendment at least says, okay, we're going to hold you at your level for just cell phones. Read the amendment. It only applies for cell phones. We're going to hold you at your limit and if you want to go any higher, let it be the vote of the people. Take it to the vote of the people. There is no current impact on any current budget because we're holding them harmless for what they have right now. But if you want to establish a new cell phone tax or increase a cell phone occupation tax, it requires a vote of the people. That is fair and balanced when you start thinking about what we're doing with property tax relief and those who live in municipalities and it's gonna be real hard pressed when this property tax debate comes out for me when I'm disproportionately being taxed at a higher rate because of these occupation taxes. That farmers and those who are living out in rural outside of municipality limits will get a significant break, a significant decrease in their property taxes while, yes, I will get a decrease in my property taxes, but I'm also paying additional taxes in occupation taxes that they're not paying. This is a huge issue and we're trying to balance between property tax in rural and farmers and some kind of tax that we're paying in the city. And this isn't even a cut. I want to be clear. This is not a cut. This is saying going forward, you can't just increase cell phone taxes without a vote of the people. I think that's a reasonable compromise. I think we can continue to work on this bill as we move forward through the second round, but I think it's a conversation we have to have. And I'll end with this, colleagues, Senator Briese brought a bill to lower land valuation for bonding. That affected schools and that affected areas where outside of municipalities, they are being hurt. What we're asking you as urban senators in Omaha who have some of the highest cell phone tax rate, let's make sure that we freeze where we're at so we don't continue to be hurt. And I guess the last thing, one more thing, everybody understands this is a regressive tax. And so if you support this tax on my side of the aisle, when it comes time for property tax relief and sales tax increases and those same regressive taxes, this transcript is going to get read because you can't have it both ways. We can't be against property tax relief for rural Nebraska and say we're okay with regressive taxes, but we're not okay with relief for the communities that I represent, the urban communities, the municipality communities, where we're having a tax snuck in through occupation taxes. It's the same thing with just two different sides of the coin. So with that, I would ask that you support this amendment, continue to have this conversation through second round-- or through first round as we go into second round and let's try to figure out taxes for everybody, both urban, rural, municipalities and those who live just in the county 'cause we're dealing with the same issue regarding taxes. Thank you, Mr. President.

SCHEER: Thank you, Senator Wayne. Going to floor discussion, Senator La Grone, you're recognized.

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La GRONE: Thank you, Mr. President. I rise in support of AM1393. And I think it really gets it to two of the key arguments against Senator Vargas' original bill which I was in support of anyway. But the first being that the original bill would have had a massive impact on municipal budgets. The amendment would not. What the amendment says, as Senator Wayne laid out, is that your current taxes on cell phones can stay in place. You simply have to go to a vote for any increase upon that. So this would have no impact on current municipal budgets. If they want to go get more from their citizens, yes, they would have to go to a vote. But this at least would keep those taxes in check while not impacting current municipal budgets. And the second is, there was an argument against the cost of sending it to an election because of that cost of often having it in a special election. And I admit the cost of special elections are high. And that's why Senator Wayne aptly in his amendment has required it be held at a state primary or general election. The reason for that is the cost of that election substantially decreases, rather than an entire additional election, it's simply a line item on an already existing election. It's simply the cost of printing that additional line on the ballot rather than putting-- creating the ballot simply for one election. So I want to thank Senator Wayne for bringing this amendment 'cause I do think it addresses two of those key arguments against Senator Vargas' bill and he can have the rest of my time should he like it.

SCHEER: Senator Wayne, you have 3:20 if you would like it.

WAYNE: Thank you, Mr. President, and thank you, Senator La Grone. I just got asked off the mike so I want to be clear. This is not all occupation taxes, although I would like to do that. This is simply cell phone. We're talking one of the occupation taxes we are trying to limit and the reason why that's important, colleagues, is because 80 percent of the generation between 18 to 35 have cell phones. This is an unfair tax in the urban or municipality areas. It doesn't apply anywhere else. So these are the kind of things that we are trying to balance when we talk about balancing the urban and rural divide. We talk about municipalities versus counties is we're trying to level the playing field regarding taxes. But we understand that in the last 30 years, these occupation taxes had rolled into their general fund. Whether we agree with that or not, that isn't the issue. We're just saying moving forward on cell phones only, cell phone occupation tax only, there has to be a vote of the people. I think that is reasonable and I think it accomplishes a couple things that many people have already spoke about. I do want to mention, yesterday there was some people who got on the mike talking about, well, my taxes aren't that high. They are high when you look at the other states. But just because you have the ability to pay that tax while many people don't doesn't make it any less harmful. And then colleagues, I need to tell you a story that happened yesterday. And those who-- my staff or Jake was with me yesterday when this happened and I just think it's important that you guys need to understand that this year has been a year that I've never seen so much racial things happen in this building. And maybe I was blind the first two years, but there were a group of fourth graders sitting over here on the north side of the balcony. They went downstairs and as I walked by, I said, oh, hey, where are you guys

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from? They told me where they were from. As we started walking away, me and my LA, Jake, they started to chant, build the wall. Fourth graders. So yesterday when I came back in here and got a little riled up, that was why, and their teacher stood there and said nothing.

SCHEER: One minute.

WAYNE: So as we sit here and talk about things, it still goes on today. Has nothing to do with this bill, but I shared with one of my other colleagues what happened and they said, you need to make the body completely aware of it. And so I listened to her and that's what I'm doing. But don't make a mistake that this stuff doesn't happen 'cause it does. So I wanted my colleagues to understand that and just know that that still goes on, and with that, I'll yield the rest of my time back to the Chair.

SCHEER: Thank you, Senator La Grone and Senator Wayne. (Doctor of the day reintroduced.) Returning to the queue. Waiting to speak: Senator Blood, Williams, Groene and others. Senator Blood, you're recognized

BLOOD: Thank you, Mr. Speaker. I actually stand opposed even to the new amendment and the bill itself. I had originally not planned on speaking, but I have some real concerns. Everybody on this floor is concerned about property taxes and we can tell pretty much who is in an election cycle because we hear more from people in an election cycle than we usually do on these issues. But the concern that I have coming from a municipality is that sometimes we get too big for our britches and then we think it's our responsibility to tell municipalities how to run their government, their local government. And although I understand that it is definitely our role to set statute and to set guidelines, what I'm concerned are about communities like Bellevue, like certain parts of Omaha, like Fremont. We have serious issues that pertain to the floods. Now there is a big push this year to push a lot of bills through that involve caps and things going to the vote of the people. And again, I think it is good when people have the opportunity to vote. But let me talk-- I'm sure Senator Moser can also speak on this issue. Senator Moser, would you yield to a question?

SCHEER: Senator Moser, would you please yield?

MOSER: Yes, I would.

BLOOD: Senator Moser, would you say it's common practice in the municipality to have three open meetings and a public hearing any time there is a budget issue or a new ordinance happens, that they can't just do it willy-nilly on their own, that it's got to be a public?

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MOSER: Well, we-- in the city, yes, I would say, those were more.

BLOOD: All right. And in most municipalities is the budget made public? I know in Bellevue it's on their Web site, as is, I believe, Omaha and Papillion.

MOSER: Oh, sure. Yeah, it's posted on-line and people can look at it, although I think most people if they have a complaint, like to talk to their council member or the mayor or somebody.

BLOOD: Oh, sure. And so, because we like to handle our own. And that's my understanding Columbus also experienced flooding.

MOSER: We had some flooding both north and south of town. In the city, we were pretty fortunate that the levy held and so majority of the damage was north or south of Columbus.

BLOOD: All right. Thank you, Senator Moser. And so talking about the flooding, I can talk about Bellevue's flood in 2011 where it took almost four years for NEMA to reimburse us for the work that we had to do in reference to the flooding. And if it weren't for the fact that we have an excellent finance person in Bellevue and that we had a Community Betterment Fund we could draw from and then repay, Bellevue would have been in a world of hurt. I think we have to be careful. We're all passionate about property taxes. A lot of good legislation is going to be coming forward. But I think we're to the point where we're literally nickel and diming the municipalities and tying their arms. A lot of municipalities still haven't recovered from the last recession and a lot of these things that we're nitpicking on are things that they were forced into because they lost state funding and federal funding during the last recession and we said, you know what? You guys are on your own, you got to figure it out. And they did. They found creative ways to fund it. Do I necessarily agree with it? No. But I do know that it's all public information. I think we have to figure out what our big battles are and what our little battles are. And I don't think this is one of our big battles. I think what we're doing is we're making it really, really hard on the municipalities this year and this is just one example. And so we have to decide what's the true importance and we can say, well, with Senator Wayne's amendment, the previous occupation tax is going to be left alone. Well, no, but we're still going to nickel and dime anything they choose to do in the future. And we shouldn't take the place of the voters.

SCHEER: One minute.

BLOOD: Thank you, Mr. Speaker. We shouldn't take the place of the voters. If they don't like how their local governments are being run, then they should do different when they go-- something different when they go to vote. Thank you, Mr. Speaker.

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SCHEER: Thank you, Senator Blood and Senator Moser. Senator Williams, you're recognized.

WILLIAMS: Thank you, Mr. President, and good morning, colleagues. And I appreciate all of the work that's been done by different people in working on this piece of legislation. I still have some concerns about it. The communities in my legislative district that have contacted me use these occupational taxes in a way which, in essence, offsets property tax and allocates those dollars to the people that are using those city services. A previous senator on the microphone talked about property taxes in those rural areas and those farmers that want property tax there. Well, I would tell you those that live in the small communities want property tax also on their homes in those communities. And the people that are paying the occupation tax on these cell phones in those communities are primarily the people that are using those city streets and primarily the people that are using the water that's supplied by the city wells and the water system and the sewer system that's supplied by the city and the police protection provided by the city. So I would argue that it is a very fair tax and it does not increase the tax burden. My real concern underneath all of this is where we go and how we reach out as a Legislature to tell communities how to do their business and require them to go to a public election for these kind of situations. First of all, in those communities, those city council members are elected to start with. They're elected. We have a representative form of government. We elect people. We give them responsibility. We hold them accountable or we unelect them and elect somebody else. I think tying their hands to not be able to conduct business for the community the way they should makes no sense. We in this body are a representative form of government. We're elected by 37, 38,000 constituents in our-- each legislative district. And we're given the responsibility to come here and make decisions and we discuss, we debate, we hold hearings and eventually we vote regularly on whether we're going to institute a new tax, increase a tax, lower a tax, create a fee here, lower a fee there. We do that regularly. We are not a form of government that every decision goes to a vote of the people. For small communities, like Ansley, like Lexington, going to a vote of the people has a cost, a fairly significant cost, and it has time period constraints that reduce the ability to do business at the speed of business. So consequently, I appreciate significantly the work that's been done and Senator Wayne's amendment narrowing and clarifying. I still struggle with the idea that occupation tax on landlines can be handled one way and occupation tax on wireless connections would be different. But I still remain unconvinced that LB550 takes us in the right policy decision. Thank you, Mr. President.

SCHEER: Thank you, Senator Williams. Senator Groene, you're recognized.

GROENE: Thank you, Mr. President. I stand in full support of AM1393, I mean AM-- and then LB550. A little history. You know, how things evolve. Occupation tax on phones had a common-sense reason for that. You know, younger senators, believe it or not, in residential areas in the cities, there was telephone poles ran through your alley, ran down your street and there was a service provided by the city to the phone companies. They allowed them access to put those

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phone poles up and those lines and the ability to go down their alleys and fix it when the lines were down. That made sense if there was an occupation tax on phone service. That's not the same now with cell phones. There's very little infrastructure involved in a city that the city has to make way for. In fact, there's none. There's towers, which usually sit on private property, and there's a cable buried underground that runs it to a link, because most of that, I was told, your phone service mostly is by cable. Goes to your tower, it runs all the way to Washington, D.C., it comes up at the closest tower to the phone, recognizes where the closest tower to the phone number you're calling, and it sends it out on a radio wave. There's absolutely no reason a city should have an occupation tax on your cell phone. This is not 1935, 1940 when all those telephone poles were throughout the city. That said, my city does not have an occupation tax on phones. They brought it up quite a few times in budget, but they've been shouted down. Personally, they ought to vote on it. So this will give my city the ability to put it on the ballot if they wish to-- my major city. And as far as it's just not urban, folks. If you live around a city in a suburban area outside the city and you have the zip code of part of that city, you live in a zip code that's part of the city, you're gonna pay occupation tax on your phone bill even though you don't live and you're not a citizen of the city because that's how they do it. That's how they sort who-- the phone company does, by programs that identify the occupation tax by zip code. This tax needs to go away, personally, and it needs to be voted on by the people. If the majority of people want to tax themselves, that's fine. I'm in full support of this. I was told by Senator Vargas there are seven cities now that have an occupation tax on it and it shocks me at six and a quarter percent. That's unbelievably high. Considering those cities already tax you, there at one and a half percent sales tax, like any other service that you receive from the gas company or whatever, it's one and a half percent. So this is one of those things where government-- times have changed, but the dinosaur exists. This occupation tax, as I said, goes back to the invention of the telephone and poles and lines running down your alley and across your front yard so you could get phone service. It needs to go away. Why don't we just give the cities a tax for existing-- a human existence tax and say put an occupation tax on that because there is no reason for that tax any more there is in giving them an occupation tax on cell phone service. They provide no service. It creates no burden to the city, cell phone infrastructure to that city. This is just a tax, period. In front and in back, in quotation marks, this is just a tax that has nothing to do with your income, your property you own or services you receive.

SCHEER: One minute.

GROENE: Thank you.

SCHEER: Thank you, Senator Groene. Senator Murman, you're recognized.

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MURMAN: Thank you, Mr. Speaker. I'm riding the fence on this bill right now. I'm kind of neutral, but I just wanted to speak a little bit about, not so much the cell phone occupation taxes, but other occupation taxes in the city. It was mentioned earlier on the floor that occupation taxes are paid only by those in the city. I always looked at occupation taxes, at least some of the occupation taxes as being a way for those outside the city to have the opportunity to pay taxes to the city. For instance, hotels, restaurants. I looked at that more for those that are from surrounding areas or distant areas from the city to come in and pay those taxes and they would go towards city services. So like I said, I'm neutral on the amendment and I guess I do actually favor the amendment, but still neutral on the bill and just wanted to point that out that the different occupation taxes aren't just paid by those in the city. So thank you very much. I'd yield the rest of my time to Senator Wayne if he would want to or to the Chair.

SCHEER: Senator Wayne is not on the floor, so we will move to the next item-- next Senator. Senator Chambers, you're recognized.

CHAMBERS: Thank you. Mr. President and members of the Legislature, a king famously said, my kingdom for a horse. Were I a king and would make such a statement, mine would say, my kingdom for nuanced thinking. As a legislative body, we're not going to go down the line and say because you are in favor of occupation taxes, you have to be in favor of all of them because you're in general against occupation taxes, you're against all of them. We winnow. We separate. We calculate. We determine whether or not, under the circumstances that are presented to us, a problem exists. Is that action which is recommended designed to address that problem and solve it? And that's the way we should operate. I'm going to support this amendment. I'm not well-liked by white people in Omaha or anywhere else. But you know why white people don't have to pay to have their garbage picked up? Decades ago, I brought legislation that said since-- and my rationale is this, property taxes are paid and collecting garbage is something that ought to be covered by the property taxes that are paid. The taxes ought to be for something. One judge, Oliver Wendell Holmes said that taxes are what we pay for civilization. He also-- Oliver Wendell Holmes, Jr., he was the judge on the Supreme Court. He also said, the power to tax is not the power to destroy as long as the court sits. So by my having the vision, the foresight and the concern for people in a city where I generally am hated, Omaha, because it's a metropolitan city, cannot levy a tax for garbage collection. This, that is being discussed here, goes beyond just the occupation tax that might be proposed for cell phones. I don't have a cell phone. I don't have any of those gadgets. I would be considered a dinosaur, but I will not be destroyed by the falling of a meteor or however people claim that dinosaurs were destroyed. If that happened and there are dinosaurs, the reason you don't see them is because they've studied the way things are going now and put themselves in a location where they'll survive if everybody else is wiped out. There are other bills that I'm not going to talk on in terms of the bills themselves, but there are subjects that I will discuss, especially pertaining to your stupid, idiotic President. People have been touting a debate between me and Trump. He wouldn't have a chance. But he might because he can lie and

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he's stupid. He is so stupid people will excuse it as being a joke. When he found out that Notre Dame was on fire, he tweeted, you must do something quickly, which they're already doing. You must use water, which they're doing. You ought to bomb the water. Water bombs, which they're not doing. They pointed out that were they to drop that water bomb that Trump was talking about, it would completely level what is left of Notre Dame. And by the way, Trump misspelled Notre. He spelled it Notra. The way he hears it pronounced and he constantly says that he is a smart man. So if it's brought to his attention that the water bombing would destroy--

SCHEER: One minute.

CHAMBERS: --the entire edifice, he would say, well, I knew that. I'm a smart man. You know why I said that? When the water bombs come and destroy everything and put it on the ground, you avoid the cost of demolition. See, now you don't have to pay to demolish it. It's all demolished and that water will even carry away some of the debris. He doesn't realize that they intend to rebuild it. But that's you all's President. Senator Wayne touched briefly and gently on how children are dealt with at the lower grades in school, so I'll have things to say today, but not directly on this bill. Thank you, Mr. President.

SCHEER: Thank you, Senator Chambers. Senator Moser, you're recognized.

MOSER: Good morning, colleagues. Thank you, Mr. President. Good morning, Nebraska. Some people evidently don't have enough to do and so they watch what we do here. This amendment I don't think addresses the problem that the original bill was intended to address. The original premise was cell phone taxes are too high and this would just limit them from increasing, and in the case of some of the larger cities, they're already at their maximum, so they're already limited from going up. As far as city people using cell phones more than rural people, I would say most rural people and city people have cell phones so I don't think that that's necessarily a reason to vote for this amendment. I think this amendment is a symbolic gesture and I just don't think it addresses the original problem. And like Senator Williams was talking about, government has to balance taxation and spending. And it's an ongoing battle. Nobody likes paying tax, any tax. And if you voted on any tax, one at a time, I would say most-- those taxes would fail. There are already limits on occupation taxes and, in my opinion, those are sufficient. Occupation taxes go into the general fund of most of the first-class cities which are the cities that-- types of cities that are in my district, and those funds are spent from the general fund on parks, library, police, fire, both city and rural fire, rescue, both city and rural, and the support of the general fund is 50 percent by property tax, roughly, a little less than 50 percent. Occupation tax is 700,000 out of 11 million, so you can divide that out, whatever that is, 6 or 7 percent. And if you take those occupation taxes out, and I'm speaking just in a symbolic way because evidently that's how we're talking here, we're talking about symbolism, then it's going to increase property taxes. There

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aren't any other taxes to offset that loss of those occupation taxes. And I'd much rather pay a user tax like an occupation tax than I would property tax. And in the grand scope of property taxes, I come from primarily a rural district. We do have a couple of larger cities, one larger city and several medium-sized ones. And property taxes are too high for everybody. If you have a \$150,000 house, your taxes are \$3,000 a year, your property taxes. And you divide that out and you're paying \$250 a month of your house payment to property tax. And if you pay off that house, your mortgage payment will stop, but your tax-- your property tax bill goes on forever. You can't beat it. And so we need to have a plan to address property taxes for the city dwellers and for the rural property taxpayers. So again, I think-- you know, I admire their animus for wanting to stick up for their district, but I just don't think this accomplishes anything and I think it has the potential of a lot of collateral damage. So I'm still against the amendment. I'm still against the original bill. Thank you.

SCHEER: Thank you, Senator Moser. Senator Morfeld, you're recognized.

MORFELD: Thank you, colleagues. This is probably the last time that I'll speak on this legislation. I remain opposed to the underlying bill and I remain opposed to the amendment for the following reasons. First, it's really-- or a statement of the reasons of why I was opposed to it yesterday. I believe that this is the province of a represented, elected, local body to make these decisions, how they see fit and be accountable to their voters. That is a representative democracy. To be able to make decisions in the best interest of your community after weighing all the factors and then facing your community at the ballot box and having to answer for your decisions. The status quo is not a problem in my view. In addition, I have concerns with the prospective aspect of this in many different respects because that's only kicking the problem and the can down the road in the sense of, what happens if there's a flood in your community and you have to raise revenue? So are you going to have a special election then to be able to increase the taxes here? Are you going to wait another two years, potentially, for the next election? In addition, I also think that this punishes communities that currently have a very low tax in this regard and want to provide a small incremental increase to be able to raise revenue for things that are priorities in their communities. In addition, I'm not quite sure exactly where the funding is going to come from to offset the loss in funding here. And for the city of Lincoln, it's \$4 million out of, I believe, \$178 million general fund budget. That \$4 million is likely going to come from property tax. You want to know why? Because we'll pass this bill and then the cities are going to have to wake up the next day and still realize that they're going to have to turn on the lights, provide for roads and public safety, provide for other amenities such as parks and libraries. This bill, in my opinion, is unnecessary. It encroaches over the prerogative of these local communities to be able to run their communities and be able to raise revenue as they see fit. We have a process. It is open. It is transparent. There has to be a public hearing. There has to be a vote. If the people are upset about it, they can either vote against their council member or their mayor who proposed it, or they can collect enough signatures and put an initiative on the next city election ballot. It is

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open, it is transparent. It is something that the citizens can take action on currently and I believe that it's dangerous policy to start chipping away at the prerogative of local governments to be able to raise revenue how they see fit and be accountable to the people in their district. In addition, I also think that it hamstring communities that need to react to either opportunities or catastrophes. It makes it harder for them to be able to react to that and harder for them to be able to raise necessary revenue to be able to support and sustain their community. And that's why I remain opposed to the bill and opposed to the amendment. Thank you, Mr. President.

SCHEER: Thank you, Senator Morfeld. Senator McCollister, you're recognized.

McCOLLISTER: Thank you, Mr. President, and good morning, colleagues. You may recall that Senator Cavanaugh and I have had an ongoing discussion about rape kits. Well, you just received an editorial from the Lincoln Journal Star that shows that we are indeed making progress. Let's talk about LB550. The initial bill, I thought, was deficient, and I'm not sure we're there quite yet. There's absolutely no question that cell phone taxes in this state are just too high. But as you look at the components of a cell phone tax, the occupation tax is not the egregious tax. I would contend that the egregious tax has to do with the Universal Service Fund. That's the high component in a cell tax bill. And the original bill also was precipitous in that it would automatically take those occupation taxes off for cell phones. And, you know, for Omaha, that was in excess of \$5 million and that's too deep a hole to come out all at once, even for Omaha that has a fairly large budget. Occupation taxes aren't all together bad. You know, they're aimed primarily at visitors that come into the city. That would include rental cars, meals, hotel bills, and that's-- it's always nice when you can have visitors pay your taxes. Finally, city council is the right place to deal with these occupation taxes. Yes, we could institute a super majority, something of that nature, and I think that would be preferable over a vote of the citizens that cost money and perhaps would be too hard to achieve. It doesn't give a city as much control as they should have. With that, Mr. President, thank you very much. I yield the balance of my time to the Chair.

SCHEER: Thank you, Senator McCollister. Senator Quick, you're recognized.

QUICK: Thank you, Mr. President. I haven't spoken on this bill yet and I felt I needed to get up and talk about the city of Grand Island a little bit. I appreciate what Senator Vargas is trying to do. I'm not sure I can totally be on board with this bill. You know, Grand island is-- they've gone through their growing pains. They became a metropolitan statistical area here a few years back. They hit 50,000, and along with that came growing pains. And they've had more-- you know, as the infrastructure ages, they had to do more work for repairs and needs for new roads as they grow and also for sewer systems and things like that. So also there has been a growing need for more public safety. And that's been tough because those funds come also come out of the general

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fund budget. And then there's also all the other services that the city provides for our citizens. I know a few years back, because of the budget was suffering and they were finding it hard to keep up, they put on the ballot, or asked to be put on the ballot, a half-cent sales tax. And that was put before the voters and it was done the right way, but the citizens turned that down. They voted it down. So the city council was left with an option probably either to raise the mill levy or what they did was they put in on a wheel tax to provide with some funds to deal with some of the infrastructure needs that they had. They did put the half-cent sales tax back on the ballot. I think citizens were upset with the wheel tax and the half-cent sales tax did pass. So the increase did pass and then the wheel tax will sunset. So that will come back off. So the city of Grand Island has done a good job of trying to provide the citizens of Grand Island with all of their needs for public safety and infrastructure needs and try to stay within their budget. They've done a great job of that. I know I've talked with Roger Steele. He's the mayor of Grand Island currently, and I'm going to read from his e-mail what they're doing with the occupation tax right now currently for the wireless telephone providers. He said, in anticipation of the revenues derived from this tax, the city issued its general revenue bonds, the proceeds of which are being used to pay for construction of a new and soon to be completed emergency management 911 call center and a new fire truck and an apparatus. Loss of this revenue source would negatively impact the city's upcoming budget and would shift bond payments to other sources of revenue, such as property tax or sales tax. And so, I think that just shows the need that Grand Island has for that occupation tax, and that they're spending those dollars wisely on things that they need. And I think if we would pass this with the amendment, what I could see and what I'm afraid of is that other industries or whatever that have to collect the occupation tax may ask for the same thing. And where do we draw the line? Do we say that we only do it for cell phone providers or do we allow everyone to-- do we allow every industry to be limited in how much we can collect from occupation tax? I think what we do is we rely on our local governments to do what they're supposed to do and I think for the most part they do a good job. They stay within their budgets--

SCHEER: One minute.

