

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Government, Military and Veterans Affairs Committee February 28, 2019

**La GRONE:** [RECORDER MALFUNCTION] --to the Government, Military and Veterans Affairs Committee. My name is Andrew La Grone, I'm the Vice Chair of this committee. I represent District 49, which is northwest Sarpy County, including Gretna. Senator Brewer is introducing a bill in the Judiciary Committee right now so we're going to go ahead and get started and Senator Brewer will join us when his bill is over. We're gonna start out, we'll have committee members with us today introduce themselves starting to my far right with Senator Blood.

**BLOOD:** Good afternoon, I'm Senator Carol Blood, and I represent western Bellevue and southeastern Papillion Nebraska.

**LOWE:** John Lowe, District 37: Kearney, Gibbon, and Shelton.

**KOLOWSKI:** Rick Kolowski, District 31 in southwest Omaha.

**HUNT:** I'm Megan Hunt and I represent District 8, which includes Dundee and Benson in midtown Omaha.

**La GRONE:** To my immediate left is committee legal counsel Dick Clark. And to my far left is committee clerk Julie Condon. Then we also have our pages with us today, Kaci and Preston. Today we are going to hear four different bills: LB522, LB524, LB525, and LB736. Just a few quick notes to facilitate the hearing today and maintain an accurate record. Please mute all your cell phones and electronic devices. You will see members of the committee using computers and electronic devices but that's to research the bills or participate in some way within that fashion. If you intend to testify, please fill out and complete a green testifier sheet, which are located on various tables on the sides of the room, and then you'll need to provide that to the clerk when you testify. If you do not wish to testify but you do want your position on the record, please fill out and complete a green testifier sheet located on one of those tables again and hand that to a page and they will give that to the clerk and your testimony will be recorded in the same manner as if you had testified. If you'll be passing out materials or exhibits to the committee, please give them to the page to distribute. We need 12 copies of paper materials. If you need additional copies of your materials, please ask the page to assist you and they can make you those copies. Letters submitted to the committee by 5:00 p.m. the day before the public hearing will be included as an exhibit and given to committee members. Each letter must include name, address, the bill number, and position on the bill. The only, only the number of letters received will be read at the hearing but they will

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be maintained as part of the rec, of the record. Mass e-mails will not be included as part of the record. If you intend to testify, please sit in the front of the room so you can be ready to testify. When you begin to testify, state and spell your name for the record. Please speak clearly into the microphone. We'll begin testimony with they set, with the introducer of the bill, then followed by proponents, opponents, and then those speaking in neutral capacity, and finally with closing remarks. We'll be using a three-minute light system today. You'll have the green light for two minutes, then you will have the yellow light for one minute. And finally when the red light comes on, your time is up. That will be followed shortly by an audible alarm if you do not stop. With that, we will get going. And just since the first bill is going to be introduced by a staff person, I would just remind again, staff people who can introduce a bill, they cannot be asked any questions but the same thing is they will not be afforded the opportunity to close. So with that, we will allow Mr. Spray to come open on LB522. Mr. Spray, welcome back to the Government, Military and Veterans Affairs Committee.

**JACK SPRAY:** Thank you. Good afternoon, Vice Chair La Grone and members of the Government, Military and Veterans Affairs Committee. My name is Jack Spray, J-a-c-k S-p-r-a-y, and I am here today presenting LB522 on behalf of Senator Lou Ann Linehan. LB522 was brought to Senator Linehan by the Douglas County Board of Commissioners. The bill would provide the Douglas County Board with the ability to appoint a human resource director and to help them carry out the Civil Service Commission Act. The county board would also have the authority to approve personnel policies put forth by the Civil Service Commission. Nebraska counties currently have three standards for handling personnel issues. First, in counties with 150,000 inhabitants or less, the powers regarding personnel policy and procedure are vested with the county board. The county board may also appoint a personnel director and a personnel board. The second standard is for Lancaster and Sarpy Counties. Both county boards have the authority to appoint the county personnel direct, officer. The county personnel officer works with a separate entity called the personnel policy board. The personnel policy board has six members. Two members appointed by the county board, two members appointed by the elected county department heads, and two members appointed by the county employees. The final standard is unique and applies to counties with more than 400,000 inhabitants: Douglas County. Douglas County has a civil service commission. The commission is comprised of two elected department heads, one Democrat and one Republican; two employees, one Democrat