QUICK: --and they provide for their citizens. With that, thank you, Mr. President.

SCHEER: Thank you, Senator Quick. Senator Friesen, you're recognized.

FRIESEN: Thank you, Mr. President. So this amendment does make quite a change to the bill. When I was-- you know, at first when we started about talking about occupation taxes on cell phones, I thought there was probably only five or six communities that even had the occupation tax on cell phones and obviously there's a lot more. And as-- and I listened to debate and I've been on a city council. I've been a mayor before. I'm torn between the local control that the Legislature passes down to us to be able to use and at the same time being able to sometimes

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reign in taxes that are more hidden or more-- not necessarily hidden, these are usually line-itemed on your bill but people don't pay attention to them. And so I don't know quite where I stand on this yet. I look at what the Legislature in the past has done and we have removed a lot of state aid to schools-- the schools, to communities, to counties, we have changed how we fund them. We have made them more self-reliant on funding. Cities still have the ability to go after lots of different versions of taxes. They have wheel taxes, occupation taxes, franchise fees, and you can go down a long list. Counties are much more restricted. They're pretty reliant on property taxes. But again, I'm conflicted with, do we take away that local control? I don't know quite where I stand. Senator Vargas, would you yield to a question?

SCHEER: Senator Vargas, would you please yield?

VARGAS: Yes, I would.

FRIESEN: So your initial goal was obviously to have a vote of the people on whether or not even these occupation taxes exist on wireless. Is that correct?

VARGAS: It included a lot of different provisions, cuts on taxes, but one of them was a vote of the people on occupation taxes. So on wireless, yeah.

FRIESEN: And so when I-- and there's numerous other occupation taxes out there, aren't there? Do you know how many? Have you counted how many different occupation taxes there are? Do you know how many different occupation taxes there are?

VARGAS: I couldn't tell you the number, but there are many different other types of occupation taxes, yes.

FRIESEN: Okay. So when you-- when we look at different things and as I go back to when we allowed Gage County to-- it's been brought up here numerous times to --we decided that it should not be a vote of the people because we realized that certain segments are always taxed at different levels. Correct?

VARGAS: Uh-huh.

FRIESEN: And I'm not trying to tie it to this. I think that was a separate issue that's only going to happen once in a lifetime, we hope. So is it-- what does this do to further your goal of where you wanted to be in the original bill?

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VARGAS: So, one, I'm going to clarify. It's not just my goal. This has been carried on for a decade now from previous senators trying to focus on trying to lower and provide more accountability in occupation taxes. But the original goal is to figure out a way for there to be more accountability on occupation taxes on wireless services, and then also try to figure out a way to curb this being utilized and overused as an additional source that has gotten it to the place where it is a really large effective cell phone tax rate on people's bills.

FRIESEN: Do you-- you've been a strong supporter of the small cell bill in the past.

VARGAS: I have been on the other side and have been on the proponent side of the small cell bill.

FRIESEN: How do you think this affects anything that we're trying to accomplish with the small cell bill?

VARGAS: I don't think it affects it at all.

FRIESEN: Have you read the amendment to the small cell bill?

VARGAS: Yes.

FRIESEN: Okay. Thank you, Senator Vargas. Again, it goes back to we've-- I'm not going to say which way I'm going to vote on this yet. I really don't know. It goes back to the local control and should they have that local control? We've obviously given it to them in the past for a reason. I imagine there were negotiations in previous bodies that when they lost some of the state aid to cities that these were some of the compromises that were made, wasn't here. I guess that's just a warning for us going forward when we pass things here--

SCHEER: Time, Senator.

FRIESEN: --we do not tie bodies to decisions we make.

SCHEER: Time, Senator.

FRIESEN: Thank you, Mr. President.

SCHEER: Thank you, Senator Friesen and Senator Vargas. Senator Arch, you're recognized.

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ARCH: Thank you, Mr. President. When I first became aware of this bill, one of my larger concerns was the issue of transparency and do we have transparency in the fees, the sales taxes, all these things that are being charged? So I went back to my own bill and pulled an example from a month and I went down. I frankly had never really looked at all of these individual charges, but they're all itemized from an administrative charge to the federal, universal service, to some occupation business and occupation, to the Nebraska Universal Service, to a regulatory charge. That's in the area of surcharges, according to my bill. And then you move into government taxes and fees with city sales tax, state 911 tax, other state sales taxes, and a variety of other things, all adding up. And when I went back and calculated where our occupation-- the occupation taxes that I pay on my bill fall as far as a percent, it was about five and a half percent of the total. So about ninety-four and a half percent of the total of this is involved in other things that the state has deemed fit to apply to a cell phone charge. I guess my point to that is that being said, with the itemization here, it's pretty apparent where these fees are going. Where I would take my grievance if I felt as though that something needed to be addressed on this list of things as too high, as unfair, whatever it might be and I go back to the comments that have been made on the floor regarding the local control, regarding the ability of our citizens of the taxpayers to address to those government officials where they have the issue, specific in this case to an occupation tax from a city, to take it to those officials because I have the information to do that. And that being said, with the city empowered, the local municipalities empowered with these occupation taxes, with transparency in place, I agree with the comments that we need to be very careful in the chipping away of the authority of the municipalities. And while we as a state sit here with the majority of the issues and the majority of the cost, that would be added on to a cell phone bill. That being said, that underlying issue of the authority of the municipality, the local control, the ability of the citizens to address their grievances and the taxes and the fees paid is what continues to give me concern. Thank you.

SCHEER: Thank you, Senator Arch. Senator Hilkemann, you're recognized.

HILKEMANN: Good morning. Thank you, Mr. Speaker. I rise again to talk about this bill. There's not a one of us likes to pay taxes. And I don't like paying occupation taxes. I don't like paying, as I said yesterday, the property tax or the income tax. But it's part of what we have to do to run an organized society, have the services that we need within our cities, and I really-- I am concerned and as I said to Senator Vargas yesterday, apologized to him because when he first came to this, I look at my cell phone bill and I think, this is awful. All the taxes that are on here, the occupation, the universal service fee, the sales tax on that, it just adds up. And, I said, yeah, I don't like that tax. And the more I've thought about it, certainly listening to this debate, if we start having an election for every time that we have a tax, we want to change it or whether we're going to apply it, we're going to have a hard time running government because given the choice, if you're given the choice in the ballot box, and you say, do you really want to pay income tax? Do you really want to pay property tax? Do you want to pay an occupation tax? I'd have to say--

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I'm going to say no, I don't. I'll be honest with you. But at the same time, I want to come down to Lincoln every day on a road that's a good road. I want to have these services, I want these-- and they cost money, folks. And our cities have-- this is just a part. I think maybe the city of Omaha's is maybe a little higher than it could be, but it is, that's what it is. I've done certainly traveling around the country. I go to Houston a lot where I have two daughters down there. And when you get done paying a rental car fee in Houston, Texas, you're \$25 a day that they tell you-- that's the cheap part about it. By the time you get done paying all the taxes they add on to your car down in Houston, Texas, you're looking at about \$60 a day for a \$25 a day car because of all the different fees. And so as was mentioned here earlier, this is a way that we do get some revenue sources with these occupation taxes coming in, probably not the cell phone bill specifically, but at either rate, I think that if we're going to keep an organized society, we can't be having every situation in a representative government. Let's have a vote on this. Let's take it to a vote. Let's take it to a vote. We are here as public officials. People trust us to make the decisions. I don't like standing up here saying that I'm supporting a tax that I don't particularly care for, that I don't like to pay. But at the same time, I'm gonna do that because I think this is one of those situations where we need to keep this in place and I'm not in favor of getting rid of this-- putting it on the ballot. Because again, I think it's one of those things given the choice, people say no, it's the common thing. This is April 17th. Some of you may have had that-- had the day of reckoning as I did on April 15th. We hadn't put in quite enough, you had to write that check. I don't like to write that check, but you have to write it.

SCHEER: One minute.

HILKEMANN: It's part of being a part of our society. And I certainly don't agree with how every dollar is spent statewide, don't agree with how every dollar is spent federally. But I'm glad that we have a national defense that protects us. I'm glad that we have an Interstate highway system that we can enjoy. This is part of being part of an organized society. We have to depend upon our public servants to do the best with the dollars that they are given. They need to be accountable. If there's not an accountability on this, I think that that's something that we can address and I know that that's what-- a little bit the intent Senator Vargas had was to make this more accountable. But then we probably need to be accountable on every dime that we have here and I think we are. I think we do-- being a member of the Appropriations Committee, I think we work very hard on every appropriation--

SCHEER: Time, Senator.

HILKEMANN: Thank you, Mr. Speaker.

SCHEER: Thank you, Senator Hilkemann. Senator Moser, you're recognized.

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MOSER: Thank you. I'm going to be brief. The state has cut aid to cities and put a squeeze on the budgets of cities in Nebraska in the last couple of decades. They cut roads aid. They cut any number of revenue sources because the state had problems with their own budget and that's put a squeeze on the cities. And then to come in and try to interfere with their ability to use what taxation that they can use to support their needs to run the city, police, fire, rescue, parks, library, all those things, it's just wrong, I think. I think we should quit trying to be the big brother to the cities and let them-- quit telling them how to govern the city. There's transparency between-- the more local you go, the more citizen and elected official interface there is. They can talk to their city council member. They can talk to their mayors any time. I had people walk in my business while I was trying to sell something and they'd start talking about potholes or drainage or whatever was on their mind. So there's plenty opportunity for those citizens to affect how their elected officials govern. I think that Senator Morfeld's comment along those lines was right on. We put the squeeze on them and now we're trying to tell them further how to operate. I think it's kind of myopic for us to look at them and see what their problems are when we certainly have enough problems of our own to solve. You know, I don't think we need to be picking fights with the cities. I think we've got budget problems looming. We have issues that need more money that we don't have. So I think we've got our own problems. I think we should stay out of the city's business and just do our own. Thank you.

SCHEER: Thank you, Senator Moser. Senator Blood, you're recognized.

BLOOD: Thank you, Mr. Speaker. I think-- again, I stand in opposition to Senator Wayne's amendment and the bill as a whole. I think it's very telling when we have so many people that have been engaged at the municipal level stand and speak on this mike today to say, this is not a good thing for municipalities. And this is not a good thing for municipalities because nobody knows how to run the local government better than the people that run that government. Now, we have different types of ways that we run municipalities across Nebraska. Some have strong mayor systems like Omaha. Others have weak mayor systems like Bellevue and Papillion and I speak always about Sarpy County because that's what I know best. And I think if you look across the state of Nebraska that you'll find most municipalities are run with weak mayor systems. And so what that means is that it really gives the people a strong voice. Because those people elect their city council members and they have those city council members there to be their voice. And I can talk from personal experience as a city council person that, you know, most people that take the job seriously, they are in the community and they're trying to find out what's important to their constituents. And I know what's important in Bellevue right now is we're rebuilding from the flood. I don't understand why state government feels that it needs to provide overreach when it comes to this topic. I understand we have senators in election cycles and I do respect that because I, as well, am in an election cycle. But we cannot continue through legislation to tie the hands of these municipalities. We say we're doing this because property tax is too high. Tax is too high. And yes, they most certainly are too high. I agree. So we say, well, they need to tighten

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their belts and they need to be more efficient. Well, I can tell you that the city of Bellevue is very efficient with its funds. In fact, we recently got a AAA rating because we have such an awesome finance director. But I can tell you when I came to the council back in 2008 that we were \$10 million in the hole and had no rainy day fund. Again, no rainy day fund. We talked a little bit about the last recession, how the state and the federal government took a lot of the funding that the municipalities were depending on and we said, you know what? You guys need to figure it out. And so there were creative ways that people generated funding, like occupation tax. But none of it was done behind a closed door. All of it was done in public view. All of it was done through multiple public meetings. All budgets are public information. It's not like municipalities are trying to pull a fast one. And one of the reasons, to be really frank, that Bellevue struggles is because there have been things that have been brought up on the ballot that got voted down. And so Bellevue became a sink or swim municipality and had to struggle. And I know that La Vista has had serious issues when it comes to economic development and certain programs that came from the state, and had their hands tied in many ways when it came to their budget when they were just trying to move their city forward. I think when we stand at the mike and we say I'm against all taxes, or sometimes I hear taxes is stuffed, I really question how you expect municipalities especially and counties to do what they need to do. How do they plow their streets? How do they provide first responders with the equipment that they need? How do they maintain their parks?

SCHEER: One minute.

BLOOD: There's no magic money pot and the more we tie our municipalities' hands and our counties' hands, the harder we're going to make it on them and then we may think that we leaving taxation on the residents in these communities, but what you're doing is you're creating a harder issue that needs to be resolved at the local level and that's going to result in just basically shifting taxes elsewhere. So I think we can do better than this and I think there are other resolutions to resolve this. Thank you, Mr. Speaker.

SCHEER: Thank you, Senator Blood. Senator Hilkemann, you're recognized.

HILKEMANN: Thank you, Mr. Speaker. I thought I'd just share-- I mentioned Houston because I have to go down there a lot 'cause my daughter is there. And the first time I rented a car when we flew in, I thought we'll save the kids having to pick us up and so forth and we did that one time after having to pay all the taxes that they had on that car. And one of the taxes that they had on that was a Houston athletic tax or whatever else like that. And I said to my son-in-law, I said, tell me, 'cause I went to the itemization and he had what each one of those particular things was, and one of them was for the Houston Astrodome. Now, if you're familiar with the Astrodome, that was the first enclosed stadium and that's why we call Astroturf because they built that--

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originally they built that building and they put actually natural grass on it. And if you'll remember, there wasn't enough light came in to it to keep the grass growing and so they had this problem. They had this field to play baseball on and no grass. And so that's how we-- that's why we call Astroturf Astroturf because they ended up having to make this carpet for the Houston. Well, to make a long story short, they haven't used the Astrodome for a number of years. They built a new stadium because the Astrodome, but they're still-- so I said to John, I said, well, what are they going to do with it? He said, well, we can't take it down until we get it paid for and we can't get it paid for until we get-- it's like a 40 years more left on that Astrodome tax that you paid on. So this is how cities do business, folks. And we just have-- I'm certain that people in Harris County would love to get rid of that particular tax. They're finally, they just-- one of the things they've just done now with the Astrodome is they're going to turn it in-- possibly turn it into a parking lot. They're actually going to put little business, like a walk-through flea market type of a situation with it. So this is part of governments make decisions. Sometimes those decisions are good, turn out to be very good decisions. In case of the Astrodome, it turned out not being exactly what they wanted, but it was the first experience that they had with an indoor type of stadium. We certainly are doing our indoor stadiums better now. They're putting-- they've got a dome now on the one that they built in Houston that they can cover it sometimes. They can take that turf away. But these are all decisions that are made. I think that those people who made that decision to build that 50 years ago were well-intentioned. But all of our city officials, our county officials, I think for the most part, I think the people here, we're all very cognizant of trying to do what's best for the people of the state. Sometimes you take risks. Sometimes those risks work out well. Sometimes they don't. And there is a cost to these decisions. I'm aware of that. But at either rate, so Senator Moser, you made some comments about your being the mayor of your city, we've had other people-- these are all --and I appreciate that because we have to -- there's just a certain amount of pot of revenue that comes in.

SCHEER: One minute.

HILKEMANN: No one likes to pay a tax of any kind, and I'm certainly one that complains about them a lot. So how do we deal with that? Well, how I've done it-- I don't like that tax in Houston, so what I do now is we don't necessarily like to bother our kids, so we take the Uber so we don't have to pay five days of \$28 in taxes for parking fees and everything else when you aren't even parking the car at the airport. But this is how cities have tried to take-- and revenue. That's part of what occupation tax is and I will continue to be opposed to this bill. Appreciate the spirit with which it's referenced, but thank you, Mr. Speaker.

SCHEER: Thank you, Senator Hilkemann. Senator Crawford, you're recognized.

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CRAWFORD: Thank you, Mr. President. Good morning, colleagues. I have not stood up to speak yet on this bill. I rise with concerns and my concerns echo many of those that have been spoken by Senator Blood, Senator Williams, Senator Moser, concerns about what we do as a state in terms of determining where the line is in terms of where local control is critical and where we say no, this is something the state needs to step in and take away local control. We currently, as I understand it, on these taxes allow cities to go up to 6.25. And we've decided that anything above that is something where the city would need to get a vote of the people. But we give cities that flexibility to go up to that 6.25 to take care of situations they may have in their city. My city, Bellevue, is already up at that limit, so for them to do anything more, they would have to go to a vote of the people because they're hitting that limit and that's where we decided in the past to draw that line is at 6.25. I think that makes some sense. We've done that-- we've made that kind of compromise on some other occupational taxes as well where we say, okay, we'll allow flexibility under a certain line and then above that line, we're going to say this is a place where you probably ought to go ahead and get a vote of the people. I don't know if I even agree with the vote of the people at that point, but I think that's at least has been a reasonable compromise what we've done in the past is decide where that line is. And at this point we do have a line at the 6.25 and then above that line, people are going to have to get a vote of the people. So it's not an unlimited amount that cities can spend. It's not an unlimited amount of taxing authorities for cities, the cities, it's just up to that 6.25 line. And the other thing I wanted to address, we had some conversation yesterday asking, now how can all of the other cities and other states get by without this occupational tax and why do we need it in Nebraska? And again to echo some of what Senator Blood has already discussed, one of the issues that we have here in Nebraska is that we had city aid, state aid to cities and that was in part to help them keep their property taxes down and that state aid to cities helped them address some of their needs. And then that state aid to cities was pulled. And when that was pulled, that left the cities in a place of looking at other sources for revenue. And so again, part of the reason that cities rely on occupational taxes is in part because they don't have state aid to cities to help balance those revenue needs. The other issue I would just raise in terms of transparency is we do currently have Senator McDonnell's bill. Senator McDonnell's bill is one that will require cities to be very transparent about how they're spending these occupational taxes and have public hearing, public statement on how they're spending occupational taxes. And so that the folks-- the voters then will know and they'll know how to hold their elected officials accountable even more strongly than they can now. Now people are upset about the occupational tax. They can vote out the elected leaders that are imposing that or retaining that tax. And now with Senator McDonnell's bill, they'll going to have more information about whether this occupational tax is a good tax or not, whether they agree with how the tax is being used or not, and Senator McDonnell's bill also asks cities to indicate how long they intend to keep this occupational tax in place. So if it's the case, again, my city is already at its limit, but one of the other smaller cities that isn't at its limit that decides to increase an occupational tax in the city to deal with some issues with the flood or some other emergency, they could very well decide they're going to impose it--

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SCHEER: One minute.

CRAWFORD: Thank you, Mr. President. --just for a couple of years or until the flooding damage is repaired. And that will be very transparent now with Senator McDonnell's bill. It makes sure that the city is required to indicate why they're issuing occupational tax, how long it's going to last. And citizens will get a chance to really see that in a way that they have not been able to see that in the past. And that will help them hold their elected officials accountable even more, which again I think is the most appropriate way for us to handle accountability in this case is making sure that we're holding elected officials accountable for their choices on occupational tax. And so, Senator McDonnell's bill helps us to-- helps citizens do that even better and so I'm even more confident in the citizens' ability to do that given that they're going to have new information and more clear information about what's going on with occupational taxes in their city. Thank you, Mr. President.

SCHEER: Thank you, Senator Crawford. Senator Kolterman, you're recognized.

KOLTERMAN: Good morning, colleagues. Thank you very much, Mr. President. I'd just like to make a couple of comments. I've not talked on this bill as well. I appreciate Senator Vargas bringing it and I think we've had tremendous opportunity to discuss this. You know, my two largest communities, I've heard from them as well as some of the smaller communities in my district. They all have occupation taxes and they use it to balance their budgets, much like you've heard throughout the last couple of days from Columbus all the way to Gothenburg. And I believe we need to let the city officials and county officials do their jobs. As I said, I really appreciate Senator Vargas bringing this bill and yet I can't support it. So with that, I just wanted to get on the record that my communities oppose this as well. Thank you.

WILLIAMS: Thank you, Senator Kolterman. Speaker Scheer, you're recognized.

SCHEER: Thank you, Mr. President. We've met the allotted time on this bill. We'll move forward to the next item, please.

WILLIAMS: Thank you, Speaker Scheer. Items, Mr. Clerk.

CLERK: Just one, Mr. President, thank you. Senator Wayne would like to print an amendment to LB85. That's all that I have.

WILLIAMS: Returning to Senator priority bills on General File, LB155.

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CLERK: Mr. President, LB155, a bill by Senator Brewer. (Read title.) Introduced on January 11; referred to the Natural Resources Committee. The bill was discussed by the Legislature on February 27. At this time, Mr. President, I do have an amendment to the bill by Senator Brewer, AM1380.

WILLIAMS: Thank you, Mr. Clerk. Senator Brewer, you're recognized to open on LB155.

BREWER: Thank you, Mr. President; good morning, colleagues. I'd like to start off by saying thanks to Senator Rob Clements for using his priority to reprioritize my priority bill. I cannot find any time in recent history that's ever happened. But for the representatives of my district, you will always hold a special place in our hearts because you gave life again to LB155. So today we're going to start by understanding how LB155 come about. And LB155 came about as a result of LB824. You're probably all scratching your heads 'cause there's only a handful that were here when LB824 came into existence. And I think to understand some of the challenges that came as a result of LB824, we have to go back and review what happened. To do that, I have to go to some of those that are a little longer in the tooth that were there for LB824. So I'm going to go ahead and I'm going to read a quote and then I'm hoping that the senator who quoted this will remember that he said these very words. He said: I voted to advance LB824 out of committee with the language that was stripped out. Senator Haar's amendment, AM2720, and that's the only reason I voted to send it out. I would not have supported this bill and I would not support this bill if it is attached and it is-- and if this is how we want to conduct business here, waiting to the second round or Select File to put in a large amendment that is complicated and have a huge impact for Nebraska and its public power, then we'll start a whole new game here today. That was 7 April 2016. Senator Friesen, can you help us to better understand exactly was transpiring? You were part of the committee. Is that correct? Oh, I'd like to ask-- yield a question to Senator Friesen.

WILLIAMS: Senator Friesen, would you yield?

FRIESEN: Yes, I would.

BREWER: Could you give us a little bit of background on LB824 so people understand what transpired that day?

FRIESEN: As to how the process worked or what we were talking about on the bill?

BREWER: Well, let's start by that quote, about how LB824 came into existence. We need to kind of understand that first.

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FRIESEN: Okay. Well, I mean, obviously that portion had been held in committee and then it was stripped out of the bill. We moved the bill forward with language in there on a different item that we wanted to bring forward. And so it got sent out of the committee without that portion in it and then it ended up getting pulled from the floor and attached to that bill.

BREWER: All right. And then do you remember what LB824 did that caused the heartache?

FRIESEN: Well, when you looked at LB824, and part of the heartache was that when a private developer of a wind generation facility, if you wanted to build a transmission line or a feeder line to, like a major transmission line, there would be homeowners or property owners who would not be getting any compensation from wind generation facilities, but they would have to cross their property to get to that major transmission line. And so there if the private developer would basically ask NPPD to build the power line, then NPPD could use their ability of eminent domain to force those property owners to accept that transmission line to reach the distribution line.

BREWER: So you could use the power of government, the power of eminent domain to use for profit private power to cross someone's land and that bill would allow that to happen?

FRIESEN: Yes.

BREWER: All right. Thank you. So consequently, that power became an issue that folks came to me and said, listen, we no longer have the option of being able to go through the courthouse. That door is closed to us and we don't think this is fair. We should be able to-- and it should be negotiated whether or not someone is going to lose their property rights over a decision made by another person who is making a profit. This is a very big issue in my district and that's why it had become my priority bill. And as we looked at options, the original LB155 was what we had determined was the right answer, because it changed nothing with public power. If NPPD, OPPD, whoever needs to do like we have done in Ainsworth, where we have a wind farm there, that is owned by NPPD. They have all the right to right-of-ways there and that's for the public good. The issue comes in with private power for profit, because those power lines, those roads now can be built across someone's property, as Senator Friesen was saying, and that person is going to have them use that public power right of eminent domain to cross their property. Part of the idea is that you negotiate. You don't build it and then try and get permission to cross, that there is a discussion between landowners and companies to make sure that what they're trying to do is fair and right. But through the discussion on LB155, there were issues that I think were fair in the discussion. And because of that, several senators: Senator Pansing Brooks, Senator DeBoer, came to me and we have an amendment which is AM1380. And AM1380, and it's fairly short, so I'll read it real quick, it specifies more description, especially on the issue of the

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Sandhills, that I think is critical, because that is a unique part of Nebraska. So starting on line 5, and this is on the amendment AM1380: The Legislature finds that Nebraska has the authority as a sovereign state to protect its land, natural resources, cultural resources for economic and aesthetic purposes for the benefit of its residents and future generations by regulation of energy generation projects, the unique terrain and ecological parts of Nebraska to include the Sandhills provide irreplaceable habitat for millions of migratory birds and other wildlife every year and serve as the home for numerous ranchers and farmers. The grasslands of the Nebraska Sandhills and other natural terrain in Nebraska will become increasingly valuable, both economically and strategically as the demand for food and energy increases. Nebraska Sandhills are the home to priceless archaeological sites of history and culture of significance. The other part that's being added to the law here on page 4, line 11 reads that there is a rebuttable presumption that the exercise of eminent domain to provide needed transmission lines. So now we have a way of getting into that courthouse to have the discussion on whether or not a project is necessary and fair and how it's being [INAUDIBLE].

WILLIAMS: One minute.

BREWER: So what I am going to ask today is that we have a limited discussion on this. If you have an issue, more than happy to answer questions or address issues. But I think the compromise is just that, it's a way of being able to address the issue without having it become so demanding that we're not going to be able to come to a resolution that's acceptable. So with that, I thank the folks of the district that have been here for three days waiting for this bill to come up. Your patience is amazing. And, Mr. President, with that, I will close and will include the AM1380 in that opening so we won't need to do that as a separate.

WILLIAMS: Thank you, Senator Brewer. (Visitors introduced.) We will now proceed to debate on AM1380 and the underlying bill, LB155. Senator Pansing Brooks, you're recognized.

PANSING BROOKS: Thank you, Mr. President. I am standing to thank Senator Brewer and I appreciate his hard work on working to find a compromise. I know that he's not totally satisfied with where it went, but it is better and we've worked together to make it stronger. And again, I believe it's language that makes it stronger for landowners, as well as those who want to consider having a wind business in Nebraska. And so I thank Senator Brewer for his willingness to work out this compromise. I also want to thank Senator DeBoer for her passion and great work on this. She added a lot of value to the discussions and we worked a long time on trying to find a number of different pieces of amendments and different types of language that might work. And it went back and forth a lot. Senator Brewer's staff was helpful on all this as well. So again, here we have the situation where the enemy of good is perfection. And clearly, as with my bill previously, this last week, you know, we aren't getting exactly what we all hoped for and want. Our constituents

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aren't perfectly satisfied, but I do feel that Senator Brewer has moved the needle for his landowners, and I appreciate that, and his passion and his determination that that happened. And so I hope the landowners in his district are pleased and grateful for his determination and strong voice for them. And I also just want to say that the language that was added, the intent language is also strong and important. It speaks to and acknowledges not only the landowners and the people, but it also acknowledges Nebraska's invaluable resources, including our history and the first people, the flora and fauna of Nebraska, the waters. So again, Senator Brewer has really worked to make something stronger. I do appreciate the people in this body that have agreed to stand down on extended debate because-- and you know who you are, and I'm not going to go into that, but I do think that, again, it's not perfect for either side. And this is the same kind of work we're going to have to do on property taxes. The exact same thing is going to come up. It's not going to be perfect. And there is discussion of property taxes. There is discussion of income taxes. I don't hear a lot about the people on the margins, including those that would benefit under an increase of the earned income tax. So I'm going to start bringing that up, too, 'cause those are the people in my district that have a concern. And again, the enemy of good is perfection. I'll keep saying that. I just want to thank Senator Brewer and Senator DeBoer, Senator Brewer's staff, my staff, Senator DeBoer's staff, again, we've found a good place. Is it perfect? No. But it's good and Senator Brewer has moved the needle. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Pansing Brooks. Senator Clements, you're recognized.

CLEMENTS: Thank you, Mr. President. I stand in strong support of LB155 and support AM1380. I did make this my priority because last time this was discussed, it was just two votes short of passing on the first round, but there were 14 people not voting and it was an important issue and I felt it needed more discussion. My family-- my parents' farm was condemned last year for a four-lane highway, Highway 30, west of Fremont; and now starting next year, a 160-acre farm with a pivot on it is going to have a four-lane road go through it and very much disappointed that we're losing that, a lot of that farm ground, but it is for a public use. I didn't really like it. Our family settled with the Department of Transportation without a lawsuit. We came to an agreement. But if that road went to serve a private business, we would have had been-- we would have been shocked. And we would have fought it in court, I'm sure. And I think that eminent domain should be rarely used and should only be for a public purpose. And I would like to read a letter that-- I got a very interesting letter from a man out west, Daren Blackstone, the county commissioner in Nuckolls County. I'll just read some of what he had to say: I'm writing in support of LB155. It's past time to allow the taxpayers of Nebraska to have a say in what is allowed in our counties and on our lands that we own and cherish and to be able to continue passing down to our children. Our zoning rules as well need to be updated protecting us from overreaching companies who do not consider what damage is being done in our communities and on our land. We cannot afford the division of neighbors who have been friends for generations and now are becoming enemies because of the golden carrot being held in front

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of their noses. Agriculture is a tough occupation. But green energy is absolutely not the answer to the farmers' plight with the rules set forth so far. No other type of business exists where the owner of a business pays retail for their products like the farmer does and sells for wholesale. We need to get this fixed as soon as possible. I serve as one of three commissioners in our county and I'm quite sure within another two to five years, this state is going to be seeing problems like never before as I see monthly what's going on in our county when we pay the bills. Rising healthcare costs, ever increasing cost of living, incarceration cost, personal property taxes, etcetera, only to be looked at sooner than later. We've got to get control of some of the insanity being shown nationwide with our elected officials. And he says, I hope you're successful in passing of LB155; Daren Blackstone, commissioner of Nuckolls County. Again, eminent domain should be rarely used and should only be for public purpose, not for a private purpose. I urge your green vote for LB155 and AM1380. And I yield the rest of my time to Senator Brewer.

WILLIAMS: Senator Brewer, you're yielded 1:10.

BREWER: Thank you, Senator Clements. And again, you gave us a chance to come back and work this again. I know how important a priority bill is, so we will forever be indebted to you for that. Now, coming back to the bill, I probably did not explain enough detail, the back and forth that did go on. Senator Pansing Brooks did a good job of that where we did have three different versions we worked through. We found a path that let us come to the amendment that essentially would become the bill, and it is through that process that-- you know, I think the comments about if we can work through this, use that as a template to work through, I'm not sure property tax will be quite as easy as that one of was, but it is where we need to go to help not just one district, but I think the property tax is going to be something that's across the board.

WILLIAMS: Time, Senator.

BREWER: Thank you, Mr. President.

WILLIAMS: Thank you, Senator Clements and Senator Brewer. Speaker Scheer, you're recognized.

SCHEER: Thank you, Mr. President. Colleagues, and those watching on TV, I did want to note this morning, most of you maybe noticed, but perhaps not, I did add four additional bills to the agenda this morning. And for those that are watching, if you would like to write these down: LB179, Senator Hilgers' bill; LB478, Senator Vargas' bill; LB595, Senator Albrecht's bill; and LB96, Senator Wayne's bill. Those were added to the agenda and just wanted to make sure everybody was-- had been noted, and those of my colleagues that perhaps hadn't noticed on the

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agenda were aware of it. Again, for those that were writing them down at home: LB179, LB478, LB595, and LB96. Thank you, Mr. President.

WILLIAMS: Thank you, Speaker Scheer. Senator Erdman, you're recognized.

ERDMAN: Thank you, Mr. President, good morning. Senator Brewer, I appreciate you bringing this bill. I have a story that I would like to share with you and those who are listening about eminent domain. I take you back to 1999. A person drove into my yard and said, I'm here from the railroad and we are building a new line and we're going to build this line from east of Bayard to the top of what we call Angora Hill. And that line is going to go across your property and we have authority to do that because we have the right of eminent domain. Well, I had never heard much about eminent domain, never been exposed to it until that day. So the question I asked was, are you going to cross other people's property as well? They said yes. And I said, are those people in agreement with you doing that? And he said that you would have to take it up with your neighbors and find that out. So as time progressed, we had numerous meetings with the railroad on what they wanted to do. And we discovered that some of those meetings we didn't get all the information. We got some of it, but we didn't get it all. So we, as a group, and there was about 60 landowners affected, so about 35, 40 of us had decided that we weren't interested in doing this and so we basically fought the eminent domain charge that they were trying to place on our land. I never realized that you could win and you could lose at the same time. And by that I mean we as a group bound together and we hired a couple very good attorneys to discover what it is they were trying to do to us and how we stop this. We spent thousands of dollars defending ourselves against the eminent domain rights of the railroad. In the end, we wind up winning, and by winning I mean they did not build the line, but we wound up losing also because we spent thousands of dollars to prevent them from doing that and we were not able, not allowed to collect one red cent back for our lawyer fees or court costs or any of the other things. They were going to go right through the center of one of my center pivots, right through the middle. That was a little troublesome. They were going to go within 500 feet of my house. That was a problem. And so when the negotiations happened, I told them when they first started that I would let them sample my farm for 2,000 bucks. And they said, we don't pay for doing those kind of things. We have eminent domain rights. Well, as I visited with my neighbors, they paid some of my neighbors \$500 to do the survey. So long story short, that drug out for over a year and we never, ever felt real comfortable that this was going to go away, but after about a year or so of dealing with the courts and the things that we did, and they appealed the decision--

WILLIAMS: One minute.

ERDMAN: --that our local court made, and we did win. So Senator Brewer, when we deal with eminent domain, we have people trying to use eminent domain sometimes for more profit. And

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that's exactly, that is exactly what the railroad was trying to do. For you see, the hill they were trying to push their trains up was pretty steep and they had to put pusher engines on the back of those trains. And so if they build a lane, a spur that has a 2 percent grade up the hill, they could get by with the engines, the power that's on the train and they wouldn't have to have the extra engines. They never once said that this was for use for public use, but many times they said it makes it more efficient, which means more money. And so we need to make sure that as Senator Clements was talking about eminent domain used for public use, we need to make sure, we need to be confident.

WILLIAMS: Time, Senator.

ERDMAN: Thank you.

WILLIAMS: Thank you, Senator Erdman. (Visitors introduced.) Returning to debate, Senator DeBoer, you're recognized.

DeBOER: Good morning, colleagues. I apologize. As some of you know, I'm a little under the weather, so if my voice is a bit nasal, I'm sorry about that. I want to thank Senator Brewer and Senator Pansing Brooks for working with me on the amendment to this bill. A first-year senator could not ask for better people to learn from about negotiation and cooperation. So thank you very much to both of you. I don't like using eminent domain for private gain. But when we talk about public-private partnerships with renewable energy, when we talk about renewable energy it gives me some pause. There are some rare circumstances when eminent domain might be appropriate. As we all know though, the legislative branch of government is not a particularly limber branch. We don't react quickly. We cannot really address particular situations in context. We work in "musts" and "shall nots." But the world is not a one size fits all, all or nothing place. That's why this amendment, which Senator Brewer and Senator Pansing Brooks put together, is so genius. It's flexible. This amendment says that any landowner can go to court, get their particular circumstances looked at, have their day in court, and the court can say whether the transmission lines serve a public purpose or do not. The judicial branch is much better situated to look at these individual circumstances than we are. I don't think we in this body should say "always" or "never" about something like eminent domain. When you talk about land, every piece of land is completely unique. It's not like a coffee cup where typically you can substitute one for another. Land is not substitutable. So we must protect landowner interests. And we want to have a way also to be limber enough to accommodate public utilities and their use of eminent domain in those rare circumstances where it is appropriate. The courts should be the ultimate decision makers in those cases where the equities are not fully clear in the abstract. I, therefore, urge you all to vote green on the amendment and the underlying bill. Energy generation is an important part of our life together as Nebraskans and so is protecting the property rights of our

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landowners against eminent domain. I believe this amendment is the best way to balance those interests. Thank you so much, Mr. President.

WILLIAMS: Thank you, Senator DeBoer. Senator McCollister, you're recognized.

McCOLLISTER: Thank you, Mr. President; good morning again, colleagues. I would like to thank those people speaking on this bill for their comments this morning. First, I'd like to mention that Senator Brewer is absolutely correct. The Sandhills are incredibly beautiful, unique in the country, and I think the intent language was rather moving. So I think that was a good addition to the bill from the amendment. I think that's a very good thing that we put together. Secondly, I was, in fact, the sponsor of LB824. I would claim that we didn't do anything that wasn't permitted by the rules. Perhaps some of the activities were a little unusual, but certainly we followed the rules to do anything that we put together. We were prepared to do an extended debate on this particular bill, but we did come up with a compromise. And once again, I'd like to thank Senator Patty Pansing Brooks and Senator Wendy DeBoer for the work they did on this amendment, because I think we did come to a solution. Yes, we may not be singing Kumbaya, and that's not the nature of a compromise, not everybody is perfectly happy. But we did come up with an acceptable arrangement and I'm glad that we did that. I now would like to ask Senator Brewer a few questions just to put some information on the record. Will Senator Brewer yield?

WILLIAMS: Senator Brewer, would you yield?

BREWER: I would.

McCOLLISTER: Senator Brewer, currently the state and federal government require 52 government permit reviews. Is there anything in the bill that changes the requirements for the permits?

BREWER: No, the requirements for the permits as they are now would be the same. You're talking about the ones that are required by the other agencies in order to be able to construct?

McCOLLISTER: Yeah.

BREWER: No, they would stay the same.

McCOLLISTER: So that includes, you know, U.S. Fish and Wildlife; the Nebraska state agencies including the Nebraska Department of Revenue. And there's about 52 requirements that are required to do a wind development project. So is that correct?

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BREWER: I didn't-- well, I'll have to take your word on the number. But we're not changing that number of hurdles that they have to go through.

McCOLLISTER: Correct. Well, thank you, Senator. U.S. Fish and Wildlife and Nebraska Department of Environmental Quality; Game and Parks still require those same permits that they did. Is that correct, Senator?

BREWER: That is correct.

McCOLLISTER: Good. Applicable county regulations are still in effect as well?

BREWER: Correct. You're subject to the county zoning, providing that county has zoning.

McCOLLISTER: Fine. Senator, wind developers have no eminent domain authority, only utilities, is that correct?

BREWER: Correct. The public power for the public good, public use, is what has the right of eminent domain.

McCOLLISTER: The big section of the bill that adds teeth to eminent domain is page 4 of the amendment starting with line 8. Would you be so kind to read that section of the amendment?

BREWER: All right. Let's see, page 4, which line did you want me to start on?

McCOLLISTER: Line 8, Senator.

BREWER: OK. Line 8: Only a consumer-owned electric supplier operating in the state of Nebraska may exercise eminent domain authority to acquire--

WILLIAMS: One minute.

BREWER: --the land rights necessary for the construction of transmission lines and related facilities. There is a rebuttable presumption that the exercise of eminent domain provide needed transmission lines and related facilities for privately developed renewable energy generation facility is of or for public use.

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McCOLLISTER: Thank you, Senator. I'll come back on the mike because I have just a couple more comments. Thank you, Senator Brewer. Thank you, Mr. President.

WILLIAMS: Thank you, Senator McCollister and Senator Brewer. Senator Cavanaugh, you're recognized.

CAVANAUGH: Thank you, Mr. Speaker-- President, sorry. I wonder if Senator Brewer would be willing to yield for a question.

WILLIAMS: Senator Brewer, would you yield?

BREWER: Yes.

CAVANAUGH: First of all, thank you for working so hard on this bill. I am a big fan of the Sandhills, it is where I like to spend my vacation time with my children out in Hooker County and it is a beautiful, untouched area. And so I appreciate your advocacy to keep it that way. I did want to ask a question about if you would consider and not necessarily for today, but just broadly, maybe on Select File, adding an amendment that would include this to-- well, I'll just read you a sentence that I had thought about: approval of a route does not authorize the use of eminent domain for construction or acquisition of pipelines. Would you consider adding something like that to this bill?

BREWER: It would not be germane. The pipeline is-- we're talking Chapter 57 and Chapter 70.

CAVANAUGH: OK. Well, thank you for that. That was really just my question. So I appreciate the work you have done on this and I will yield the remainder of my time to Senator McCollister, if he wants to finish. Oh, OK. Senator Brewer, I'll yield my time to you. Thank you.

WILLIAMS: Senator Brewer, you're yielded 3:30.

BREWER: Well, I guess short of a closing, I don't have anything else. So I'll yield it back to the Chair.

WILLIAMS: Thank you, Senator Brewer and Senator Cavanaugh. Senator Erdman, you're recognized.

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ERDMAN: Thank you, again, Mr. Speaker. So where was I when my time ran out? Yeah, I didn't get any of my money back; that was it. But the point-- the point I want to make here on this eminent domain is, if you have not been exposed or been challenged with eminent domain, you probably don't understand the problem that that causes. This was 1999. My sons were farming with me. It was a situation where it was going to divide our farm in the middle; we would have had to make adjustments to where we cross the rail. It was just-- it was just going to be very, very difficult for us. And we spent a lot of time talking to the lawyers, trying to figure out how to do this, how to stop this, and what the ramifications was if it goes through. And one of the reasons why we were very concerned is because, as far as I know, no one had ever beat the railroad when it come to eminent domain. And so when you have those things pending, you begin to wonder, is there a chance at all-- why are we spending this money if in the end we're going to lose? So I said that to say this. We may need to look at not only eminent domain in this instance, but we may need to reexamine the way we use eminent domain in other areas because some of these things are promoted as being for public use and they may not be. And that was one of the things that I was very, very surprised about. The railroad never tried to push the fact that this was for public use. And I think that may have been their demise. But I have had firsthand experience with eminent domain. I had some experience with eminent domain on the state right-of-way for highways. I understand that, I understand how that works. And generally speaking, as we dealt with people on eminent domain, the highway department-- I was involved in several of those hearings and I think the landowner got as much as they could on their end of it, maybe Senator Clements would agree with that. It wasn't what we wanted, but by the same token we did accomplish what we needed to do. But I'm in favor of AM1380 and LB155, and I encourage you to vote green as well. Thank you.

WILLIAMS: Thank you, Senator Erdman. Senator Briese, you're recognized.

BRIESE: Thank you, Mr. President; good morning, colleagues. I rise in support of Senator Brewer's LB155. U.S. Constitution, the Nebraska Constitution requires that a taking that we are talking about here be for a public use and requires a payment of just compensation. And it's well accepted the state has the ability to delegate the authority to even private individuals, private corporations to exercise them in a domain and I have a problem with that. And the state also may exercise eminent domain for the benefit of private individuals and corporations. I also have a problem with that. But there are policy reasons for allowing that to happen. The state has considerable latitude, more than I think we should, in determining what constitutes a public use and that's what happened here. We've determined legislatively that this is a public use. And this statute is essentially giving the state power to exercise eminent domain for the benefit of private parties. And some might suggest those subject to eminent domain are entitled to just compensation, so where is the harm? But that misses the point. You really should have the ability to control your own property. You shouldn't be forced into selling it or transferring the ability to control it. You shouldn't be forced to look at transmission lines on your property unless it truly is

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a public use. And what is a public use? It's generally considered to be something that benefits the entire public in general. In here, where it's to facilitate a privately developed renewable energy facility, I'm very reluctant to call that a public use. So I do support the bill here. We're talking about a statute really that benefits a small segment of private industry. AM1380 truly is a compromise. It's a considerable concession, I would say. And I applaud everyone involved in that for working this out and to keep this thing moving along. And so I do support AM1380 and LB155. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Briese. Senator McCollister, you're recognized.

McCOLLISTER: Thank you, Mr. President. Continuing a few questions for Senator Brewer, if he would yield.

WILLIAMS: Senator Brewer, would you yield?

BREWER: I would.

McCOLLISTER: Thank you, Senator Brewer. We were going through the verbiage or the amendment and we read the operative amendment from page-- or from line 8. And the mechanism that this whole-- that particular section of the bill relates to is called rebuttable presumption. Can you give me an idea of how that rebuttable presumption would work in the case of a landowner that was asked to agree to a line extension through their property and they would be unwilling to do so?

BREWER: I'm going to make my best attempt at this, but you do understand I am not an attorney. And, for the most part, I'm not a big fan of them. But what we are going to-- we are going to try and put this into a term that common people can understand. And that simply means that they, before, did not have an option if that right of eminent domain wanted to be used. With the rebuttable presumption, that does give them the ability to then use the courthouse to resolve questions that there might be about the right of-- use of right of eminent domain.

McCOLLISTER: That's my understanding as well and I would contend that's a good mechanism, as Senator DeBoer indicated, to resolve some of those differences. So I think that is a good solution. Well, I think it's the responsibility of legislative bodies or any political body to conduct, give and take on bills that come before that body. And I think this LB155 is a good example of a good outcome that could have been a contentious bill. So, I would thank you, your staff, Senator Patty Pansing Brooks, and Senator DeBoer for their efforts in this regard, and I support AM1380 and LB155. Thank you, Mr. President.

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WILLIAMS: Thank you, Senator McCollister and Senator Brewer. (Visitors introduced.)
Returning to debate, Senator Groene, you're recognized.

GROENE: Thank you, President. I'm going to reluctantly support AM1380 and LB- really supported LB155 in its original language. I just don't understand why these private companies will go out and negotiate a lease to put a windmill up there and pay them \$8,000, \$10,000 an acre. But then when they want their transformer line-- transfer line that they don't have to go out and negotiate with those individual property owners and pay them \$10,000 every quarter mile as a lease. So one individual who is burdened by the windmill gets paid every year; one individual who by eminent domain, their property is taken and the use of their property is taken and they get nothing but a small payment from, I believe it would come from the public power district and not from the NPPD instead of the private company. And then I'm not sure if we get any taxes on that transfer line now, which is not for a public purpose, it's for a private company to sell their product into the grid. There's a lot of problems with this eminent domain situation that-- besides just-- well, the big one in free society to have rights to your property. I hope Senator Brewer brings more legislation in the future. And it's just a complete unfairness about this thing. So I got a power line on my land, I get no \$10,000 lease payment from the private company. But if I put a windmill out there, I get a payment. And in both instances the private company is profiting. I'm not as a taxpayer. I got plenty of energy. I got a Sutherland power plant. But they are laying off people now because we have too much wind; too much alternative energy in the system, in the grid. But I understand we're saving the planet. So I was a huge proponent of LB155. I do agree, you don't have to tell me the Sandhills are beautiful. I know it. I have a place on the edge of it. Windmills are plain ugly. And you're sticking them in places they don't belong and the people who own them live in Omaha and Denver and the urban areas, but they stick their windmills in our backyards, which we have huge backyards where I live, and they profit. This has nothing to do with saving the planet. It's about greed. Thank you.

WILLIAMS: Thank you, Senator Groene. Senator Brandt, you're recognized.

BRANDT: Thank you, Mr. President. I've got a couple of questions for Senator Brewer, if he would yield.

WILLIAMS: Senator Brewer, would you yield?

BREWER: Yes.

BRANDT: Thank you, Senator Brewer. I'm new on the floor, and I have had the opportunity to sit next to Senator Chambers in the Judiciary Committee. And if there's one thing I learned from him, is he likes to get vagueness out of the bill. And the only question I've got for you is on the

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first part of the bill, we talk about the Sandhills. Do you have a hard definition of what the boundaries of the Sandhills are?

BREWER: Yes. There is a map that you can go and get from natural resources that defines the Sandhills from corner to corner.

BRANDT: OK. I guess would you be willing to put those boundaries into the bill for Select File?

BREWER: Um, we'll-- yeah, we'll figure out how we attach a map. I mean, I don't think we can put a latitude longitude in for the corners of it, but we'll define the Sandhills with the state-approved map that defines the Sandhills.

BRANDT: All right. Thank you.

WILLIAMS: Thank you, Senator Brandt and Senator Brewer. Senator McCollister, you're recognized and this is your third opportunity.

McCOLLISTER: Thank you, Mr. President. Just a few things to wrap up. Would Senator Clements yield to a question?

WILLIAMS: Senator Clements, would you yield?

CLEMENTS: Yes.

McCOLLISTER: Senator Clements, you indicated that you have personal experience with easement issues with the state of Nebraska and a highway, is that correct?

CLEMENTS: Yes.

McCOLLISTER: What was the resolution of that? Did you-- were you compensated for the taking of your land?

CLEMENTS: Yes. There was negotiation between the Department of Transportation and my family, and my parents received compensation.

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McCOLLISTER: I understand. Thank you, Senator Clements. Senator Erdman, would you yield to a question?

WILLIAMS: Senator Erdman, would you yield?

ERDMAN: Yes.

McCOLLISTER: Senator Erdman, you indicated that you have had easement difficulties with a railroad. Is that correct?

ERDMAN: That is true.

McCOLLISTER: 1999, as I recall you saying.

ERDMAN: That's correct.

McCOLLISTER: Did they use the power of eminent domain or threaten you with that eminent domain with the railroad issues you spoke of?

ERDMAN: They tried.

McCOLLISTER: What was the resolution of that difficulty you had with the railroad?

ERDMAN: The resolution, we stopped the rail from happening.

McCOLLISTER: So there was no taking in that instance, is that correct?

ERDMAN: In that instance, the only time I've ever heard the railroad losing.

McCOLLISTER: But if they had been successful, they would have compensated you as well for the taking of your ground. Isn't that right?

ERDMAN: It would have never been sufficient enough to make up for all the aggravation we would have went through for years after that.

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McCOLLISTER: I understand. Thank you, Senator Erdman. The reason I bring this up is that utilities are loath to go-- is to have conflicts with property owners. They will do about anything to avoid those conflicts. And if it's unavoidable, they will actually pay you for that taking or that easement on your property. So there is usually just compensation in those instances and nothing in LB155 changes that particular situation. You have rights as a property owner and we need to protect those rights. And you have absolutely every right to go to court and determine what those-- a proper settlement is for a taking, so to speak. Thank you, Mr. President.

WILLIAMS: Thank you, Senator McCollister, Senator Clements, and Senator Erdman. Seeing no one in the queue, Senator Brewer, you're recognized to close on your amendment.

BREWER: Thank you, Mr. President. We're going to try and real quickly wrap this up. Right now, the law says that a private wind energy company gets the special status of private use and the eminent domain power that comes with it and this status cannot be questioned. Regardless of how you feel about wind energy, I would like to think that all of us would, at the very least, want to have our day in court before a private company has or can take our land. The people get to have this status under the compromise. There are a few things-- there are few things in this body where the difference that we have between senators' positions is further apart than the issue of wind energy. AM1380 is the longest legislative bridge that I have ever been a part of building. We have some tough issues coming up soon, as we have talked about issues such as property tax, but I think this amendment represents the kind of compromise that we are going to have to have in order to get things done. Again, I want to thank Senator Pansing Brooks and Senator DeBoer. They put their hearts into trying to come up with a solution and, because of that, we were able to have AM1380. With that, Mr. President, I would just simply ask for people's green votes on AM1380 and on LB155.

WILLIAMS: Thank you, Senator Brewer. The question is, shall the amendment to LB155 be adopted? All those in favor vote aye, those opposed vote nay. Have you all voted? Record, Mr. Clerk.

CLERK: 37 ayes, 1 nay, Mr. President, on the amendment.

WILLIAMS: The amendment is adopted. Seeing no one wanting to speak on LB155, Senator Brewer, you're recognized to close. Senator Brewer waives closing. The question is the advancement of LB155 to E&R Initial. All those in favor vote aye; those opposed vote nay. Have all voted? Record, Mr. Clerk.

CLERK: 40 ayes, 1 nay, Mr. President, on the advancement of LB155.

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WILLIAMS: The bill advances. Mr. Clerk for items.

CLERK: Excuse me, yes, thank you, Mr. President. Enrollment and Review reports LB538 and LB323 to Select File. And Senator McDonnell, an amendment to be printed to LB641. That's all that I have, Mr. President.

WILLIAMS: Thank you, Mr. Clerk. Returning to senator priority bills, General File, LB424.

CLERK: Mr. President, LB424 is a bill by Senator Quick and others. (Read title.) It was introduced on January 18 of this year; at that time referred to the Urban Affairs Committee; advanced to General File. There are committee amendments pending, Mr. President.

WILLIAMS: Thank you, Mr. Clerk. Senator Quick, you're recognized to open on LB424.

QUICK: Thank you, Mr. President; and good morning, colleagues. Today I'm introducing LB424, which would amend the Nebraska Municipal Land Bank Act. I'd like to thank Senator Stinner for making this his personal priority bill. It means a lot to have his support on this important issue. And I think it highlights how important this bill is for the entire state of Nebraska. LB424 would allow any municipality in Nebraska to create or join a land bank. Current statute limits that potential only-- limits that potential only to municipalities located in Douglas or Sarpy County. Land banks are designed to solve a problem that our communities are struggling with. Communities have vacant, abandoned, tax-delinquent properties that the private sector has been unable to address. A land bank solves this problem by acquiring the property, clearing the title, and repurposing it in line with the priorities of the community, whether that is by selling the property to private developers or partnering with groups like Habitat for Humanity to create affordable housing. LB424 is the result of two interim study hearings last summer; one in Grand Island and another in Ord. At these hearings we heard from cities of all sizes about the need for land banks in their communities. The city of Ord came to testify that they are running out of options to deal with their vacant and problem properties and they need additional tools like land banks to address this widespread issue. LB424 allows any municipality in the state to create a land bank. Cities of the metropolitan class, and with the committee amendment that Senator Hunt will speak to, cities of primary class can create a land bank independently. All other municipalities would be able to create a joint land bank with one or more other municipalities through an interlocal agreement. I introduced LB424 with this included in response to a request from communities outside of Omaha and Lincoln who want to partner with other cities to-- through interlocal agreements to create land banks that best benefit their communities. This will mirror much of the cooperation that currently exists between these cities. In Nebraska, a land bank works like this. One city is forming an interlocal agreement and create a land bank, the mayor will appoint a board or their portion of the board which must be

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confirmed by two-thirds vote of a governing body. The board must be made up of individuals who represent or have experience in various business interests, including local chambers of commerce, banking, real estate developers, realtors, nonprofit or affordable housing, and large-scale residential and commercial property rental to further ensure the land bank does not compete with the private sector. The board will adopt the policies and procedures of the land bank that are consistent with the priorities of the community. The land bank acquires property primarily through the tax sale certificate process, which we know takes at least three years to get under way so there are no hastily acquired properties. A land bank could use an automatically accepted bid process to acquire properties, but only if they meet a certain set of criteria and the board approves the process. After the land bank acquires the property, which it pays full price for, including taxes, it can clear the title and transfer the property to a private developer or nonprofit to redevelop it to the best interest of the community. When a land bank does sell the property, it may receive 50 percent of the property tax on the property for the first five years. This allows a land bank to receive a little bit of revenue to reinvest in their activities and keep them up and running. In my city of Grand Island, our planning department estimates that they have 197 vacant homes. The city of Grand Island views land banks as a cost savings to taxpayers as they currently are spending tax dollars to address problem properties through code enforcement, law enforcement, legal issues, and maintenance. These are problems all of our communities across Nebraska are facing and the expansion of land banks will address the issue of these problem properties. Land banks will revitalize neighborhoods, make safer neighborhoods, create jobs, provide affordable work force housing, and cut costs to our communities, ultimately saving taxpayer dollars. Last summer I spoke with the home builders in Grand Island about vacant and problem properties in our community and I asked them if they currently purchase these properties for renovation and resale. They addressed my question with this response: problem properties bring down property values in our neighborhoods making a positive return on investment impossible. The cost to purchase, demolish, renovate, and the time and cost to clear title financially prevents us from taking on these properties. The builders in my community see land banks not as competition, but rather as a way for them to be part of the process. Land banks can acquire the property, clean and secure it, demolish it if necessary, clear the title, and sell the property to them or a nonprofit like Habitat for Humanity or a citizen wishing to renovate property for his or her own use. Habitat for Humanity in Grand Island needs properties as well and sees a land bank as a way to meet affordable housing needs for many low-income families. The Grand Island area Habitat for Humanity wrote this quote: A working and effective land bank would be another tool that could be utilized to return vacant, abandoned, and tax-delinquent properties into buildable lots for deserving families that need decent, safe, and affordable houses. LB424 contains a few changes from the previous legislation to ensure land banks best serve the public interest. It establishes procedures for removing land bank board members from office for neglect of duty or misconduct in order to ensure that board members are accountable to the public. LB424 increases the number of factors that must be met before a land bank may submit an automatically accepted bid in the tax foreclosure sales to ensure that

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the automatically accepted bid process is only used when necessary. LB424 requires the city council or the village board of trustees approve nonvoting land bank board members to improve public input. It limits the amount of commercial property to which a land bank can hold legal title. It provides clear procedures for municipalities to join an existing land bank and it clarifies that land banks do not have property tax levy authority. Land banks are important tool that my community can utilize, an important tool that all communities can utilize. It is the job of the Legislature to remove barriers to growth in our communities and to empower our cities to provide families with opportunities to have decent, safe, and affordable homes. I urge your support of LB424 so we can provide real meaningful tools to our communities. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Quick. As the Clerk stated, there are amendments from the Urban Affairs Committee. Senator Hunt, you're recognized to open on the committee amendments.

HUNT: Thank you, Mr. President and members of the Legislature. The committee amendment, AM509, is a really simple short amendment that provides that a city of the primary class may create a land bank without having to form a joint land bank. So that would just include Lincoln, which is currently the only city of a primary class in Nebraska. Under the green copy of the bill, all land banks other than the one formed by a city of the metropolitan class were required to do joint land banks. So that just included Omaha. With AM509 the cities of Omaha and Lincoln would be eligible to create a solo land bank while all other municipalities would have to form joint land banks. So by including cities of the primary class, this just lets Lincoln do their own thing and do their own land bank, just like Omaha does. And I would ask for your green vote to adopt AM509. Thank you.

WILLIAMS: Thank you, Senator Hunt. Beginning debate, Senator Hilgers, you're recognized.

HILGERS: Thank you, Mr. President; good morning, colleagues. I rise in opposition to LB424. But before I go into that in any depth, I do want to say, first, I appreciate Senator Quick's work on this particular bill; appreciated his work on it last year. He and I have had a number of very positive conversations. And I'll be honest, if I just listened to his opening and I did no more work on the bill and didn't read the bill and didn't study the bill any further, I would be hard pressed to be, in all candor, to oppose it. Because what Senator Quick describes seems like a very reasonable, thoughtful tool, as he put it, to help municipalities deal with this specific problem. However, I don't think that's actually-- the bill goes a lot further than that in the Land Bank Act that we have instituted here in Nebraska goes much further than that. So let me just frame it this way. If first you don't think there's a problem at all that needs to be solved, don't vote for this bill. If you think that there might be a problem, but what you would like to see is maybe a narrowly

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tailored solution to that problem, don't vote for this bill. If you think that there might be a solution for this problem but you don't want us-- you're a little uncomfortable that this entity that could be created or extended in your community may have-- be able to privately develop property of every income that's derived from that development be exempt from state and local taxes, don't vote for this bill. If you think that it might be wise to have a land bank in your community, but you're uncomfortable in not having a guarantee that a member of your community will be on the board, if you're in Scottsbluff or North Platte or Kearney, that a member of your community may not be on this particular board voting on what properties to acquire, do not vote for this bill. If you're concerned about accountability, if you think that it's important for the members of the city council or governing board to be able to dissolve this without the veto power of the members of the board, don't vote for this bill. If you think that it's important to ensure that the members who are buying this property, developing property, working in the community in competition, the private sector, be accountable and could be removed without cause or be accountable to the citizens and voters of that community, don't vote for this bill. If you have any concern about conflicts of interest, and you think that it might not be a good idea to have individuals to be on a board generating significant-- potentially significant amount of money through private development and then using those funds without any restriction to be able to invest in entities that they themselves own, do not vote for this bill. If you think that it might be problematic that in a tax sale, certificate sale, or in a foreclosure process, where you have a private entity wanting to foreclose on a property and they may have the world's greatest development plan, they may want to spend twice as much as the land bank would spend, but you're concerned that the county has not one bit of discretion to choose that higher bid and has to, under certain circumstances, automatically accept a bid of the land bank, don't vote for this bill. I understand what Senator Quick is trying to do. I understand the issue that this bill is trying to solve. Colleagues, read the 30-page bill. Read the Land Bank Act. See the powers that we have given these unaccountable entities. Read about the expansion into our communities and what that will do. And if you think, and if you've read the papers over the last-- every year, seemingly, there is an article, maybe a few every year, about some official somewhere without accountability who has access to taxpayer funds, who unfortunately abuses that access. Look no further to some of the issues we've seen in Omaha, if you've read the World-Herald and the lack of accountability with the pension system and the investments that were made. It's incredibly important, colleagues, that we set up our structures to succeed.

WILLIAMS: One minute.

HILGERS: Thank you, Mr. President. There's very little accountability in these structures. They have a tremendous amount of power, a tremendous amount of power. And I will go through in detail this particular act. We will talk about LB424 and how it will extend that act, and we'll go through it in detail, because, colleagues, these land banks have incredible amount of power. And even though I think it's a problem that even if I agree with Senator Quick that there's a problem

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to be solved, in my view, this is not the way to solve it, and I strongly oppose LB424 and I look forward to the discussion. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Hilgers. Senator Stinner, you're recognized.

STINNER: Thank you, Mr. President. It's wonderful to hear the opposition right off the bat. But I want to thank Senator Quick, certainly for bringing this bill and his dogged determination to try to craft an important, responsive, responsible document as it relates to rural Nebraska. Why did I prioritize this bill? Because I talked to my constituents, I've talked to mayors, commissioners and it always gets back to what do we do with all of these vacant and abandoned properties? And, oh, by the way, what are we going to do about affordable housing and work force housing? So why land bank? It's another tool for rural Nebraska and I can tell you that rural Nebraska needs it worse than Omaha does. We've got plenty of property, a great inventory for this. But I'll explain why. By definition, a land bank is a government entity or a not-for-profit corporation that focuses on the conversion-- conversion of vacant, abandoned, and tax-delinquent properties into productive use. They are not paying taxes. It's all outlined in the statute, definitively outlined. And I will then take you to a little checklist, since Senator Hilgers wants to go through a checklist, I'll go through a checklist. And this checklist really is a center for community progress, and maybe if you open up your ears and open up your mind to this and understand what's going on in rural Nebraska, this might make sense to you. So when is the land bank the right tool? Population loss and high rates of vacancy and abandonment-- check. Out migration-- we talk about it in planning, we talk about it all the time. Oh, by the way, in my part of the world, we have Cabela's that just left; lots about out migration, lots of problems, lots of stress. Weak economic conditions and property-- little market value. That fits us. Inequitable, inefficient tax foreclosure and [INAUDIBLE]. I asked my folks back home, I asked Gering, Scottsbluff, Mitchell, Morrill, why don't you clean up the properties yourselves? You could foreclose it. We don't have the resources. They have tight budgets out there. Tight budgets mean they're not going to take taxpayer money and repurpose it into these types of housing or buildings or vacant buildings. They don't have the resources. And of course sudden shocks-- my goodness, we had Cabela's, I mentioned that. We have had a recession. We got a slowdown in our farming community. And, oh, by the way, we just had a major flood. Now, FEMA and NEMA might be able to clean up some of this, but long term I think some of these communities will need to have a land bank. And I will tell you this, based on my knowledge of western Nebraska, they put together a housing consortium. I think I talked about it in LB496, that housing consortium is moving forward, taking a look at the land bank as another tool that they can use for affordable and low-income housing, work force housing, because what happens in these small towns? There are \$10,000 properties that can be repurposed to \$50,000, right around the hub of where Scottsbluff and Gering are, Sidney, whoever you want to pick. So there are opportunities there. There is a housing inventory. There is an absolute need. And I look at this legislation and this Legislature has taken on the task of work force housing. They have taken it on. They have taken

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it on through LB518. LB518 was Senator Williams' bill. That's a matching grant for work force housing. LB496 gives the builder the opportunity to build new structures and actually price it according to the market. And now, we have work force housing that could possibly be a tool for the land bank.

WILLIAMS: One minute.

STINNER: I would like to spend my time, and I will spend it on the mike to dispel some of these arguments. The idea that we are competing, competing against the private sector. Believe me, I finance people who bought these tax certificates in bulk. They are looking for a 14 percent rate of return, folks, 14 percent rate of return. They are opportunists, they're investors, whatever-- or speculators, whatever classification you want to put on them, they want 14 percent rate of return. How do you guarantee the 14 percent rate of return? You go around and you look at the properties. If it's vacant, the type of properties we are talking about, they won't even look at, won't look at. The properties they look at, oh, there's somebody living there. I'm going to get taken out of this tax receipt; or that the value of the property is higher than what I'm going to purchase. I don't have to invest any money. Seldom, and I have never seen this happen, somebody with a tax receipt forecloses that tax receipt,--

WILLIAMS: Time Senator.

STINNER: --rehabilitates the property. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Stinner. Senator Lowe, you're recognized.

LOWE: Thank you, Mr. President. I opposed this bill when it was voted out of committee. And I oppose this bill today. Quite frankly, I believe this bill gets far too much government involved into what should be a private sector or a not-for-profit sector process. I also have major reservations about the issue this bill could cause when it comes to property taxes in Nebraska. We just passed the ability for a county to impose a sales tax without a vote of the people. If the county is responsible for a federal judgment, the rationale given at the time was that this is necessary because the property owners in Gage County were paying taxes that were already too high. We also have a massive property tax bill that will soon be coming to the floor. That bill appears to have sales tax increase, as well as eliminating some sales tax exemptions. Once again, the argument, I have heard for this process, is that our rural property owners are paying an unfair amount of taxes. We all know that there's a property tax crisis in the state. The Legislature's actions for this session have consistently reflected the need to address this. But after all that, we now are attempting to expand land banks whose property will be tax exempt. We are worried about our property taxes, and yet we are trying to pass a bill where property is tax exempt. To me

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this is contradictory to everything else we have heard on this floor since January. So those are the beginnings of my concerns and why I am opposed to this bill. Mr. President, I yield the rest of my time to Senator Hilgers.

WILLIAMS: Thank you, Senator Lowe. Senator Hilgers, you're yielded 2:30.

HILGERS: Thank you, Mr. President. Thank you, Senator Lowe. Just briefly, I will say Senator Stinner mentioned that-- he will-- I wanted everyone to know, I'd actually called the President's desk. I knew Senator Stinner had prioritized it. I did want to give him the opportunity to speak first as a matter of courtesy. I didn't think he-- when I had called in, he hadn't punched in. So, but I did-- I told him that off the mike. I want to have a good debate today and I know we'll-- both sides will be able to be heard. I think-- let's start here. Let's start with what the language says of the bill itself and what the statute says, and you can find it in Chapter 19, 5201-5218 in your Nebraska Revised Statutes. This is what it says-- now we can talk about saying what we want the land banks to do, we can talk about what we think it should do, we can talk about what we think the goals are, but what matters, ultimately, is what the statute says. And the statute does say, by the way, that the goal-- the goal of the Land Bank Act is to help with vacant properties, dilapidated properties, etcetera. It's not what the statute ultimately says. The authority is much more broad than just the limited ability to be part of foreclosure sales. There's two pieces of authority that the Land Bank Act discussed. The first is the one that Senator Stinner discussed, the ability to go and be part of a foreclosure. That's what Senator Quick said as well; a tax certificate sale. And absolutely right, the land bank can get involved in those types of purchases, there's no doubt, in those types of auctions. On another time on the mike, I'll talk about their automatic accepted -- automatically accepted bid that trumps any private developer of any kind.

WILLIAMS: One minute.

HILGERS: But the other thing is that land banks have the ability to acquire any property whatsoever. And I'll read the statutory language next time on the mike. They can acquire any property and they can develop it with a private party in any way. If we were talking about a land bank act that actually was narrowly defined-- this is what I've said earlier, narrowly defined to the solution-- the problem that's been framed for us, that's a different conversation, but the statute is not defined. The land bank can buy any property, almost without restriction. They certainly can do the foreclosure; they can do the tax-- there are-- and they have certain powers and they have super powers there, they can acquire any other property that they want. And I'll tell you, that has significant implications when you look at that section with other sections of the Land Bank Act. I'm out of time now, but when we come back, we're going to talk about the implications on real property, income tax, private development conflicts of interest and all sorts of other things. Thank you, Mr. President.

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WILLIAMS: Thank you, Senator Hilgers and Senator Lowe. (Visitors introduced.) Returning to debate, Senator Erdman, you're recognized.

ERDMAN: Thank you, thank you, Mr. President. I appreciate the discussion so far. Senator Stinner has his linebacker voice up this morning. I have heard that a couple of times in Appropriations and I understand that when that happens, Senator Stinner is pretty concerned about what's going on. I understand that. Senator Stinner, I heard your comments about work force housing shortage and those issues. In your city, in your community in Scottsbluff, and in the Panhandle, those people that I know that have rental properties have never experienced the vacancies they have now. And I can speak from experience, I have rental properties that I have never had problems keeping rented before. So I'm not overly concerned about there's a work force housing shortage. We have a problem in agriculture and we have now slipped into a depression. This bill is, I don't care what anyone says, is competing with private business, with those people who flip houses, those people that do that kind of work for a living. As was alluded to by Senator Lowe, they pay no taxes. And then when they sell the property, then they collect 50 percent of the property tax for five years. This board can be appointed by the mayor or the city manager and they are not elected by anyone. This similar bill was here last year and it didn't make it. And so we bring it back again. So there are several things that I think we need to listen to, and most of those were already brought up by Senator Hilgers, and he'll continue to talk about those. But this is the government competing against private business. And so if they go buy a land-- buy a certificate at the tax sale, they're going to collect the 14 percent, just like everyone else does and they pay no property tax. In a lot of these communities, there are properties that they could take over and try to refurbish under this guise of a land bank. But I don't know if there's anybody there to take over or rent those or buy those properties to live there. We're losing population. Senator Quick brought this bill back again thinking that he makes a few adjustments and it's going to make it to the finish line. I don't think so, at least I hope not. And then they made a provision-- an amendment to allow them to do it in Lincoln and now it's a joint venture between cities. So I'll have some questions later when I speak again, but I would assume that one could have a land bank in, say, Kearney, and then Scottsbluff could partner with them and have a land bank in Scottsbluff, or maybe Scottsbluff could partner with Lincoln. This is an issue that I think needs to be dealt with in a different way than giving government more authority to buy more land to take off the tax rolls. And in those communities-- and I looked up the one in St. Louis, they have a significant portion of their properties owned by land banks and the last article I read said, if you'll come there and mow the weeds, they will give it to you. And so, at some point in time you reach the point of saturation how many properties can the land bank own. And this bill amends those, as well, as to how many properties you can own. So I in no way intend to vote for--

WILLIAMS: One minute.

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ERDMAN: --either one of these, LB509 or LB424 and I have numerous questions about some of the issues in the bill, and I'll take those up later on my next shot. Thank you.

WILLIAMS: Thank you, Senator Erdman. Senator La Grone, you're recognized.

La GRONE: Thank you, Mr. President. Would Senator Quick yield to a question?

WILLIAMS: Senator Quick, would you yield?

QUICK: Yes, I will.

La GRONE: Senator Quick, I was just looking through the bill on page 8 into 9. I was wondering if you can talk to me about what an automatic bid is.

QUICK: OK. The automatic bid process is where-- so you have a property that comes up on tax foreclosure. And I can read through what the statute says if that--

La GRONE: I can see a statute. My question is-- my understanding of automatic bid-- I'll just ask you this way, correct me if I'm wrong here, because that's what I'm trying to figure out, is, essentially, a land bank could make a bid on a property and they would automatically win that bid over another private developer, is that correct?

QUICK: They could. It has to meet the criteria.

La GRONE: Assuming it meets the criteria though.

QUICK: And it has to pass by the board too. The board has to approve that.

La GRONE: OK. Thank you. Mr. President, I'm opposed to this bill, one, because it's creating another level of government; but, two, if the goal is to deal with properties that private entities can't deal with, then the automatic bid provision entirely defeats that purpose. We're having a government entity automatically get to beat out a private entity under a bill that's supposedly being passed to deal with properties that private entities can't deal with. To me that really goes and undercuts the entire purpose of the bill. I know Senator Hilgers has a lot more to say on that topic as he mentioned previously. So we can go a little more in-depth on that, I'll yield the remainder of my time to Senator Hilgers.

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WILLIAMS: Thank you, Senator La Grone. Senator Hilgers, you're yielded 3:15.

HILGERS: Thank you, Mr. President; and thank you, Senator La Grone. I want to pick up where I left off before, which is just going through the language of the statute. Again, this is not-- I understand, as framed, the solution I understand, or as framed, the problem and the purported solution-- but I got to tell you, colleagues, when you go through the language, it does that, but it does a whole lot more. So the first thing that the statute provides-- the bill provides, and this is an extension of the Land Bank Act, is that-- as I mentioned, and this is in 19-5208, the land bank can acquire property. So it's not limited only to-- it's not limited in any way, in any shape or form. So if you think that the land bank is there because we want to have it narrowly tailored to just these really problematic properties, put that out of your mind because that may be the intent of those supporting LB424, that is in no way what the statute says, first. Now what can they do with that property? Well, the statute also says in 5207 that the land bank can develop that property with third parties, private third parties. So a land bank can acquire any property. I'm not talking about just foreclosures. Land bank can acquire any property. And by the way, we'll talk separately about the cap. Land bank can have up to 7 percent of the entire municipality's land under its ownership. So the land bank can acquire any property it wants with very few limitations. It can then go and develop that property-- thank you, Mr. President-- can go develop that property with a third party, derive income from whatever the development is. That income has not been taxed and they can do all sorts of things with that income. One of which is invest in securities that could or could not-- it does not matter, there's nothing in the statutes that says one way or the other that restricts them-- that could then themselves be-- that could be invested in investments that are owned by members of the board. So first and foremost, keep in your minds as we go through this, it is far-- the powers of the land bank are far more broad than the narrow solution-- or problem that we've described here.

WILLIAMS: One minute.

HILGERS: They can acquire property, any property, and they can develop that property, and the income they generate off the property is tax-free. Now, when you combine that structure with the system that is incredibly unaccountable, and I'll talk about this maybe next time on mike, that with individuals who almost cannot be removed, almost for any reason, they can be removed under certain circumstances to be sure, but they aren't under terms of years, they certainly aren't account-- they can't be fired at will. They cannot be removed by the voters of a particular municipality. And in the case of this expansion or LB424, they don't even have to live in that municipality, they can live in Omaha, if you're in North Platte, they can live in Omaha. When you have that kind of accountability structure, with the very loose conflict of interest laws, you're setting up a system that might work in some instances, but it ain't going to work in other instances and I think-- I think it's a bad system with a bad structure and I'll talk more about it next time on the mike. Thank you, Mr. President.

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WILLIAMS: Thank you, Senator Hilgers and Senator La Grone. Mr. Clerk, for items.

CLERK: Just an announcement, Mr. President. The Appropriations Committee and Transportation Committee will have an Executive Session in the Warner Chamber at noon today.

Mr. President, Senator Bolz would move to recess the body until 1:30 p.m.

WILLIAMS: Thank you, Mr. Clerk. Members, we have a number of people in the queue. When we come back from recess, we will continue the queue as they are. We have a motion to recess until 1:30. All those in favor say aye. Opposed say nay. We are in recess.

RECESS

SCHEER: Good afternoon, ladies and gentlemen. Welcome to the George W. Norris Legislative Chambers. The afternoon session is about to reconvene. Senators, please record your presence. Roll call. Please record, Mr. Clerk.

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

SCHEER: Thank you. Do you have any items for the record?

CLERK: I have nothing at this time.

SCHEER: Thank you. While the Legislature is in session, capable of transacting business, I propose to sign and here do sign LR83. First item, Mr. Clerk.

CLERK: Mr. President, when the Legislature recessed, pending was Senator Quick's LB424 along with Urban Affairs Committee amendments.

SCHEER: Thank you, Mr. Clerk. Senator Quick, would you like to refresh us on LB424.

QUICK: Yes, thank you Mr. President. LB424 will update the provisions for the Municipal Land Bank Act to expand it to outstate Nebraska. Currently right now, the only Omaha and cities within the Douglas and Sarpy County area are the only place you can have a land bank, and this would expand it to allow for regional land banks to be formed throughout the state. And I think it's really important for our communities to understand that we're here to support them. A lot of

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the communities that I've had contact with, also I know that they're having real issues with these problems. So with that, thank you, Mr. President.

SCHEER: Thank you, Senator Quick. Senator Quick, you're first in line, would you like to waive that offer or would you like the time?

QUICK: No, I'd take the time.

SCHEER: You're recognized, Senator Quick.

QUICK: All right. Thank you, Mr. President. You know, I thought about it over the lunch hour, and you know, we all are-- represent our districts and communities and people within our districts, and when we're down here, we talk about what we think is best for our district, but we also talk about what we think is going to be good for the rest of the state, and communities, and people in other districts. And I would ask any of you to contact the mayors of those communities that are within your district, or contact community leaders, contact private developers and ask them how they deal with problem properties in the communities and what happens with those. And I'm going to talk a little bit about, kind of some of the issues that maybe were raised that I'm not sure that all of them are founded. But one of the biggest things for me is that properties that the land banks could address are currently a drain on taxpayer dollars. If you ask any mayor having to deal with these properties, it's a drain on the city budgets. It's an expense to taxpayers. Having first responders or firefighters respond to calls, having to maintain grass, debris, trees, and sidewalks, code enforcement calls to properties to enforce some of the laws we have in our communities. Legal issues. You have vagrants that move in, you have rodents and all types of issues with these properties. You have kids that maybe end up playing in those properties, and it's a safety issue for those children as well. These properties are currently not on the tax rolls. Now, I repeat that. These properties are not currently on the tax rolls. They're not giving any benefit to our communities and we are instead of-- instead of, they're just taking resources. Taking resources from our communities, and they're really hurting our neighborhoods. They're hurting the people that live in these neighborhoods and so we need to address that. These communities, they want a land bank to have a tool to put these properties back on the tax rolls and revitalize their neighborhoods. And they will most benefit our community. If one of these properties is in your neighborhood, it's like a cancer. Neighbors struggle with property values on their own property. They may want to sell their property and move somewhere else, but no one wants to purchase their house because of that house next door to them. They themselves lose interest in maybe maintaining their own property because of the fact that the property next door to them is not kept up itself, and so they lose interest, and they won't paint it or they won't because of weather conditions, they don't keep up the landscaping. We can change that with land banks. We can revitalize whole neighborhoods making them safer and better for our

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communities. I don't know if anyone was listening when I talked about meeting with the home builders in Grand Island, but they informed me that they can't afford to take on these properties that land banks would address. I want to talk a little bit about the automatically accepted bid. I know that last year, or when they first negotiated the land banks, they had-- I'll just read this from the process. The existing restrictions on the use of automatically accepted bid were negotiated between proponents of the original land bank legislation and several private companies that currently invested in--

SCHEER: One minute.

QUICK: --tax sale certificates. With the inclusion of these existing restrictions, multiple sales tax-- multiple tax sale investment companies testified in support of the original land bank legislation. So, even they recognize it that these are properties that they do not want. These are properties that they do not want to acquire. You may have some that would invest in the tax certificate for the three years, and at the end of the three years, they're going to choose whether that property is worth developing or if the landowner wants it back, they would pass it back to the landowner, if he pays the back taxes. But these are properties that nobody else wants, and I want to make sure everybody understands that. So the automatically accepted bid process is, the private sector doesn't have the qualifications that it takes for the land bank to acquire that property. It takes two or more. It actually takes more than two of--

SCHEER: Time, Senator.

QUICK: All right. Thank you, Mr. President.

SCHEER: Thank you, Senator Quick. Those waiting in the queue: Senator Blood, Hilgers, Stinner, and others. Senator Blood, you're recognized.

BLOOD: Thank you, Mr. Speaker. Fellow senators, friends all, for those of you missing, and there are a lot of you missing in the room today, I really hope you're in your offices listening to this true debate, not just an extended conversation where we read things that other people have written. So as soon as debate started today, I, and I'm sure others got an e-mail from Americans for Prosperity at the exact moment that we started this debate with a veiled threat as to how we should not support this bill. So apparently I should be careful in my reelection cycle because if I support this bill, which I do support, both the amendment and Senator Quick's underlying bill, I guess I should watch my back, but regardless I still support this bill. And I sat here and listened to the opposition who as usual is falling in line and I do appreciate the well-organized group they usually put together to oppose certain bills. However, as usual, much of what we have heard is very shortsighted, some inaccurate, and the parts that are being big brother government in this

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case is just ridiculous. Some of the same people opposing this bill were in full support of taking away control from local government this morning. Tables have kind of turned. Senator Stinner did an excellent job about what land banks are really about. So I want to address some of the shenanigans and inaccurate information being shared on the mike today. First of all to say a land bank is not accountable is ridiculous. Land banks are policy driven. They are transparent and all transactions are publicly accountable. Land banks keep track of condemned properties and streamline the process of acquiring, managing, and repurposing vacant, abandoned and foreclosed properties in a much more efficient way. But more importantly, in cases of a mass crisis like Nebraska's flood, tornadoes, or fires, it helps to expedite the ability of a city to receive funding from state and federal agencies that help with urban blight and decay. Nobody come up after me and say, well, that's still federal tax dollars. Well, sure it is, but I encourage you to go back to your district that's been hit by the flood and tell them that. Those dollars are there for a reason. Land banks can allow for the cleaning of titles so properties can be scrubbed clean of liens or back taxes which prevent the sale of certain properties. And I tell you what, in Bellevue we had a ton of those, and thanks to Senator Crawford and Senator Mello, we were able to address some of that through state statute, but it's an ongoing issue. There's a comment about how working with third-party organizations is a bad thing. How is working with another organization a bad thing when you're all working towards that same goal and being able to share resources using less taxpayer dollars for the greater good of a community. That made zero sense to me when I heard that comment. But they're trying to put fear into this bill and tell you it's something when it isn't. And what I have found a lot of times is that if you speak with conviction on this mike, you can tell a lot of half truths, and people believe it because you speak with conviction, but let me tell you, folks, that doesn't make it true. Effective municipalities, and I'm going to go again for Bellevue, Papillion, La Vista, they use strategic planning. And one of the things often discussed in cities and villages is the aging infrastructure and how it negatively affects surrounding properties. As you heard from Senator Quick and Senator Stinner from the value to the security, and when you don't take care of the properties, who pays for the extra security? Who pays to board up those facilities? Who pays to maintain the snow and the grass? Who does that? It's the taxpayers.

SCHEER: One minute.

BLOOD: So to say that you're against a land bank, then you're saying, hey, it's okay if taxpayers pay for this stuff. Creative land banks across the country have helped homeless vets with programs like the occupied Buy-Back Program where the resident can make monthly payments into a tax escrow fund and at the end of the year receive an unrestricted deed to his or her home. And as we know, home ownership is the American way. You know, we're worried that the city has some kind of odd competitive advantage if they're able to purchase a property over another private entity. But here's the thing is that land banks have a plan, municipalities have a plan. They're not just buying things willy-nilly because they want more stuff to take care of. They're

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going after these properties because they have a plan, and I guarantee the people in your district that have abandoned properties and have drug addicts in those properties want to know why the cities--

SCHEER: Time, Senator.

BLOOD: Thank you, Mr. Speaker. They want--

SCHEER: Time, Senator.

BLOOD: Oh, time, I'm sorry. Thank you, Mr. Speaker.

SCHEER: Thank you, Senator Blood. Senator Hilgers, you're recognized.

HILGERS: Thank you, Mr. President, and good afternoon, colleagues. I rise again in opposition to LB424 and I appreciate Senator Blood's comment to go to the facts and so that's what I intend to do this entire debate today. And I would ask if Senator Blood would yield to a question.

SCHEER: Senator Blood, would you please yield?

BLOOD: For Senator Hilgers, I will yield.

HILGERS: Thank you. Thank you, Senator Blood, you're very kind. Senator Blood, I was wondering if you could point me to the language in the bill or the underlying statute that restricts the ability of land banks to only purchase vacant or tax delinquent properties.

BLOOD: It does not restrict it, but I did note that there was a restriction as to commercial properties, which I think is a lot of people's concern. That's what I heard on the mike today.

HILGERS: Thank you. Thank you, Senator Blood, thank you very much. Colleagues, there's a disconnect in general in this debate. On the one hand there is a description of what this tool could be, and by the way, it sounds more reasonable than you could imagine. Land bank is a tool for economic development. You could almost not pick five better words to use to convey the impression of something solid and sound and a good idea. A land bank that's a tool for economic development for small communities. Who in the world could be against that? Colleagues, I'm not against that. What I am against is the land bank bill, LB424, and the language in the bill, in the statute. Because colleagues, what is in the statute goes far beyond-- far beyond the way that it is

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being described in a very limited sense. And I'm going to go to the statute. I'm going to go-- for the record I'm going to go to the facts before us. This is in 19-5208. If you want to orient yourself here, or if you're watching on TV at home, pull up the Nebraska Revised Statutes, go to Chapter 19, go to 5201, you will see all of this. I'm not misquoting anything. This is all in the bill. This is all in the statute. Here is what power land bank has for land and you tell me where it says that it's restricted only tax delinquent or vacant properties. 5208, a land bank may acquire real property or interest in real property by gift, devise, transfer, exchange, foreclosure, purchase or otherwise on terms and conditions in a manner the land bank considers proper. Colleagues, there's no limitation. So we could talk about one use that the land-- one power that the land bank has which is to go and get some of these tax delinquent vacant properties. That is not how it is limited in the statute. So what can they do with that property? Well, they can develop it with a third party, with a private developer. Now, if we're talking about a vacant property, maybe the concern is not as much if you're in a small town. The vacant property sat for a while but there's nothing in the statute that limits it only to vacant properties. They could develop anything that they want. Now, what do they do with the revenues that are generated by that third party development? Well, what they do is that income is tax free. It's tax free. And I'll again go to the statute. 5209, the real property of a land bank and the land bank's income and operations are exempt from all taxation by the state. So you have a land bank, you have an entity that has the ability to acquire any property, some restriction but not just vacant land, not just taxable income properties, they can develop it with a third party in a way that generates income. That income is also tax free. That competes with private business. It also goes well-beyond what the proponents would say that this does. If we were talking about a narrow bill that only did one little thing that maybe solved some market inefficiency in small towns across Nebraska, that's a conversation we can have. That is not what's in this bill. That is not what is in the statute. Compounding the issue is that this, the property and the income can be held for any duration at all. Query. Ask yourself if the purpose of this land bank, the purpose of this bill is to ensure that vacant properties get back on the tax rolls, why in the world is there a cap of 7 percent of the parcels in a particular municipality? Why in the world is there a cap?

SCHEER: One minute.

HILGERS: Thank you, Mr. President. In fact, land banks across the country are accumulating a large number of parcels. They're not doing the job they intend to do. Now you might think, well, let's give some land banks power, and this is great, they can acquire some property, they can earn some money off of it and when I come back on the mike we're going to talk about how this, in my view, very unaccountable board can operate. And we're going to talk about how LB424, for those communities that are not in Omaha, if you're in Sidney or North Platte or Grand Island, how you want-- if you want to do a land bank, there's no guarantee that one member of this voting board will be from your community, not one. So when I come back on the mike, I'm

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going to talk about this board, why I view it's unaccountable, and how that compounds the problem that we started by giving them this broad authority to be able to acquire any property--

SCHEER: Time, Senator.

HILGERS: --generate income off it tax free. Thank you, Mr. President.

SCHEER: Thank you, Senator Hilgers. Those waiting in the queue: Senator Stinner, Erdman, Williams, Pansing Brooks, and others. Senator Stinner, you're recognized.

STINNER: Thank you, Mr. President. And I'm talking to people who still have an open mind about this bill. This bill has gone through a vetting process before. It's been heard before, it's been passed before 47-0, 47-0. It's gone through another vetting process two years ago, stuck into an omnibus bill. Now we have it by itself. And all of a sudden we're going to pick it apart after it's gone through a hearing and we're going to parse just different phrases. I'm going to stay in my lane and I'm going to just continue on with my little bit of dispelling some of the arguments that have been before us. Hopefully, we talked about competition, we talked about competition and how we actually save, and this was put in, actually these provisions were put in by bulk buyers. They said we don't want you competing against us, because we bulk buy. Bulk buy means we might have a good property, we may have a bad one. If we have a bad one we turn back the tax certificate and we get reimbursed. That happens in Omaha. But the first criteria is, the property is not occupied, it's vacant. Property has no utilities, and it goes through that first part of the explanation, and of course we have contiguous grounds, and the third one has to be the criteria is the acquisition of real property by the land bank serves the best interest, maybe that's an open phrase. Maybe we can close that, maybe we can be more definitive. The idea that we can issue-- issue debt. Think about this. Issue debt means bonds. Okay? And it may say bonds in here. Do you think anybody in the state of Nebraska is big enough to do that? Maybe Omaha is. But the first thing that you have to do if you're going to issue a bond is you have to have a source of repayment. You know, from a-- and it will be a revenue bond, so it has to be a stable income stream that somebody actually can buy the bond and be assured that it's going to be repaid. The idea that these land banks are going to issue bonds is false. It's false. Can they take debt? Absolutely. Can municipalities take debt? Absolutely. Do they have to go to the vote of the people? Not always. If you have a municipality they can show up in my bank with a warrant, that's for short-term borrowers. They don't have to go to the vote of the people. They can come to me as a banker, and I can loan them money. They don't have to come to me for revenue bonds, which we purchase on a regular basis. So the idea that, oh, my God, they don't-- they can issue bonds. Well, first of all, they have to prove up that they have a revenue stream. The only way they can get a revenue stream is to have long-term rental income, or to have so many extraordinary assets, and the discounting of those assets will pay that, but I guarantee you

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somebody has to cosign that bond. So, maybe it's in the statute, maybe not. But the fact of the matter is these people are going to come in, these people who run this are going to come in with some seed capital. They're going to put a down payment, they're going to buy that foreclosed tax certificate. And what they're going to try to do is stabilize the building. They'll clean it up. They'll put windows in. They may put a door on, they may put siding on. They may put a roof on to stabilize that property to get it ready for the next level, the next person coming in. And oh, by the way, they're going to come in to the bank, they're going to say, hey, we're going to put \$35,000 into this property to stabilize it, how much will you loan, and I'll go look at the property, and I will say this. I will have strict loan covenants, I will have lien waivers, I will have a loan devalue of about 50 percent because it's a speculative deal.

SCHEER: One minute.

STINNER: The idea that they don't pay taxes on this, you know, I just don't have a comeback for that because if they're a taxable entity, then I just don't have a comeback for any of that side, but the stabilization, the moving of assets through is absolutely critical to the land bank because otherwise they clog up all of their asset on one or two or three or four deals, they need to move those quickly through. Not elected. This is a specially purposed association or corporation, specially purposed. So you want the elected officials or somebody elected? Turn to the statute and look at what the requirements are. You have to have some level of expertise. I would not want to turn this land bank over to an elected body. Oversight by the elected body would be good.

LINDSTROM: Time, Senator.

STINNER: Thank you.

LINDSTROM: Thank you, Senator Stinner. Senator Erdman, you're recognized.

ERDMAN: Thank you, Mr. President. Okay. I'll try not to yell. All right. So I listened to Senator Hilgers' explanation, and he read the statute. I listened to Senator Blood's comments, and I have now listened to Senator Stinner. There's a disconnect between those three. My opinion is, it sounds to me like when you read the statute the way that it reads according to Senator Hilgers it makes a lot of sense. So I was wondering if Senator Quick would yield a question.

LINDSTROM: Senator Quick, would you yield to a question? Senator Erdman, I do not see Senator Quick on the floor.

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ERDMAN: Okay. How about Senator Stinner then.

LINDSTROM: Senator Stinner, would you yield, please?

STINNER: Certainly.

ERDMAN: Senator Stinner, in the bill and I did read the whole thing, in the bill it said, major buildings, and I looked for a definition and maybe I just didn't see it, but can you define major buildings?

STINNER: I cannot.

ERDMAN: Okay, because it said that it was underlined, it was added three or four times. So these land banks, once they own the property and they refurbish it and they sell it, then do they collect the 50 percent of the property tax for five years?

STINNER: That is an option that they have. They can waive that option or they can take that option. Here is what happens to the property. It's worth \$10,000, you've refurbished it, it's now worth and on the tax rolls, \$50,000. So you've moved that property up from a \$200 to a \$1,000 unit that's paying taxes. So 50 percent of that, \$500 would go to the individual, \$500, which was better than before.

ERDMAN: Right. But that only applies if they sell the property and somebody else is paying the taxes because they don't pay property taxes, is that right?

STINNER: But you're only allowed to hold that rental property a year.

ERDMAN: Well, it says a year unless they have a lease that extends past the year, and then they can own it longer than that, right?

STINNER: Well, we can tighten that up too.

ERDMAN: So on line 16 on page 8, it talks about they can incur debt. So they can do about anything that is permissible for a private corporation to do, would you assume that to be the case?

STINNER: I'm sorry, Senator, and I was distracted.

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ERDMAN: Okay. So if-- let's go to this one. Forget that one. So if we have a tax sale at the courthouse and we have those on the first Monday of March every year, can a land bank go in and buy tax certificates?

STINNER: Yes.

ERDMAN: And so then those tax certificates pay 14 percent interest, right?

STINNER: They do.

ERDMAN: And then they would be eligible to collect the 14 percent.

STINNER: They would not.

ERDMAN: And they could pay those for three years and then force a tax sale?

STINNER: No, they would not. The purpose behind the land bank is to purchase the tax certificate, repurpose, rehab the property either to get it to a level that it's equipped for sale or that it's inhabited, it's salable.

ERDMAN: Let me start over. We've got a disconnect here. All right. I'm talking about the first time that a property owner does not pay their property tax, that first year, the county treasurer on the first Monday of March will place that property on a list to be sold as tax certificates. Those tax certificates have to be paid three years in a row before one can force a tax sale. That's a different procedure than buying tax certificates. So my question is, land bank buys a tax certificate in '19, pays that tax certificate in '20 and '21, at the end of those three years, they can force a tax sale on the property, does that make any sense?

LINDSTROM: One minute.

STINNER: Well, I don't think it quite happens that way. It's actually-- they have to go past the two years before the tax sale. But they will either buy the property by bidding in that tax lien or they will wait until the actual auction.

ERDMAN: Okay. Well, I don't think I've asked my question appropriately or maybe clear enough. But what happens in tax sales is we sell-- the county sells the tax certificate for three consecutive years. If the same person buys those tax certificates for three years, at the end of that

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third year, they can force a tax sale of the property. All right. So let's assume that the land bank has paid those taxes for those three years. When that comes up for sale on the courthouse steps as a tax sale, that's different from the tax certificates they bought, they will be the winner.

LINDSTROM: Time, Senator.

ERDMAN: Did you say time?

LINDSTROM: Time.

ERDMAN: Oh, I'm sorry.

LINDSTROM: Thank you, Senators Erdman and Stinner. Senator Williams, you're recognized.

WILLIAMS: Thank you, Mr. President, and good afternoon everyone, and I stand fully in support of the Urban Affairs amendment and the underlying bill and appreciate the fact that Dan Quick has brought this and that Senator Stinner has prioritized it. I spent my life working with people that try to find ways to do something and people that try to find ways not to do something. And I tell you the ones that make it and the ones that work for me are the ones that are always looking for the way to do something, to make something work. We have talked ad nauseam in here about how we conclude and fix and work towards more equity in our tax situation. Growing our state is clearly part of that plan, and if we do not do that and if we do not create the atmosphere to do that, we're not doing our job. When we think about that, how do we grow our state and what are the obstacles? The number one obstacle, talk to any one, any of your Chamber of Commerce's anywhere in the state is it's the available or the lack of availability, I should say, of work force. Whether that's a nurse at your hospital, whether that's an employee at the co-op, whether that's a teacher at the school, we are short all of these professions. The number one reason why we can't attract those people to many of our communities is the lack of work force housing. We've talked about that and this body has set a path to improving that. A couple of years ago we passed LB518 that Senator Stinner talked about earlier, the Housing Grant Program. We were double subscribed when we-- when the Department of Economic Development rolled that plan out. We had twice as many applicants as we had money to run the project. Last year we passed LB496 to allow an expanded use of tax increment financing to help with these situations. The next step, of course, is the land bank. We've looked at this, as you heard, this has passed before. It's been discussed many times. In my legislative district, I've been contacted by the four largest communities in my legislative district, Gothenburg, Cozad, Lexington, and Broken Bow. All of them tell the same story. All of them are faced with the same situations of having property that has been abandoned, that is run down, that is infested with things that you and I don't have to live with, and they've got no solution to how to correct that

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situation. Those properties do not have anyone paying the tax on them now. So what's the difference between being tax free or the person not paying the tax? Nothing. And that's what we're talking about here. Those are the properties that we are talking about. Earlier this session, I worked very hard with a group of people, and we passed LB463, which was a tax certificate treasurer's deed upgrading the notice requirements for those two types of things. We started that process last summer by bringing the professionals together that knew what they were doing in those areas. And one of the things that I found out very clearly in that process, the people that are out there, the large companies that are buying tax certificates and later turning them into treasurer's deeds are very sophisticated and I'm guaranteeing you--

LINDSTROM: One minute.

WILLIAMS: Thank you, Mr. President. --they are not buying these properties. They have no interest in these properties because what they do have interest in is what Senator Erdman's was talking about is the 14 percent. They're looking at this as an investment. They do not want to end up acquiring a property that they have to spend thousands of dollars to try to recoup their little bit of tax that they're putting in. We can't lose sight of what our purpose is here, and our purpose is certainly to analyze the statutes that we're looking at, make them as clear as possible, close the gaps when possible, but our ultimate goal is to create an environment that allows our state to grow. This is part of that environment, and I would encourage you to keep your green thumb ready, because we're going to need it on the committee amendment.

LINDSTROM: Time, Senator.

WILLIAMS: Thank you.

LINDSTROM: Thank you, Senator Williams. Mr. Clerk.

CLERK: Mr. President, Senator Hilgers would move to amend the committee amendments with AM1401.

LINDSTROM: Senator Hilgers, you're recognized to open on AM1401.

HILGERS: Thank you, Mr. President. Good afternoon again, colleagues. And I agree with, I think, everything that Senator Williams says, and if you say vote green on this amendment, I think I would agree with everything that he did say. He's right, we need to keep our eye on the ball, we need to do what we can to help our communities across the state of Nebraska. Work force housing has absolutely been an issue around the state. And as this has been described by

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proponents, it's probably something I could get behind. But I'm going to spend the next ten minutes of this opening going through actual provisions of the statute. What we are doing when we pass things into law is, we're not-- it's not our sort of hopes and dreams and intent about what becomes the law. What is-- becoming the law are the statutes, the bill, the things that I've been reading. And I would ask the proponents of this particular piece of legislation, after I go through this, and there's a lot more-- I'm going to have more than the ten minutes that I'm about to spend now, to come back and explain to me how I've misread it or what I'm missing. I'm not wanting-- I want to get it right. I'm not trying to be right, but when I read the language, all I see is an incredibly broad and unaccountable system that goes well beyond what the proponents say they would like to have. Now the last time at the mike I talked about the particular powers of the land bank. And one of the things that the land bank can do is acquire property that is not limited-- in fact, it's not limited in any meaningful way. It's not limited to delinquent properties, it's not limited to vacant properties. Yes, there is actually a special provision, which I'll talk about later that when we're in that world, there's a special provision that gives the land bank some super powers, but they're not limited to that. They can acquire any property that they want, and any property that they require, they can develop privately with a third party, and then any of that property they can earn income which is tax free. Now what can they do with that? I'm going to talk-- I was going to talk about the unaccountability of the board but I want to talk about a few other provisions first, which is, some of the breadth and the problems that could arise from this particular piece of legislation. So what can they do with the money? One of the things they can do is they-- and I'm citing from subsection (k) of 19-5207. These are the words in the bill. They can invest money of the land bank at the discretion of the board in instruments, obligations, securities, or property determined proper by the board. Securities. Security, as an example, is an interest in some sort of corporation. It's equity, it's stock. It's not necessarily a public company, it could be a private company. So you say, well, that's odd. Why would a land bank be able to invest the proceeds that they get from the income of whatever developmental opportunities that they pursue into a-- into some sort of other company? Well, surely there must be some conflict of interest. So let's turn to the conflict of interest provision, 19-5215, and there is one and it says, no member of the board shall acquire any interest, direct or indirect, in real property of the land bank, so let's take it hypothetical. I'm the member of the land bank. I have a separate company. We generate this income, and I want to invest this money into a company, maybe it's a winery. So I'm going to invest this money in a company. Let's see if that's a conflict of interest under this particular provision. I'm authorized to do it under the statute. So let's see if this is restricted. No member of the board of a land bank shall acquire an interest, direct or indirect, in property of the land bank, no, that's money in my business, and any real property acquired by the land bank, no, that's not it either, any real property to be acquired by the land bank, nope, that's not it, further no member of the board shall have any interest, direct or indirect, or in any contract or proposed contract for materials or services to be furnished or used by a land bank. None of that conflict of interest provision. I'm not making any of this-- 19-5215. You can look it up yourself. None of that applies to the circumstance that I just described. So you can have an unelected,

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unaccountable board member, generating-- come off there, developmental opportunities that come from developing property that is not vacant or tax delinquent or the problem that has been narrowly defined by the proponents, use that money invested in their own side business, and there's no restriction. That seems problematic to me. And it seems to be completely untied to the purported purpose of this legislation. Purported purpose as I understand it is, we want to be able to get these vacant properties off the tax-- on to the tax rolls. We need to do something about it. Then why in the world are we giving a land bank the right to develop other property, the income from which is tax exempt and which can be invested in a self-dealing manner for the member of the board. Now, about that board, and I've said it several times, they're unaccountable. Now that doesn't mean that you can't remove them for any reason whatsoever, but I'm going to describe to you how a member can be removed and how they become a member of the board and then what happens, what tools someone might have either as a citizen or as a mayor or as a governmental body in that particular municipality to be able to remove them. So once they're appointed, they can be appointed by the mayor, the city council of a particular municipality. You might think-- now if you read what I just read about the power of a land bank, what they could do with the money, you might think, well, these people should be elected. Well, they're not elected. So then you think, well, okay, they're not elected, that's fair. Well, maybe they should just be subject to a term of years, that would be good. Well, they're not subject to a term of years. Well, then you might think, okay, they're not subject to a term of years, they're not elected, then surely, the city council or the mayor can just remove them at will. You can't do that either. There's actually a limited subset, which is subject to appellate rights. Only a very limited narrow set of circumstances in which someone could be removed from the board and here's what they are. And this is added in page 9, 27, 28 of LB424, lines 27 and 28. A member of the board may be removed from neglect of duty, misconduct in office, or conviction of a felony. Basically malfeasance or a felony. Not at will, not even necessarily for a cause. Neglect of duty, those are terms of ours. Those are pretty high thresholds, colleagues. Certainly isn't self-dealing in a way that's not prohibited by statute, I wouldn't think. Now, let's say the city council has created this land bank, and they want to get rid of the land bank. They are not doing what they want to do or they're unhappy with them or they're self-dealing, whatever it might be. Surely, they're unelected, they're not there for terms, it's very hard to get rid of them, but surely the city council can actually get rid of the land bank if they'd like, and they actually indeed they can if two things happen, one of which is they have a super majority vote of the governing body. That's fair. But the other is if the land bank agrees that there's a super majority vote of the members of the land bank itself. And so what the statute has done is it's given a veto power to the land bank. These are unaccountable individuals who could be removed only in a limited set of circumstances, and they have the ability to veto the dissolution of their board. Now you might think at least, if you have all of that, you might think that one good thing would be is at least those members are of the community in which the municipality or the land bank exists. And certainly in Omaha I believe that to be true, currently as it is today. However, that is actually not necessarily the case under LB424. So LB424 talks about two ways you can create a land bank. One, as amended by

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AM509, would be if you're Omaha or you're Lincoln. The other way is if you're another municipality but you entered into an interlocal agreement with Omaha. Okay. So if you're Sidney, if you're North Platte, if you're Grand Island, you can enter into an agreement with Omaha and create your own land bank. So that's the other way you could do it. Now, what's interesting is the language, when it comes to who the members of the land bank have to be, all the criteria that Senator Stinner referenced, absolutely true, banker, you know, real estate experience, all those things are true and I think those are all good things. But here's what's interesting, if you looked at page 6, 16 through 18 of LB424, where it says where they have to be from, the voting members of the board, it says, each voting member of the board, and this is for the instance in which you have an interlocal agreement, so you've got Omaha and Sidney creating a new land bank, you have to figure out who the voting members are, and you say, okay, some Omaha, some Sidney, maybe, here's what it says, what's required. Each voting member of that board shall be a resident of one of the municipalities that created the land bank, and here is the language that's taken out, with at least one voting member appointed from each municipality. What does that mean, colleagues? What that means is, when you say one of-- members have to be from one of, well, yeah, that could be all Sidney, sure. I'm not saying they are--

LINDSTROM: One minute.

HILGERS: --affirmatively excluded from the land bank. But there's also not one guarantee that one member of that land bank is going to be from Sidney or North Platte or Grand Island or wherever it might be. In fact, the language that would have required that is taken out of the statute. So now you've got-- you've coupled a couple different things, and there's more to talk about, colleagues. But let's take a step back with the 40 seconds I have remaining. One, you have a land bank that has powers that go well beyond those needed for the solution, the problem that has been defined before us, well beyond. In such a way that they don't have good self dealing restrictions or conflict of interest restrictions, so now you've got a potential for abuse, and it's being run by members who are largely unaccountable, can only be removed in certain instances, and don't necessarily even have to be from the jurisdiction in which the land bank is based. So that's the foundation of where we are now. My amendment, by the way, would remove the income tax protection or the tax protection.

LINDSTROM: Time, Senator.

HILGERS: Thank you, Mr. President.

LINDSTROM: Thank you, Senator Hilgers. Senator Pansing Brooks, you're recognized.

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PANSING BROOKS: Thank you very much, Mr. President. I stand in favor of AM509, LB424. You know, I'm disappointed because I've asked and the work that Senator DeBoer and I did, the significant work for days to try to find some compromise on Senator Brewer's bill. It's my understanding none of this has gone on at all with Senator Quick's bill or with Senator Stinner. So, you know, we can do a lot more good in this body if we could work together, and the argument that oh, well, let's just-- we can just go ahead and get the time in and then we can fix it between now and Select, that doesn't work when you run the three hours down. So anyway to the argument that land banks are not accountable to the public, first off, the members are appointed by the mayor. They're approved by the city council or the village board. They are-- Senator Quick's bill strengthens the removal abilities for bad actors that are on the board. Land bank is a public entity subject to both the Open Meetings Act and the public record statutes. The meetings of the land bank are open to the public and welcome public comment. The members of the board are appointed and confirmed by two-thirds of the city council or village board, and the land bank has also been granted 501(c)(3) status. So that's just a counter some-- one of the arguments that's been said today. So with that, I'd like to give my time-- the rest of my time to Senator Stinner.

LINDSTROM: Senator Stinner, you're yielded 3:16.

STINNER: Thank you, Senator. I do want to answer Senator Erdman's question when they talk about major buildings, they're trying to define a parcel of land that might have outbuildings on it, so it might be more properly classified as main building. I just got that clarification over here. So argument on the tax free status, I'll give you the textbook answer. It's a political subdivision. That's what makes it tax free. Any political subdivision is a tax free entity purposed to do a common good. Okay? A common good, that's what the land bank is trying to do, trying to take these eyesore, vacant, abandoned properties, repurpose them, or tear them down. They're trying to cleanup the community. Then no guarantee that Senator Hilgers says that the community will be represented. Yeah, interlocal agreements there may be seven people that are on that board, they may have to negotiate between each other. In my situation, there will probably be people on the board that want to be from Minatare, Mitchell, Morrill, Gering, Scottsbluff, Bayard, all the rest of that. They may have a person that they can put on the board, but the idea that they need to be elected, I think is-- really falls short. If you really think about the special purpose of the land bank, the special purpose of the land bank is to look at property, try to evaluate the best use of that property and then rehab that property or demolish the building. So who do you want on that? I've been around a long time in small communities, I'm not sure that the elected officials have the expertise to do that, so they assign those things to people who do have. And it's in the statute. You do have to have somebody with financing, you do have to have somebody that's community involved and understands the community from the Chamber of Commerce aspect. They know the people that are outside the community. They know the people that are inside the community. They talk to businesses all the time. They need to be in a land bank situation. Realtors. Developers.

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LINDSTROM: One minute.

STINNER: One minute?

LINDSTROM: Yes.

STINNER: Okay. Thank you. You know, your best contractor, you could put that person on this, because I guarantee you he's not running for elected office, or she, not running for elected office because they're busy making a living. They're not going to run for office. So you're not-- if you put that stipulation that they have to be elected, that they have to be accountable, they are accountable. They're accountable to the elected officials who are exhibiting oversight over top of what's happening at the land bank, and I can tell you, if you had problems there will be constituents talking to that city council. Think about this, folks. We're trying to do something positive for these small communities, positive for rural Nebraska. We had a flood. We had Cabela's. We have all kinds of different things that are happening out there in rural Nebraska that they need another tool to help make sure that their community looks as best as it can look.

LINDSTROM: Time, Senator.

STINNER: Thank you.

LINDSTROM: Thank you, Senators Pansing Brooks and Stinner. Senator Lowe, you're recognized.

LOWE: Thank you, President Lindstrom. I once again rise in opposition of LB424. Remember, I was the sole no vote in getting it out of committee. Last week I brought an amendment to LB472. I believed at the time, and still do, that it was a bad idea to create a situation where a county could create a sales tax without a vote of the people. I believe a similar situation occurs in the current section of the statute when it comes to the ability of land banks to issue bonds without a vote of the people. Yes, I do realize that this is allowed already and is not a new language in the bill. But this bill will expand its power, and just like that, I believe is a bad idea to allow a county or a city sales tax without a vote of the people. I believe that it is a bad idea to expand the power for government bodies to issue bonds without the vote of the people. And this bill goes one step further. It actually allows a nonelected board to issue these bonds. You can't vote them out. This is just another issue with this bill. Thank you, Mr. President. I yield the rest of my time to Senator Erdman.

LINDSTROM: Senator Erdman, you're yielded 3:20.

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ERDMAN: Thank you, Senator Lowe. I appreciate that. I see Senator Quick is back. I'd like to ask Senator Quick a question if I could.

LINDSTROM: Senator Quick, would you yield?

QUICK: Yes, I'll yield.

ERDMAN: Thank you, Senator Quick. Senator Quick, in the bill it talks about Interlocal Cooperative Act. Can you explain what that means? What is an Interlocal Cooperative Act? What is that?

QUICK: So it would be like interlocal agreements between communities. So actually before they can set up a land bank, you'll have communities get together to say that they want to do a interlocal agreement to say how many we have on from each board to-- from each representative community to be on the board.

ERDMAN: Okay. So it goes on to say that the land bank can be managed by this group. So tell me how that would work. Would the land bank then contract with an interlocal agreement to manage that land bank's investments or how would that work?

QUICK: Well, once the land bank is formed, they would hire someone to actually be the director to run the land bank. Everything-- they would actually look at some of the properties out there to see if they will actually meet the criteria for them to acquire that property.

ERDMAN: Okay. Okay. So do you have a copy of the bill there?

QUICK: Yes.

ERDMAN: On page 9, line 16, if you would look at that. Let me read what that says, and then I will ask you a question. It says, the real property is contiguous to the parcel that meets more than two of the criteria in the subdivision of this section or that are already owned by the land bank. So after reading that, and my question is, can a land bank because they own a parcel that meets the criteria, then they can buy adjacent property to that land bank? Is that what that says?

QUICK: Well, it has to meet more than two of the criteria.

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ERDMAN: That's not what that says. It says right here-- listen. The real property is contiguous to the parcel that meets more than two of the criteria of the subdivision. So what I'm asking, let's say the property that the land bank owned meets more than two, all right, and the adjacent property doesn't meet any of those standards--

LINDSTROM: One minute.

ERDMAN: --but because it is contiguous, because it's adjacent, can the land bank buy that?

QUICK: I suppose by that language maybe they can, I don't know. I'd had to do more research on that, but the intent of the land bank is not to just go out and acquire the property next door unless it meets the criterias.

ERDMAN: I'm not talking about the intent. Okay? What the land bank intends. I'm telling you what the statute allows them to do. That's the question and the answer is yes. So what Senator Hilgers was talking about in the statute is exactly what this says, they could buy any property they want to buy. And so consequently, this is something that's opening it up to buy whatever property they want to buy that's next to them if the property that they now own meets more than two of those criteria. Does that seem-- is that a problem for you or is that okay?

QUICK: Well, they're not going to acquire the property unless-- you know, they're not just going to take the property from a property owner, so.

ERDMAN: I didn't say they would. I'm just saying they can buy more property.

LINDSTROM: Time, Senators.

ERDMAN: Thank you.

LINDSTROM: Thank you, Senators Lowe, Erdman and Quick. Senator Matt Hansen, you're recognized.

M. HANSEN: Thank you, Mr. President, and good afternoon, colleagues. I rise in support of LB424 and the Urban Affairs Committee amendment. And I want to thank Senator Quick for kind of championing this issue and for his staff and Urban Affairs staff for their work on this bill. And with that, I will yield the balance of my time to Senator Quick.

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LINDSTROM: Senator Quick, you're yielded 4:40.

QUICK: Thank you, Mr. President. You know, one of the things that has kind of bothered me about this whole debate is that we're trying to help communities deal with some of these problem properties, and we're not giving credit to the people that actually live in these communities that will serve on the boards and that will be representative of those communities. And so, are we saying that we don't trust people in outstate Nebraska that they can actually run a land bank and help their communities to acquire these properties and to deal with these properties? And that's what I feel like we're doing here. We're telling communities in outstate Nebraska, we do not trust them. That we're not going to trust that they're going to do the appropriate thing, that they're going to run the land bank and do the right thing for their communities. We're saying that they're going to be-- do things illegally. That they're going to acquire these properties and go against the private sector and not work with the private sector. As far as the board being elected, or appointed and not elected, there's a certain criteria that you will never reach with an elected board. You have to have some expertise. If we want the land banks to be successful, we need someone with a banking background or knowledge with real estate background, with developer's background, with someone from the Chamber or someone from economic development that understands what's going on in the communities. And I just think it's, for me, it's kind of sad that we're not recognizing the fact that we have a lot of great people in outstate Nebraska that could do a great job helping solve the problems that some of these communities are facing, and help solve some of what's affecting our taxpayers in some of these communities. Like I said before, Grand Island has 197 properties that are vacant, that they can't deal with. It's costing taxpayer dollars. But evidently we're saying that that's okay. I know I had a letter that states that Bayard, Nebraska, which is in Senator Erdman's district, has 88 properties that are vacant, and they don't know what to do with those properties. So what do we do here? I mean, the private sector isn't able or doesn't really want to deal with these properties. We're trying to help these properties, give them a tool that will help them deal with these problem properties. You know, set aside the fact that it would be economic development, let's just look at the problem properties and how we could help these communities resolve this issue, and really reduce what is costing them in taxpayer dollars. There were probably a couple other things that I want to touch on that Senator Hilgers brought up. I know they say they're not accountable where they have the Open Meetings Act, so anybody from the community can go to the meeting. They have a voice at the meeting. They can tell them if they think they are doing something wrong. As far as removing someone from the board, it works the same way as it did when they appointed them to the board. The mayor has to approve the appointments. The city council has to vote two-thirds majority to approve that individual. So it works the same way. If someone is not doing something right, the board will recommend to the mayor that that person be removed. The mayor would recommend he be removed. The city council would vote to remove that member from the board.

LINDSTROM: One minute.

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QUICK: And so I think there's more to this in what-- people are making more out of this than what it is, if you're asking me. I think the land-- you know, and I hate to go into the land bank in Omaha, because I know some people aren't-- don't appreciate what they do. But they've done a great job in Omaha, and I think they could do a great job in outstate Nebraska helping our communities, helping our people, our neighborhoods, deal with some of these problem properties. And I would just appreciate it if we could move on and vote on this issue, at least give the people-- at least give our communities a resource to help them with this effort, so. Thank you, Mr. President.

LINDSTROM: Thank you, Senators Quick and Hansen. Senator Hilkemann, you're recognized.

HILKEMANN: Thank, Senator Lindstrom. Land banks. Let me tell you when I first heard about land banks. It was about six years ago at this time that I had this harebrained idea that maybe I would run for the Nebraska Legislature. And so I started talking with people that I thought would be-- could be helpful and would teach me not only to raise money but to educate me about would be-- to be a state legislator. And I'm not going to use his name because I don't have his permission, but I met with a CEO. He's now retired of a major financial institution in Omaha, and we were talking and I said, what are some of the things that the Legislature should be doing? What are some of the things that are great? And he mentioned, he said one of the best things they did was to set up the land banks. And I said, well, tell me what the land bank was. And so he kind of explained it, kind of briefly to it. And I came away with a little understanding of it. But you know, that was his area of expertise. I consider myself a lifelong learner. That's why I really appreciate being down in this legislative body, I learned a lot of things, things way outside my comfort zone. You know, if you ask me some questions about plantar fasciitis or bunions or Achilles tendonitis or something like that, I can give you some pretty good answers. I'm pretty well-informed, I can give you some pretty good advice. If you ask me some questions about biking, I can probably give you some fairly good advice. Talk about public health, public safety. You know, those are areas that I studied and issued and so one of the things that I have appreciated in this whole process of being part of this, I learn a lot. And I have to go to the people when it comes to issues like land banks that I respect and know these issues and so we have Senator Stinner here who has spent his entire life in the banking industry and knows this well, and sees this as a wonderful economic development. And I have to respect his expertise on this, and I do. And so he's helped me with this whole process. I'm learning about land banks, and so, Senator Stinner, if you would like the rest of my time, you may have it. Thank you very much. I appreciate. I'm learning more about land banks, I'm supportive of this bill because we need to listen to the people that work with this every day and know what they're talking about. Thank you, Senator, for that.

LINDSTROM: Senator Stinner, you're yielded 2:17.

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STINNER: Thank you, Senator Hilkemann. I would like to ask Senator Hilgers a few questions if he would yield.

LINDSTROM: Senator Hilgers, would you yield, please?

HILGERS: Absolutely.

STINNER: Senator, you have listed a few things as you went down through the bill. Are you amicable to putting those together in a logical sequence so that we could take a look at those, maybe be able to work something over the interim here so that we can tighten up some of those areas? I think there's things that we can do. For an example, board limits, four year, three year, whatever. How do they select them? Who do they select? I think the conflict of interest is kind of interesting, but I will say that the Section 15-1952 prohibits owning real estate that is under contract or in conflict. But those are things that we can probably work on and probably add. You know, the vacant and abandoned property is really the target that we're going after right now, the repurposing of things. And, of course, the land bank can get those types of properties in several different ways. The first way, obviously, is tax sale. You buy it from tax sale, you do a foreclosure and donate it properly.

LINDSTROM: One minute.

STINNER: We forgot to talk about that. I got a piece of property my mom and dad lived in. They went to the home. Five years later, all of a sudden I've got this property that I can't do much with. I want to donate it to the land bank, so that would be another way, but it's not a big, big item. But anyhow, would you be amicable to that?

HILGERS: Senator Stinner, I would be more than happy to work with you now, over the interim, any time that you want to sit down and see if we can find a path towards solving the problem that's been articulated by the proponents.

STINNER: And I do appreciate that. I think the overarching desire right now is to see that we can move this bill forward to help our municipalities, to help rural Nebraska, and really a time of need, certainly with the flooding. Certainly some of the things that we talk about as it relates to out-migration, certainly from a work force housing situation and affordable housing situation, and certainly from the side of let's cleanup our little towns, make them more-- make them a better place.

LINDSTROM: Time, Senator.

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STINNER: Thank you.

LINDSTROM: Thank you, Senator Hilkemann, Stinner and Hilgers. Items, Mr. Clerk.

CLERK: Thank you, Mr. President. Revenue Committee reports LB560, to General File with committee amendments attached. That's signed by Senator Linehan. I have a hearing notice for Revenue Committee for next Wednesday with respect to LB289 and AM1381. In addition, Mr. President, Select File E&R reports LB657, LB693, LB237, LB237A, LB496, LB375, to Select File, some having Enrollment and Review amendments. That's all that I have, Mr. President. Thank you.

LINDSTROM: Thank you, Mr. Clerk. Those in the queue are Senators La Grone, Blood, Hilgers, Erdman, Stinner and others. Senator La Grone, you're recognized.

La GRONE: Thank you, Mr. President. Before I get into what I was going to talk about, I just wanted to address one point Senator Quick made. He said that the removal process works the exact same way as the appointment process. I don't have the statutory provision right in front of me right now, but that's not what the-- as Senator Hilgers outlined earlier, that is not what the bill says as it relates to removal. But I'll let Senator Hilgers talk more about that. What I wanted to touch on again is this notion of the automatic bid process. We keep hearing that the purpose of this bill, and I fully accept that that is the introducers and the proponents goal with this bill is to address vacant properties that aren't otherwise going to be developed and get these properties back on the tax rolls. I completely understand that's their goal and I think that's a laudable goal. But if that is the goal, then we do not need an automatic bid process, because if there's an automatic bid process, what that says is that if there is a private sector entity that is bidding on that same land, the land bank wins, regardless of how that offer compares. So that completely undermines the stated goal of this bill. So that's a huge problem that I think wipes out the entire purpose of the bill, really to a point where it doesn't even-- it cannot achieve its stated goal. So I think that automatic bid progress is a complete killer. But with that, so that he can go more into other things he'd like to talk about, I'd yield the rest of my time to Senator Hilgers.

LINDSTROM: Senator Hilgers, you're yielded 3:30.

HILGERS: Thank you, Mr. President. Thank you, Senator La Grone, for the time. And I appreciate the conversation, discussion. I do want to touch on a couple things just to bring it back to the language of the statute. And one argument that has kind of come up since I spoke last was the idea that like, look, no, there really is accountability and here's the reasons why there's accountability. And as I understood the proponents of that argument, well, there's open-- you know they have to be open meetings. There's some information that could be accessible that they

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have to provide to the public. I'm not saying any of that is false or not true, certainly there's transparency or at least some transparency and before the day is out we'll talk about some ways in other jurisdictions where land banks didn't have the transparency they needed and crimes were committed. But my point is not that there's not meaningful transparency, my point is there's not meaningful accountability. And here's what I mean. If you have this land bank that I've described earlier today, and it's a land bank in Sidney and it's a joint land bank between Sidney and Omaha, and all of the members, remember none of them have to be from Sidney, are all in Omaha, what kind of accountability do you have? You may be able to go to the meeting, you might be able to be upset about what it is that they do, but what can you do to stop them? Well, you can't vote them out in the next election because they're not elected. You can't wait until their term is up because they don't have terms. Maybe you're able to convince the elected official who initially retained them to do something about it, but they can't just do anything that they want. They can't just fire them for any reason at all. There's only a very narrow, limited set of reasons for why they could fire someone, among them commission of a felony. And in the case that I just described, if the individuals are in Omaha you can't exactly go and talk to your neighbor and explain to them why their decisions are bad or why they should change their mind. That's the accountability that I'm talking about. Not transparency but accountability. It's not to say that there's zero-- .00 percent of accountability, but there's no meaningful accountability. And when you're talking about giving a body the types of powers that this act does, having much more accountability than currently is in the statute, I think is absolutely necessary and a prerequisite. Now another piece, and this has been brought up a little bit. And I want to talk about another portion of the statute that-- and if I were to take a step back, there's some thought about how this is supposed to work, or how we would like it to work, and then there's what the statute says. And I'm grounded in what the statutory language is and there's one area where I think this sort of-- this is a very stark, this comes into stark relief, and that is with the 50 percent real estate tax portion, property tax portion of this bill. So as has been discussed, it's been mentioned--

LINDSTROM: One minute.

HILGERS: Thank you, Mr. President. --that if the land bank sells a property, buys a vacant property and sells it, it can recoup the property tax, half the property tax unless it affirmatively rejects it for the course of five years. The way that it's been described on the floor this morning, or this afternoon, is that that applies in the vacant tax delinquent instance. In other words where you have a property that's worth nothing, it's sort of like a TIF concept now, we've improved it, we've developed it and then we sold it. It's actually not what the language says. There's no limitation whatsoever in the language of this provision that in any way limits it to those types of property. Instead what it says is, 50 percent of the real property tax is collected on real property conveyed by a land bank. Full stop. There is no other meaningful restriction, so if they can buy nonvacant, nontax, delinquent properties and they can convey those properties without limitation,

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that language reads to exclude 50 percent of that property tax, the real estate property taxes that would have to go to the land bank. Is that what's ultimately intended, I-- probably not.

LINDSTROM: Time, Senator.

HILGERS: Thank you, Mr. President.

LINDSTROM: Thank you, Senators Hilgers and La Grone. Senator Blood, you're recognized.

BLOOD: Thank, Mr. President. Fellow senators, and you are still all of my friends, I stand up against Senator Hilgers amendment but yet still in favor of both the Urban Affairs amendment and Senator Quick's underlying bill. There's been comments made today and other days about people who speak loudly on the mike. Frankly one of the reasons I do it, is because there's a lot of people that don't listen around here and there's a lot of people that chat and make noise, and you know they're not listening, so I try and get people's attention because I want to make sure that if there's truly a debate that people are listening to it as opposed to sneaking off to back rooms to try and form plans on how to oppose the bill. I do appreciate Senator Hilgers walking us through the bill, but I still have a lot of questions as to some of the things that he has said, and I would ask that he would yield to a question or two.

LINDSTROM: Senator Hilgers, would you yield?

HILGERS: I'd be happy to.

BLOOD: So, Senator Hilgers, can you give me some current examples of over purchases that land banks have made, say the Omaha land bank and have had no plan as to what they would want to do with that property?

HILGERS: Senator Blood, I do have-- there was a public records request that I received the product of later. The information I have is some of the purchases that they have made. I don't have any information as to what their reasoning is. I would be speculating as to what their plans were but I do have some of that information if you'd like it.

BLOOD: Can you tell it on the mike right now, please? That's exactly what I'm asking for.

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HILGERS: I think a decent number of them, but certainly not all, were to Habitat for Humanity and then a number of others, a handful, half a dozen or so roughly, were to-- through other real estate brokers, maybe a few more.

BLOOD: And I'm sorry, can you explain to me why giving property to Habitat for Humanity would be a bad thing?

HILGERS: Oh, I'm sorry, Senator Blood. I haven't said that.

BLOOD: Okay, what are you saying?

HILGERS: I'm saying that this bill provides such tremendous breadth of authority with no accountability that a lot of other bad things could happen.

BLOOD: All right. Thank you for the explanation, Senator Hilgers. Senator Hilgers, earlier I saw that Senator Pansing Brooks came to you and asked you about perhaps talking and making some amendments so Senator Quick could go ahead and maybe get the bill through today and we could work on it between General and Select. What was your answer to her question?

HILGERS: Actually, Senator Pansing Brooks didn't come to me. After her comment about compromise, I approached her and said that I'd be absolutely willing to talk about a compromise or a solution with any and all parties. So she didn't ask me a question that I can recall.

BLOOD: Well, that's what I get for eavesdropping on the floor. So, Senator Hilgers, are you telling me that you are willing to work on this language on this bill now so this bill could be passed this year?

HILGERS: I'm committed to working with any stakeholder: Senator Stinner, yourself, Senator Quick, to see if we can find a solution, absolutely.

BLOOD: And the last question I have is, can you kind of walk me through your history as far as maybe being an elected official, in municipality or maybe working as a board member in a municipality, something that would kind of help you have a really good overview of how land banks work and their benefits?

HILGERS: Senator Blood, the only elected position I've ever held is this one, the great honor of serving the Legislature and that's it.

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BLOOD: Thank you, Senator Hilgers, that wasn't a trick question. I sincerely did not know, so thank you very much. You know, I have to chime in and agree with Senator Quick and Senator Stinner. I don't understand this overlying concern about how local government works. We seem so quick to micromanage in other areas, and otherwise we say, hey, you know, we want hands off, and it's local control. There doesn't seem to be a healthy balance. I remember the first time I thought about land banks was way before I ever became an elected official was when I worked for a city council. And Marty Shukert, who some of you know if you're from the Omaha area, walked us through how important land banks were and how all of these communities that had aging infrastructure could benefit from land banks. Now I hear a lot of nickel and diming when it comes to the language and if we know specifically what language supposedly is creating the hurdles to people approving this bill, I'm really puzzled--

LINDSTROM: One minute.

BLOOD: --I'm really puzzled why we can't get together as opposed to on the mike, get off the mike, help Senator Quick get this bill through. This is important to our municipalities. I refuse to be deaf to the communities I serve, and I am not going to stand here and oppose this bill. I'm going to do everything I can to make sure that Senator Quick gets this bill through. So with that, thank you, Mr. President.

LINDSTROM: Thank you, Senators Blood and Hilgers. Senator Hilgers, you're next in the queue.

HILGERS: Thank you, Mr. President. Good afternoon again, colleagues. I want to talk about a piece of this legislation, the bill, the statute that has been referenced. I know that La Grone has talked about it a few times, and it's this concept of this automatically accepted bid. And so, when we've been talking about-- I made the point, I think, throughout this debate that this is not limited to vacant and delinquent property. And, in fact, you can't-- you almost cannot find any reference to that type of property, any sort of statutory provision other than the legislative purpose, which as we know is nice language but it doesn't have statutory effect in the way that the other parts of the statute would have. But there is one place where there's a discussion about tax certificates and foreclosures and some certain rights the land bank has. And I think it's worth unpacking that because I think it's pretty instructive on a couple different levels. So what happens is, as I mentioned before, there's two-- the land bank can acquire foreclosed property, vacant property, tax delinquent property and it can acquire everything else. Now on everything else, there's almost no restriction, and there is no specific or material conditions on what they can buy. They can go buy any other property. The power is there. Maybe they haven't used it in Omaha, but the power is there. I'm not talking about that piece. I'm talking about the narrow piece of the foreclosure and tax certificates. In that area the land bank get's really an interesting-- they get an interesting

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power and that power is automatically accepted bid. What does that mean? Well, it kind of means just what it says. It means that if there's a foreclosure and the land bank, or if it's a sale of a purchase of a tax certificate, and if the land bank makes this minimum threshold bid of the cost of the outstanding taxes, interest, and I think some costs involved, no matter how many other private parties may bid, no matter what their bid looks like, the land bank must win. The county must sell it to the land bank. So you can imagine an instance in which a private developer could come in, the private developer might want to pay twice what the land bank would pay. The private developer wants to turn it into a beautiful new development that will increase the property tax rolls and increase the tax receipts to the county and draw in citizens to the area. It doesn't matter, colleagues, the county cannot even take that into consideration. It has to accept the bid. It has to accept the bid. There's no discretion. Now what's interesting is, you might think, okay, automatically accepted bid. That shouldn't happen all the time. There's got to be some conditions, and there are indeed some conditions, but I'd submit to you that the conditions are almost no conditions at all. So the conditions require a couple different things that are all either/or. It's all disjunctive. If you just show one of these things, you have enough to be able to make your automatic bid. So one thing that you could do is you could find-- if two or more of these things apply. So if you were to find, for instance, that one of the properties is boarded up or deteriorated, if there was a past action for the municipality, etcetera, kind of limited a little bit to what we're talking about, you know, these vacant properties. If you find two of those, you can get it. Okay, fair enough, But you don't actually have to show that. The other way you can do it is if you show that there's property that's next to a property like that. So let's say, you go and find a neighbor's house and you say, okay, well, that one qualifies. I don't want that one, I want the one next door. You can get the one next door. And let's say, neither of those two things exist. All the board has to do for any property is by super majority of the board say it's in the best interest of the land bank and they can go and provide one of these automatically accepted bids. So in other words, they have almost unfettered discretion. Really, it's only-- they have a-- the limit is only that there's a supermajority of the board, a vote of the supermajority of the board. And so you've got a board that's, as I've talked about, is not unaccountable, can submit these automatically accepted bids. Now what's interesting is that this whole premise as I understand it of this bill--

LINDSTROM: One minute.

HILGERS: --the idea that this is a solution that is not being solved by the private market. Now, if that's true, what I would expect, at least, is that there wouldn't be any other bids. If you think the private market is not actually going and getting this vacant property and doing something with it, then you wouldn't expect a competitive bid at all. So why is there this automatic qualifying, automatic accepted bid process at all. It's sort of-- this is what Senator La Grone's point is, which I think is dead-on. How can you say on the one hand, we need this because private entities aren't doing anything, and on the other hand say, well, actually what we want to do is trump all the private entities, their particular bids. That's the automatic accepted bid process. I think it's deeply

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problematic when you give the board that much discretion to be able to do it and be able to trump private interest who might have a better development plan or they may want to out-bid them with more money to the county. So I think that's problematic. I think I'm out of time and I'll come back and talk about some of the instances where these land banks have not gone according to time.

LINDSTROM: Time, Senator.

HILGERS: Thank you, Mr. President.

LINDSTROM: Thank you, Senator Hilgers. (Visitors introduced.) Returning to debate. Senator Stinner-- oh, Senator Erdman. Excuse me. Senator Erdman, you're recognized.

ERDMAN: Thank you, Mr. President. Thank you, Senator Hilgers, for your comments. I appreciate those. Let me address a situation or a comment made by Senator Stinner last time he spoke. He said because they're a political subdivision, they're not obligated to pay taxes. That is not a true statement. As a county commissioner of Morrill County we had several properties that were not used for county purposes. And once that property was used for something other than county purposes, we paid property tax. So just because you're a political subdivision doesn't exempt you from property taxes what the property is used for. That's exactly why this bill says it exempts you from all state and local taxes, because if political subdivisions were exempt, it wouldn't have to say that. It would already be included. It would be inclusive. So let me go through the example that I was trying to make the last time I spoke with Senator Stinner. So on the first Monday in March, let's say the land bank goes in and pays the tax certificates, that is taxes that have not been paid on a parcel. In '19 they pay that and in '20 they pay that and in '21 they pay the third time. Once they have pay the third time, then they have the right to force a tax sale. That happens on the courthouse steps. So they send a notice to the property owner saying, you owe me three years of taxes, 14 percent interest, and my attorneys fees, and here's the amount you owe. Show up on this day. If the land bank has purchased those tax certificates for three years, their bid will automatically be accepted. No one else can bid. That's exactly what Senator Hilgers was talking about. I know people who have bought a lot of property on tax sales. It's a pretty aggressive bidding process when those come up for sale. If a land bank shows up, that bidding process is halted because they will win. So that's what we're doing here. The other issue you have to think about, say, I'm a house flipper, I buy a house, I remodel it, and I put it on the market, and the land bank buys a house next to me and they do the similar thing, they don't pay any taxes. They don't pay any property taxes and I'm trying to compete with somebody who has a tax exemption. Maybe they should all be turned over to the land bank and let them refurbish them. I was wondering if Senator Quick or Stinner, one of those would answer a question for me.

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LINDSTROM: Senator Quick, would you yield?

QUICK: Yes.

ERDMAN: Senator Quick, thank you. On page 11 of the bill, if you would turn to page 11, line 24, under subsection (i) it says the following, to provide foreclosure prevention counseling and rehousing assistance. Can you explain what that is? What that's intended for?

QUICK: I'm not an expert on it. I wish I knew more about that part of it, but I know that they provide like counseling, just like even at an office or like a banker, that if you're going in to get a loan, they're going to tell you whether you can-- whether you qualify for that loan or not and maybe help you along the way.

ERDMAN: Okay. I understand what foreclosure counseling is, but I should ask it differently. Let me ask it in this way. Why would that be in this bill that you're going to provide--

LINDSTROM: One minute.

ERDMAN: --counseling or rehousing assistance, and to whom are you going to offer that to, the people that you just bought the property from or anyone on the street who needs counseling? How do you apply that?

QUICK: No, and I would say it would be for-- let's just take a rental property for example. So you have people that are living in that. You're wanting them to move to a different place because that property is going to need to be revitalized or rehabbed. So, and you don't want them to stay past a year. I mean, you only have a year's limit to allow them to live in that rental property. So I would say it would be something in that form where you may help find someplace else or help that person look for another place to live.

ERDMAN: So you're saying these would be people who are in the property that the land bank is going to buy?

QUICK: I would say it would be the property that maybe was already purchased. So they have purchased some property that was a rental property.

LINDSTROM: Time, Senators.

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ERDMAN: Okay, thank you.

LINDSTROM: Thank you, Senator Erdman and Senator Quick. Senator Stinner, you're recognized.

STINNER: Thank you, Mr. President. I'm going to try to summarize a little bit and maybe answer a few things and clarify a few things. At two years, it's a tax sale. Okay. That's it sold at par. If it goes to foreclosure, a sheriff's sale, then that's where the bidding is at. Most of what the land bank does is it buys tax certificates on property that is vacant and fits all of those criteria. So they immediately go into the process of stabilizing the project, trying to get it up to a level where it's salable either to a developer to take to the next level or take it all the way to finish. They have to borrow money just like you would have to borrow money because you eat up too much capital if you don't. The idea that we're taking properties off the tax rolls-- first of all, that property isn't paying anyway. So you've got a \$10,000 piece of property that's paying \$200 in taxes a year who hasn't paid, or do you want to have a land bank come in and intervene and repurpose the property making it worth fifty, sixty thousand. Fifty thousand times 2 percent is what? A thousand dollars. So the claw back idea, they say, wow, that's a bad idea. Really? It was good for the county, it's good for the city, it's good for the schools, you're actually increased the assessed value. You increased the amount of taxes coming in. And you're paying back the land bank for all the overhead. They've got a lot of costs associated with this, clearing liens and the like of that. That's why it was put in. The automatic bid was put in because of bulk buyers. The people who come in and just buy in bulk. So land bank says, I'm going to have an automatic bid on these types of properties. That's what it's there for. Anyhow, I just want to summarize that, you know, just walking through this again, dispelling some of the things. We're not in competition with private enterprise, we're taking properties that nobody else wants. The city wants them either gone or refurbished. So do all the people in town. The idea that we don't have oversight, that we don't have stewardship, that we don't have corporate governance, it's false. The idea that they can issue bonds. Come on, guys, that ain't going to happen. They can come into the bank and get a bank loan, sure. That's how you would do it. That's how I would do it. That makes leverage work for you and work for the community. The fact of the matter is, you repurpose these, they become productive properties. That means they do pay taxes. That means they are refurbished. That means the assessed value is up and that means that the taxes are being paid are more than they were before. You've taken an unproductive property, made it a productive property and, oh, by the way, you've created some jobs in-between. Plus, you probably provided that sixty, seventy thousand dollar house, which is the affordable house that we don't have, and you've helped that small community. The fact of the matter is they are specially purposed under political subdivision. I get that. Now there's been comments. We want to amend and require board member limits, I'm okay with that. We talk about the fact that there might be a conflict of interest. We can put it in statute. We can put it in statute, Chapter 49. It's already in a statute. We can put that in there. You know, if you're going to read every sentence and rework every sentence

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and contort it into what you want it to be, I guess, you know, I can't help that. But the overriding factor is, land banks do work. They are used. This is third generation land bank. We've gone through that first generation. We've gone through the second.

LINDSTROM: One minute.

STINNER: Thank you. Oh, one minute. I don't have very good hearing. Sorry. If you could hold up cards, I'd be okay. [LAUGHTER] So, you know, just this idea of not paying property taxes, taking it off the property tax role, it's only momentary. And the momentary piece of that is it behooves that land bank to move that property as fast as they can so they refurbish their capital and they can continue to do other projects. I can see this and-- when I was first running this is how I ran into this problem. I was doing my campaigning in the village of Morrill, you know five, six-hundred people. They said, how do we take care of these properties, these four, five, six properties around here? You know, we can foreclose them under a tax sale but how do we get them refurbished? Who takes care of that? They're abandoned, they're dangerous in some cases.

LINDSTROM: Time, Senator. Thank you, Senator Stinner. Senator Friesen, you're recognized.

FRIESEN: Thank you, Mr. President. So I've-- in the past, I mean, I have been on a city council, I've been involved in small town government, and we do have-- the smaller the town, it seems like the more you have with abandoned homes that need to be redone; and again, sometimes they can't locate owners and they do need to somehow clean up these facilities, and communities are trying to do that. In the past, I have been involved in some methods of doing this, that it took a bit of a harder route. You had to go through condemnation proceedings and actually have a structure removed, but we have done that. So there are other ways of reclaiming some of these properties. But I'm not going to-- I'm not, right now, opposed to the idea of this process. But part of the problem I do have is with the automatic accepted bids. With only having to meet two of those criteria, you could have a home that basically no one is living in, it's not necessarily abandoned, but no one has lived there for a time. The utilities are disconnected, and now you have met two of the criteria of an automatically accepted bids. Obviously, you didn't pay your taxes. But that's-- the automatically accepted bids is the part where I'm struggling with. I mean, if there's competition out there for that property, why do you need that, and I guess that's-- to me, if you have competition out there, that means someone is interested in the property. If the property is so far under water that no one wants to bid on it, there's not going to be competition there and whatever the bid is, it is. I do have a little confusion on whether or not all property taxes that have not been paid, are they paid by someone or are they totally-- the slate wiped clean? And I'll be continuing to listen as they address some of these problems. And with that I'll grant the rest of my time to Senator Erdman.

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LINDSTROM: Senator, you're yielded 2:49.

ERDMAN: Thank you. I appreciate it, Senator Friesen. I see that Senator Stinner just stepped out. Let me clarify and bring to some understanding to the rest of you what he said about the tax certificates. That is totally inaccurate what he said. No way, shape or form is that true. He said that they buy those tax certificates and then they go in and start improving the property. That is not true, not true. I said it before, I'm going to say it again, I want it to be clear. You as a tax certificate holder pay that for three consecutive years. At the end of the third year, once you have paid three times, then you give notice to the current owner that you are going to force a tax sale. They have an opportunity to redeem their property plus 14 percent interest plus your costs. You do not go in there and pay the tax certificates the first year and go and refab or revitalize the property. It is not your property until you have had a sale on the courthouse steps and you get a tax deed or sheriff deed, whatever you get. And Senator Stinner said after two years you can go in and refurbish and clean up and do whatever with the property. That's not the case. It's a three year-- pay the taxes for three consecutive years. Buying a tax certificate and buying a property on a tax sale are two separate procedures. I have bought property on a tax sale. OK? And it was a bidding process. We went through and I was the high bidder and I owned the property.

LINDSTROM: One minute.

ERDMAN: But to say that you can go in and pay the certificates-- buy the certificates and you own the property and you can go do something to the property, that's not the case, not at all, not even close. And so I think Senator Stinner is confused on how these tax sales actually work. But the point I'm trying to make is once the land bank has purchased those tax sales-- those tax certificates for three years, they will be the owner and no one can bid against them because of the guaranteed bid. That's a problem. And so when he comes back in, I'm going to try to explain that to him. Thank you for your time.

LINDSTROM: Thank you, Senators Friesen and Erdman. Speaker Scheer, you are recognized.

SCHEER: Thank you, Mr. President. There I see my friend Senator Wayne. Would Senator Wayne yield for a few questions, or maybe just one?

LINDSTROM: Senator Wayne, would you yield?

WAYNE: Sure. Yes.

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SCHEER: Senator Wayne, as far as I know, the only land bank we have right now is located in Omaha, and I'm asking if that's correct? I just want to make sure that I'm not speaking incorrectly.

WAYNE: That is correct.

SCHEER: Have you had any experience with land bank operation?

WAYNE: Yes. The last two years I was on this mike arguing for the land bank. I also have a small contract, when I say small, a thousand dollars a month contract to cut grass with land bank. I've brought numerous clients to the land bank to buy and sell property. I'm probably the only one in here who knows how the land bank really works.

SCHEER: Can you explain how it works then?

WAYNE: So, many of misnomers have occurred during this conversation about how land bank acquires property. They can buy it through tax certificates or a tax sales; they also can get it through donations. They can also get it through a nonprofit, particularly repository agreements. Those are the ways they acquire land. They are currently, if you go to their Web site, approximately six to seven lands that are currently being "auctioned," it's an application process. But there are roughly, if you were go to go to the assessor Web site, 591 parcels of land in the land bank right now. Now, the land bank does not control all that, because like I said, there are repository agreements with nonprofits such as Habitat for Humanity who are using that as a bank, a storage place as they will continue to develop down the road.

SCHEER: And I'm not familiar with the repository agreement, so can you explain what that is in essence?

WAYNE: Yeah, so if I have a nonprofit like Habitat and I get donated 100 parcels of land, rather than keep that on the tax rolls and sit there as abandoned property, they enter into an agreement, because the land bank is a political subdivision, they are no longer on the tax rolls so the nonprofit doesn't have to pay taxes on it, and it sits there until the nonprofit needs or is ready to rebuild that parcel of land.

SCHEER: So do they actually, via this agreement, does the title change hands so that the land bank owns it or does whatever organization still continue on ownership?

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WAYNE: Yes, you can go to the registered of deeds or the register-- assessor and click on the documents. They do actually sell the land or acquire the land from anywhere from zero dollars to a dollar to make sure that agreement is legit.

SCHEER: So then the land bank buys it for a dollar, but is there-- part of that agreement then would gives the nonprofit the ability to buy it back as well for a price?

WAYNE: Buy it back for the same price or give it back free if they got it for free. The key is that there's no taxes being paid on that property for that nonprofit as they get ready to develop it.

SCHEER: And this may be a poor choice of words, but hearing that, so is that somewhat shielding the nonprofit-- nonprofits can't necessarily own ground and not pay property tax. I realize they don't pay income taxes as nonprofit. So, am I making the correct correlation or am I incorrect that it works somewhat as a shield--

LINDSTROM: One minute.

SCHEER: --for the nonprofit not to have to pay the property taxes.

WAYNE: Correct. We, for the last two years, we never-- we've had amendments drafted to deal with this issue, but the bill continued to move forward, so we never needed to deal with that issue as the body collectively either voted 33 or 34, my first year, and last year we never took it to the full three hours so we didn't have to. So we never had to fix that issue and it's never really been addressed by this body.

SCHEER: Well, I think our time is up. But thank you, Senator Wayne. [INAUDIBLE] Thank you, Mr. President.

WAYNE: Thank you.

LINDSTROM: Thank you, Speaker Scheer and Senator Wayne. Senator Lowe, you are recognized.

LOWE: Thank you, Mr. President. I was waiting to give this speech until the second half of this, but I think I'll give it now. I have an amendment that would address this, but I will just go ahead and talk about it now. I was recently told about an incident that occurred between some private citizens and the Omaha Land Bank. These people were young professionals who live in Senator

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Wayne's district. Several years ago they purchased a house. A few years later, they decided to refinance it. While refinancing the house, the financial institution mistakenly left out a small piece of land that belonged to the homeowners. Apparently the previous owner to this piece of property had purchased the additional land, so the property was still technically two pieces of property. It was behind the house. The financial institution made a mistake, resulting in the smaller property not being properly included in escrow account for the property tax purposes. To clarify, we're talking about a piece of property that is less than 10 square feet. So the taxes are not substantial. We're talking about dollars, not even tens of dollars. This tiny piece of land did not have the taxes properly paid on it for two years. The landowner didn't know it was left off the taxes and the bank was not informed either; again, mostly at the fault of the bank who refinanced the house. This led to the Omaha Land Bank filing a claim against the couple to try to take the property. They had been paying the property taxes on the land that they had. They did not know that this little piece was left off. According-- this piece of property was less than ten square feet. Moreover, it was located in such a way that it was inaccessible unless an easement were taken out against the rest of the property; property, which was up to date in its taxes. According to this couple, at no point in time did the land bank attempt to take the land-- attempted to take the land did anyone reach out to them to inform them that the taxes had not been paid and that they could potentially lose their property and have an easement filed against them. It was not until the land bank came and said that they were attempting to take the land. Thankfully for this couple, the land bank realized that this was not such a great idea, that it was just ten square feet. A week or so later they sent out another letter in the mail informing the owners that they were dismissing the claim. So they were informed twice. Once that they were going to have their land taken from them and then a week later that it was being dismissed. But still the actions of the land bank raises disturbing questions regarding motivations and procedures of the Omaha Land Bank. Why weren't the owners--

LINDSTROM: One minute.

LOWE: --properly notified before? Thank you, Mr. President. If the point of the land bank is to enforce upkeep of the property and the proper payments of taxes, wouldn't it make sense to contact the people in question before filing on the land? I had concerns about this idea last year, this information just increases my concerns. We're talking about a government entity that the people did not elect. I have concerns about that. Thank you, Mr. President.

LINDSTROM: Thank you, Senator Lowe. Senator Albrecht, you're recognized.

ALBRECHT: Thank you-- how would I address you, Speaker Lindstrom. Thank you. I would like to visit a little bit with Senator Wayne if he'd yield to a few questions.

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LINDSTROM: Senator Wayne, would you yield, please?

WAYNE: Yes.

ALBRECHT: Thank you, Senator Wayne. I know that you had worked extensively on this last year as well. Do you feel like any one of these first two, LB424 and LB509 have been changed significantly from last year, or is it pretty much the same?

WAYNE: LB509 has tightened up-- the answer is, they have not changed significantly. These were the bills that, particularly last year, went all the way to the Governor before the Governor vetoed it.

ALBRECHT: OK. So when you said that you know much about these land banks in Omaha, did you have to go to the city to get approval to do whatever you were doing or is this just something you were doing as--

WAYNE: No. So the land bank put out an RFP to cut grass, and we use that as a training ground for our kids in our youth program to get into construction, because if they know how to be safe in yards, they can kind of get on jobs sites. Then because-- just because people were asking me about the land bank, I began connecting people with the land bank to get involved in purchasing land.

ALBRECHT: And then who did they have to contact to become part of the land bank when you were doing this?

WAYNE: And let me clear, I have not-- got any money from me connecting people to buy land. I was just making introductions. The time they were contacting the executive director for the land bank, since then they have hired somebody else. Marty is still there, but they've hired somebody else and I can't think of his name because I haven't done that many since.

ALBRECHT: So you did refer them to the city then, right?

WAYNE: Well, the land bank, not the city.

ALBRECHT: The land bank to the-- so whoever is operating that in Douglas County. Do you know of several other projects that they've done in the Omaha area with the land bank?

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WAYNE: When you say projects, do you mean homes?

ALBRECHT: Well, it could be a building, it could be--

WAYNE: Right now they have not done any large commercial buildings, what they are focusing on are empty lots or rundown homes in which they're selling--

ALBRECHT: OK, but that's just in your district. But do you know of anything else in this--

WAYNE: No, that's the entire Omaha Land Bank area.

ALBRECHT: OK, so-- and do you know how long Sarpy and Douglas have been a part of the land bank in the state of Nebraska?

WAYNE: Sarpy is not a part of the land bank, it's just Douglas--

ALBRECHT: Oh, I thought they said Sarpy and Douglas were. No?

WAYNE: Not that I'm-- I can double-check, but all the land that I've seen has been--

ALBRECHT: OK, I thought that's what I just read in the bill. OK, and I know you spent a lot of time with TIF, with blighted areas, and I really couldn't thank you enough for having everybody who came in during an interim study to find out what did you TIF, why did you TIF it, if it was not an area that should have been TIFed? There truly weren't any penalties. Do you feel like LB424 would have any penalties or any oversight? Is there anybody from the state that would ask to audit their books or anything like that to find out if they've let it go on too long and the people just maybe took it off the tax rolls for five years but haven't invested any money or energy into fixing something up, is there any kind of penalty like that in this bill?

WAYNE: There isn't any penalty in the bill, but as state senators, as city councilmen, and to clarify, any city municipality in Douglas and Sarpy County are eligible to create a land bank, but only Omaha has created a land bank. But to the audit provision, city, state senators,--

LINDSTROM: One minute.

WAYNE: --anybody can ask the public auditor to audit them at any time.

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ALBRECHT: And I appreciate the fact that Senator Hilgers said that he would work with people if we get to that point, because I do believe we do need to shore up some things. I just can't see this happening for all of Nebraska. You know, I've had some conversation with Senator Gragert and myself, and I'm thinking, you know, I mean, who is going to come to our small town and take over this monster building that needs so much work. I can see it if we have, you know, as Senator Stinner says, job opportunities and work force development, if the ag economy started to stimulate and things were happening, you might even find that local people would try to clean up their own downtown areas and make things work. So, I'm still listening. I appreciate the opportunity to visit. And I'll yield my time back to the Speaker. Thank you.

LINDSTROM: Thank you, Senators Albrecht and Wayne. Senator La Grone, you are recognized.

La GRONE: Thank you, Mr. President. Would Senator Clements yield to a question?

LINDSTROM: Senator Clements, would you yield, please?

CLEMENTS: Yes.

La GRONE: Thank you, Senator Clements. I have been focusing this morning basically on the automatic bid process, because as I have been saying, I think that that's unnecessary if these are truly properties for the private sector is not interested in developing. We had a conversation off the mike where you told me a story about some experience you had with a similar property. Is that correct?

CLEMENTS: Yes.

La GRONE: Would you mind sharing that story with me on the mike?

CLEMENTS: Sure. I live in Elmwood, Nebraska, small town, and next door to my house was about a 100-year-old house and we called it the crack house because the police were there regularly and the yard was not mowed, the raccoons and cats and possums wandered in and out. And finally it became vacant and it was even worse with the rundown nature of it. I think the animals were living inside the house and it was an eyesore and a safety hazard as a neighbor to me. So I did-- I was able to contact the owner, she had moved to Lincoln. And I made her an offer to buy the property and we negotiated a price and she sold the lot to me and the old house and I had the fire department burn it down; and mowed the yard and cleaned it up. And I advertised it just for a few days and sold it to a couple who wanted to build a brand new house.

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That was my real intent was wanting to get that-- it was the assessed value had gone down to almost nothing because of its vacant nature and got it back on the tax rolls with a retired couple that are nice people and I didn't need to use government at all. It was-- just a private enterprise on my own. The situation worked out well. If somebody had been able to outbid me or come in and not have an automatic bid, I would have lost control of the property next door. I appreciate the fact that I was able to do that on my own.

La GRONE: Thank you, Senator Clements, and thank you for sharing that story on the mike with me. So under the automatic bid process, if we're in a situation under Sections 17 and 18 of this bill where we're looking at a tax lien situation and there was a private bidder, like Senator Clements, obviously, I'm not-- that was not the type of situation contemplated under 17 and 18 in this section, but if there were private bidder in that situation under this bill, because of the automatic bid process established in this bill, a land bank could come in and beat that private bidder if two of those criteria were met, I believe, the way I read that. Which again, I think that entirely defeats the purpose of the bill. Because the purpose of this bill, which is a good purpose, is to address properties that are vacant that are-- and get those properties back on the tax rolls. That is a great purpose. That is not what this bill achieves. And the automatic bid process completely undermines that purpose. How much time do I have left, Mr. President?

LINDSTROM: One minute.

La GRONE: Thank you, Mr. President. I was going to yield my time to Senator Hilgers, but if I only have that little time, I'll just finish out and reiterate that if the purpose of this bill is to address these properties that the private sector cannot deal with and to bring them back under-- develop them and bring them back onto the tax rolls, and this automatic bid process entirely undermines that purpose. Thank you, Mr. President.

LINDSTROM: Thank you, Senator La Grone and Senator Clements. Senator Moser, you are recognized.

MOSER: Thank you, Mr. President; and greetings, colleagues. Well, I have been listening to the debate here trying to learn about what land banks do and what this legislation will enable. And I think that the description of what the proponents think land banks do and what the description of what land banks do that was offered by the opponents are not the same. And so, I see that Senator-- oh yeah, Senator Wayne, could I-- would you yield to a question?

LINDSTROM: Senator Wayne, would you yield?

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WAYNE: Yes.

MOSER: OK. I was talking to you and an aide there a little bit ago about this automatic bid process and I was wondering if you had a feeling about why this automatic bid process is included in this?

WAYNE: Yes. Senator Moser and Senator La Grone, the reason the automatic bid process is there is because how our tax bidding process works is it gets on the roll-- or you bid it three years after it sat for a while. And then companies, particularly an outfit out of Texas, kept coming into Nebraska unseen, unsight and kept bidding on a whole bunch of properties and then after three years they realized we only got 10 percent of them back, we made our money; the other 90 percent we're going to throw away. And they threw away, then you got to wait an additional three years. So you have a vacant property sitting there for six to nine years going through this three-year cycle. And this is the part that's bad about term limits. This negotiated language right here was negotiated between the individuals who buy the tax certificates and Heath Mello, Senator Mello at the time, to come to a language that makes sure that both can still participate. This was actually negotiated by the industry. And I think if you were to talk to people who were in the industry and still are in the industry, they're OK with this language because there are companies out of town who come in and just buy unseen, unsight, a hundred properties; they get 10 percent back. The other 90 percent they walk away from and you have to go through the same three-year cycle again. So property sits vacant for three to six to nine years. And so this was put in to make sure that property could get back off and back on the rolls as soon as possible; off of that cycle and back on the rolls.

MOSER: So you're saying that these companies would buy multiple properties, kind of as kind of a lottery and then hoping that some of them turn out to be really good and then the ones that turn out to really be a lemon, then they walk away from.

WAYNE: Right. So on average, the numbers were, when this land bank came around, was 90 percent; particularly this outfit out of Texas would walk away from 90 percent of their properties because they can make 10 percent off of the interest off of that 10 percent and they would make enough money to walk away from the 90 percent. And they're not from here, because it's an open bid market. So they walk away and they don't care what happens to Nebraska. So this language was put in there to make sure that these properties can get back on the tax roll in some capacity.

MOSER: So when you're talking about a foreclosure sale, you're not talking about a foreclosure sale with this automatic bid that would-- would be-- well, let me rephrase this, start over here. So if the bank has a property that they have loaned somebody money on and it's being privately

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financed and being foreclosed, that automatic bid process is not going to work there. It's only on publicly-- unpaid tax sales.

WAYNE: Correct. Correct. This has nothing to do with foreclosure. And this was to protect Nebraska, particularly small towns, not necessarily Omaha, this was passed for Omaha, but the issue was these big corporations were buying these tax liens and walking away from 80, 90 percent of them and these properties would sit for 10 years.

MOSER: There's no penalty against buying properties and then not doing anything with them.

WAYNE: No, they just-- because then the tax lien starts all over and you go through the three-year process and you go through the-- yeah, there's no penalties.

MOSER: So they kind of scam the system. Thank you. Would Senator Hilgers respond to a question?

LINDSTROM: Senator Hilgers, would you yield--

HILGERS: Of course.

LINDSTROM: --one minute.

MOSER: Are you-- would you be willing to make a list of your deficiencies that you see in this bill and then take those to the proposer of the bill and look to see if there are compromises that would protect the interests of the private developers and yet give the cities or the land banks the opportunity to buy properties and use them for the purposes that most of us expect land banks to use and not to abuse it.

HILGERS: I would be happy to bring my concerns, list them out. I have them right here. We can walk through those and see if there's a compromise available.

MOSER: OK, I don't think I have enough time to go through them right now. But I just wanted to make sure you were willing to do that because I respect your opinion and I would sure like to hear your objections and try to work this out. Thank you, Mr. President.

LINDSTROM: Senators Moser, Wayne, and Hilgers. Senator Hilgers, you are next in the queue.

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HILGERS: Thank you, Mr. President. This might be one of the last times I speak again. I may speak twice. One of those times I'm going to walk through what Senator Moser just said, which is my objections, and I'll sort of list it out format. But I do want to zoom out and talk about-- I've talked about this before, or at least referenced that I would speak on this, which is that these land banks, and I understand there's been 2.0 and there's 3.0 versions, but they're not-- they're not in all cases working out the way they intended. In fact, in some cases, and I'll talk about them in a second, they're working out in ways you might predict in which you provide opportunities for those who are unaccountable who have the opportunity to divert money for their own gain, what you might predict that would happen if you have a structure like that. So when we build-- when we create policy, we build entities, or governmental structures, or we build boards or municipalities, whatever they might be. If they're handling money, one of the things that we try to do, whether, frankly, it's in government or private sectors, ensure that there's accountability. I believe very deeply in the good nature of Nebraskans. That being said, there are people who are bad actors. We know this. We have opened up the paper, it seems like every year over the last several years, where individuals or county clerks or others are diverting money for their own gain. And what happens, it's more likely to happen, we know this from hundreds of years of human experience, when people aren't looking, people have broad discretion, they have broad power. Now, that doesn't mean, colleagues, by the way, that in most instances, many instances, or the vast majority of instances, these types of land banks or structures will be run by really good-hearted people who want to do the right thing. And I have no doubt that Omaha-- that leadership in Omaha Land Bank is doing a good job. That being said, we shouldn't make public policy baking on the assumption-- or baking on a bet that these entities are going to be run by benevolent managers. We should be-- we should be creating structures that we know are going to put us in a position to succeed, knowing in advance, that when we create unaccountable entities that have access to large-- potentially large sums of money that have significant power, that have opportunities to self deal, that we put restrictions there to make sure that that's not likely to happen. That is what this entire debate has been about for me. There's has been a articulated, narrow, as I understand it, narrow problem. The solution goes well beyond that problem. Not the solution as I sort of might imagine it to be, the solution as I have read after provision after provision after provision of the bill, the actual language in the bill and the statute. Now, it's not just me saying, hey, these bad things might happen, you know, or try to use a scare tactic or say, gosh, you know, we shouldn't do this because who knows something bad might happen. This has happened. These types of things that we're warning about have happened in other places. So, I've got multiple articles here. You come by my desk, I'll hand around copies. Cuyahoga County Land Bank employee facing federal bribery and fraud charges from November 2018. Former city employee sentenced in land bank fraud scheme. Dallas Morning News investigation: Abuse of Affordable Housing Program, which is the land bank program. Investigation: Grand jury focusing on Detroit's demolition program, 2017, demolition program as part of the land bank, is abuse of the land bank system. Colleagues, it is happening. This isn't some abstract conversation. We know if we give people access, we give people power, give people access to money, give

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them the opportunity to self deal, bad things can happen. We just know it. It's good government if we're going to do this to make sure we are narrowly tailored, we've got accountability measures, we've got a limited set of power that's actually tied to the problem that we're trying to solve. Now the next time I come up on the mike and it may be the last today--

LINDSTROM: One minute.

HILGERS: Thank you, Mr. President. Next time I come up, I'm going to walk through-- just going to reference again, I've got about 10 or more that I've talked about today, real problems with the language of the bill. Not real problems that I sort of just conceived, these are real problems in the language. Now, I'm more than happy to try to work through those problems with Senator Quick, Senator Stinner, any stakeholder, any senator that is here in this body. That's the spirit that I think we all try to bring to our bills. There are a lot of problems in my view. There are a lot of issues. I'm willing to work to see if we can solve them. But, ultimately, the text of the bill, not what we wish it would be, the text of the bill creates a lot of problems down the road. Thank you, Mr. President.

LINDSTROM: Thank you, Senator Hilgers. Senator Erdman, you are recognized.

ERDMAN: Thank you, Mr. President. Thank you, Senator Hilgers, again. This time on the mike I'd like to talk a bit about-- in the bill, the bill amends how many parcels that a land bank can own. Last year's bill said 7 percent of the total parcels of real property located in a municipality or municipalities that are created by a land bank. So now we're going to increase that, it's 7 percent of the parcels located in a metropolitan class city or a primary class, but not more than 10 percent of parcels zoned commercial. So, we have now taken it from 7 percent residential, I would assume that's what it means, to 10 percent of the commercial. Then if you move on down in the next section on page 13, line 27: 10 percent of the total number of parcels located in the city of the first class and no more than 5 percent of such parcel shall be zoned commercial. Now, those cities of the first class are, I believe, cities from 5,000 to 100,000. And then it goes on to the next step and it says that 25 percent of the total number of parcels located in a city of the second class or a village, and no more than 25 percent of such parcels shall be zoned commercial property. When you get to the point that you are owning 25 percent of the parcels in a village or a second-class city, that is a lot of parcels. And I'm not sure exactly why they wanted to expand the amount of properties that they can own. This is a difficult thing for me to get my hand around. And I see that Senator Stinner is back in the audience and I would like to ask him a question if he would yield.

LINDSTROM: Senator Stinner, would you yield, please?

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STINNER: Yes, I will.

ERDMAN: Thank you, Senator Stinner. Senator Stinner, run through briefly that explanation you made on the mike about after paying the tax certificates you can go and improve the property, explain that again if you would.

STINNER: Well, you'd have to wait for the three years to foreclose it. You could buy the tax-- what I was trying to emphasize, that you could buy the tax certificate, it isn't an auction, it's a round robin, you can buy those when it comes up from the treasurer.

ERDMAN: OK. What I heard you say or I think you said is that once you've bought a tax certificate you can go to the property and begin to improve the property. Did I misunderstand that?

STINNER: I think you did, yeah. I was making a different point and so I may have misled you. I'm sorry.

ERDMAN: OK. So would you agree then, once someone has paid, whether it's a land bank or a private investor or whoever it is, have paid the tax certificates for three years, then once they paid for the third time they can force a tax sale on the courthouse steps and that's a totally different process than buying tax certificates, is that true?

STINNER: Yes, that is.

ERDMAN: OK. And then at that point, once you've had a tax sale and you get a-- I don't know what you would get, a tax deed or maybe a sheriff's deed, then you would then be the owner and then you could start doing rehab or refurbishing on the property then, is that correct?

STINNER: Yes, I believe that's correct.

ERDMAN: OK. So help me understand this. I'm a contractor and I do flipping, I flip some houses, I bought a house and I refurbish the house and I put it on the market for sale. And down the road, down the street from me, the land bank has bought a house--

LINDSTROM: One minute.

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ERDMAN: --and they're doing a similar thing, how do I, as a private contractor, because I have to pay taxes and I have to pay capital gains and all those taxes or property tax and income tax, how do I compete with that land bank where I have to pay taxes and they don't?

STINNER: Well, the point is, is that the properties the land bank is going after, nobody wants them. They have been abandoned, they've been vacant for a very long time, so it isn't--

ERDMAN: But once they have completed and improved their house or their property, it may very well be very similar to mine and compete for that buyer that I'm competing for. Could that be true?

STINNER: Well, that could be true.

ERDMAN: So then, they would have an advantage over me because they don't pay any taxes. Would that be true?

STINNER: I'm not saying that. No. You're in a market, depending on what town you're in, you're in a market that is either going to sell that \$50,000 or \$60,000 house or a \$70,000 or \$80,000 house--

ERDMAN: OK. All right.

LINDSTROM: Time, Senators.

ERDMAN: OK, thank you.

LINDSTROM: Thank you, Senators Erdman and Stinner. Senator Wayne, you are recognized.

WAYNE: That was quick. Thank you, Mr. President. I just spent some time with another senator walking through the Web site and explaining how things work on there. I think it's really important that people understand-- and I was trying to stay out of this conversation. For most people who know, I was trying to let other people talk because I talked on it for two years. But the land bank is really-- we all have vacant properties and housing and nuisance properties that are sitting there. And I kept hearing about this automatic bid process, I kept hearing fallacies of how things are working and I continue to hear Senator Hilgers talk about some of the concerns. What I'm not hearing in this debate and what I haven't heard for two years is what would you like the bill to look like? Those who continue to say we're against the land bank but continue to

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say we need to do something with vacant lots and property that isn't being used at all, we have to have some kind of alternative. And the story that Senator Lowe read could have occurred whether I bought the house myself, whether the land bank was involved at all, and as he said, the primary responsibility of that was the bank. I've not known too many banks to loan money on a mortgage and not make sure that a proper plat was done to make sure where all the lots were, were done. That's the bank's fault not the land bank's fault. So, are there some issues that we can work out? Yes. Am I currently happy with all of the things that my land bank does? No, I'm not. But the principles and the ideas behind the land bank are solid. We have issues across the state, every community, around vacant, dilapidated property that many times out-of-town investors have bought on tax certificate sales and they sit there. They are susceptible to more crime, they are bringing down property values, and this is just one more tool in the tool box. Your community does not have to do this. In fact, Douglas and Sarpy County have had the land bank for years, but only Omaha has authorized it. Sarpy County must believe, and Bellevue and Papillion, they must believe that whatever they're doing to address their dilapidated and vacant and abandoned properties is working. Omaha said we need more, particularly because we had so many outside investors who would just buy and walk away after they got 10 percent of their money back from the tax sale which is a significant return and just walk away. And you had property sitting for years. I just showed Senator Friesen a property that went to the Land Utilization Committee almost six years ago that sat in the city of Omaha's-- in the land utilization for years until the land bank finally got it and now it's up for sale. That is the goal behind this. We are trying to give them more tools. Are there some things we can tighten up? Yes. I have an amendment that I would love to introduce to have that conversation to tighten up some of the concerns that I have. But what I'm hearing is, there's a narrowly, narrowly-- narrow issue that we have this overly broad solution. My question to everybody is, then tell me exactly what to do to change it. Because there wasn't a whole lot of opposition at the hearing. There wasn't a whole lot of negative talk about what's going on in Omaha. There are some concerns. That's legit. But let's just not say no all the time. Let's try to give our communities some tools to solve the problems that they have.

LINDSTROM: One minute.

WAYNE: And if your community, such as Lincoln, feels like Papillion and Bellevue that they don't need one, they don't have to opt for it. But I do know that Senator Briese's district has been begging for one. I do know that part of Grand Island and Aurora and some parts of North Platte have been trying to figure out what to do with their dilapidated property, because I traveled the state and listened to them during an interim study. So what I'm asking for is let's have some constructive amendments, we can even do a white copy amendment, we can figure this out and let's move this bill forward. But if the issue is we just don't want anymore political subdivisions or we just don't want to have this because they're supposedly not transparent and those kind of

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things, I can't help you with that. I can't help you with that. What I can help you with is drafting a bill that works for you, that works for me, that works for Nebraska.

LINDSTROM: Time, Senator.

WAYNE: Thank you.

LINDSTROM: Thank you, Senator Wayne. Senator Briese, you are recognized.

BRIESE: Thank you, Mr. President; and good afternoon, colleagues. As I look at this, I ask myself is this going to be a win for our taxpayers? To me that's the bottom line. And so we've heard a lot of good arguments here on both sides of this issue, but as we listen to this, sometimes it's hard to sift through the arguments and quantify how this is going to work. It's kind of hard to predict with any degree of accuracy how this is actually going to take place, especially out in rural Nebraska. I'm not sure what I'm going to do here, but several factors that I'm going to be looking at that I need to consider. According to our statutes, members of any land bank board must be confirmed by a two-thirds vote of the governing body. And to me, that super majority there does create some measure of accountability to our voters. And the policy and procedures for auto-accepted bids also must be adopted by a two-thirds vote of the board. And board members can be removed for neglect of duty or misconduct. But as Senator Hilgers says, that is a fairly high standard. And I do note the land bank doesn't have the ability to levy property taxes. And if property taxes are otherwise offered back to the land bank by a purchaser from the land bank, the land bank has the ability to turn those taxes down. And so I would like to look at a couple of the arguments I have heard last year, this year, in the hearings this year. I heard last year that, you know, well there's not really a housing crisis in Nebraska. Well, you go out in my district and talk to economic development folks and economic leaders across the communities there and they will tell you, yes, there is a housing shortage. And so I have to ask myself, can this help address that housing shortage. Some folks at the hearing suggested that land banks will want to accumulate and speculate on properties. And folks, I guess I'm not sure about you, but where I come from, we have a property tax crisis. And if you're a government official that appoints a land bank board member and that land bank board member votes to needlessly accumulate property and take it off the tax rolls, there's going to be some recall elections. Where I come from, I think land banks are going to be-- they're most likely going to be used fairly judiciously. Others argue that land banks will compete with private enterprise. I've got a lady in my district, she's married to a farmer, and so property taxes, I'm sure, are on her mind, but she's a housing developer. We talk about a housing crisis here in this body, but she's on the ground doing something about it. And I received an e-mail from her and she likes the idea of the land bank, she thinks that can help facilitate her development of housing. She's not afraid of land banks competing with her. She thinks that land banks can compliment what she does. I have heard

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elsewhere that, well, land banks they can acquire vacant lots. So I asked some folks at the hearing, individual from Grand Island and another economic development individual, you know, would you be targeting vacant lots? And both of them responded, essentially, sir, we don't have vacant lots to target. That's our problem out here. And some have expressed concern about the auto-bid process. But an Omaha Land Bank testifier suggested-- he estimated, anyway, that only 10-20 percent of their property is acquired through auto bids. And I'm pretty confident, if you're a land bank-- on the land bank board and there's a developer or someone else that wants a property at a tax sale, you're probably not going to try to outbid that individual. Or if that unsuccessful potential bidder comes back to you and said, hey, I wanted that property, I want to develop it, I want to facilitate development on there, you're probably going to let him have it. I do note that I received-- nobody from my district contacted me opposing this. I received numerous--

LINDSTROM: One minute.

BRIESE: --e-mails and calls from supporters. But with that said, there's been a lot of good points raised today and I do have some concerns also. And as we talk about a potential amendment, I'm a little concerned about the limits placed on the amount of property in any one city that can be acquired. I think that's in Section 8. And I wonder if those limits should be lowered. I also think the body that creates the land bank ought to have the ability to dissolve that land bank. And I think the body that appoints the individuals should have the power to remove them. And I think there probably should be some term limits on the lengths of service for these members. So if we're talking about a compromise here, I think those would be, perhaps, my primary concerns. And I would encourage folks to consider a compromise to move this thing forward. Thank you, Mr. President.

LINDSTROM: Thank you, Senator Briese. Speaker Scheer for an announcement.

SCHEER: Thank you, Mr. President. We have reached the allotted time on this bill, so we will move on to the next item as we come back tomorrow morning. Colleagues, we are going to recognize our previous senators that are here with us this afternoon. So as we prepare to do that, if you would take your seats, that would be very nice as far as respect to the former senators. And we will prepare-- and after we are done with introductions, we will adjourn for the day. Thank you.

LINDSTROM: Thank you, Speaker Scheer. Mr. Clerk for announcements.

CLERK: Mr. President, amendments to be printed: Senator Friesen of LB585; Senator McDonnell, LB641; Senator Hilgers to LB424; Senator Erdman to LB177. New A bill: (Read

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LB460A and LB641A by title for the first time.) And a reminder, an announcement, Mr. President, the Appropriations Committee will meet upon adjournment in Room 1003; Appropriations in 1003 upon adjournment.

SCHEER: Again, colleagues, would you please take your seats. Colleagues, it's my extreme honor to introduce to you a number of former state senators that are visiting this afternoon. This is an annual tradition that we have upheld for a number of years. And I will introduce the senators as they have been presented to me, and you may show your appreciation at any point in time. First senator, Senator Jerry Johnson, serving District 23 from 2013-'17. Senator Kate Sullivan serving District 41 from 2009-2017. Senator Tom Carlson, serving District 38 from 2007-2015. Senator Tom Hansen serving District 42 from 2007-2015. Senator John Nelson serving District 6 from 2007-2015. Senator Howard "one," Senator Gwen Howard serving District 9 from 2005-2013. Senator Arnie Stuthman serving District 22 from 2003-2011. Senator Dave Pankonin serving District 2 from 2007-2011. Senator Joel Johnson serving District 37 from 2002-2009. Senator Pat Engel, serving District 17 from 1993-2009. Senator Carol Hudkins serving District 21 from 1993-2009. Senator DiAnna Schimek serving District 27 from 1989-2009. Senator Don Pederson serving District 42 from 1996-2007. Senator Jim Jensen serving District 20 from 1995-2007. Senator Elaine Stuhr serving District 24 from 1995-2007. Senator Marian Price serving District 25 from 1999-2007. Senator Roger Wehrbein serving District 2 from 1987-2007. Senator Ed Schrock served District 47 from 1990-1993 and 1995-2007. Senator Jim Cudaback serving District 36 from 1991-2007. Senator Jim Jones serving District 43 from 1993-2005. Senator Lee Rupp serving District 22 from 1983-1987. And Senator Vickie McDonald serving District 41 from 2001-2009. Colleagues, could we have one last final round of applause for our former senators? And colleagues, we have a group of fourth graders it looks like upstairs, I have no idea where they're from, but please stand and be recognized by the-- All right. We have fourth graders from Niobrara. Would you please stand and be recognized by the Nebraska Legislature. Thanks so much for coming down. Mr. Clerk for items.

CLERK: Mr. President, I have one item. The motion is to adjourn the body until Thursday morning, April 18, at 9:00 a.m.

SCHEER: Colleagues, you've heard the motion. All those in favor please say aye. Any opposed? There is none. We are adjourned.