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and one Republican; and one member at large elected by the other members of the commission. Unlike the other 92 counties, the Douglas County Board has no input on appointing the civil service director and, therefore, is essentially a bystander on personnel issues regarding the 2,300 employees of Douglas County. To better understand LB522, I'll provide you with some historical background on how the unique structure came to be. In 1971, it was common practice of elected department heads in Douglas County to fire county employees upon their election and replace the fired employees with friends or political confidants. The corruption was so out of control that the Legislature had to intervene in order to provide employees protections. Excuse me. As Senator Linehan supports the intent of the underlying statute, to provide employee protections, and that is the same intent in LB522, and it does not fear interfere with any of the employee protections in Douglas County. The Civil Service Commission remains intact as the personnel board for the county employees, and it is Senator Linehan's hope that having a county board appoint a human resource director who reports to the county board and gives the county board the authority to approve personnel policies will provide the accountability that is enjoyed in every other county in Nebraska. At the end of the day, LB522 is about accountability. LB522 does not rewrite personnel policies for Douglas County, the bill simply provides the Douglas County Board the authority to appoint a human resource director and to have the final say in personnel policy decision making. Thank you for your time and I think there will be some experts who can answer any questions you might have following me.

**La GRONE:** Thank you for your opening. We will now move to proponent testimony. And if you intend to testify, if you could please come towards the front of the room.

**PATRICK BLOOMINGDALE:** Good afternoon, Vice Chair, members of the committee. My name is Patrick Bloomingdale. I'm the Douglas County Chief Administrative Officer. I have been the CAO, or otherwise known as county administrator, for the past six years. Prior to that for more than a decade I was the deputy county administrator. And in my previous life you could say I was deputy Douglas County Attorney, and part of my responsibilities were to try cases before the Civil Service Commission. So currently, the five-member Civil Service Commission hires the HR director and provides direct supervision over that position. The HR director and her staff develop personal policy rules and regulations that she submits to the commission for its approval. And those rules and regulations are binding upon all civil

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service-covered employees and upon the elected county officials and appointed department directors who employ those employees. The HR director also serves as the secretary of the Civil Service Commission. The commission also renders decisions on employee appeals from terminations, suspensions, and demotions. The civil service statutes that apply to Sarpy and Lancaster create a personal, personnel office within the office of the county board run by the personnel officer who was appointed by the county board. LB522 simply brings Douglas County in line with Sarpy and Lancaster in that regard. Additionally, the civil service statutes that apply to Sarpy and Lancaster require that the county board approve all personnel rules and regulations. In Sarpy and Lancaster the personnel board recommends the personnel rules and regulations to the county board. Again, LB522 brings Douglas County in line with Sarpy and Lancaster in that regard. Of note is that at Lancaster County's request two years ago the Legislature changed the statute to increase the population threshold so that Lancaster would not fall within the civil service statutes that apply to Douglas County. And my understanding largely was the human resources department and human resources director, part of that statute is what they were concerned about falling under. LB522 does not eliminate the Civil Service Commission or the employment protections that are enjoyed by the Civil Service Commission covered, civil service-covered county employees. The commission will still hear and decide on appeals from terminations, suspensions, and demotions. The Douglas County Board is responsible for the \$395 million county budget, the county board is responsible for setting the annual tax levy and for approving the county's union and nonunion pay plans. A majority of county employees reside in the departments that are directly under the county board's purview and, yet, the county board currently has no say over the operations of the human resources director and her staff or the county board's personnel rules and regulations other than providing input to a draft that's passed around before the commission finally approves it. The county board has no ultimate authority over those rules. One final thing I will say is I understand that, you know, when this statute was passed back in 1971 there was a lot of political fighting [INAUDIBLE], I guess you could say, that went on, and I understand and respect the reason why the statute was passed. You know, it's not 1971 anymore, it's 2019. But understanding that that perception could still be created now, we in Douglas County, the county board did not want to mess with that underlying statute and those concerns. We respect those. We're just really trying to get at the heart of those two relatively minor issues: the human resources director and the personnel policies and procedures. So that being

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said, the Douglas County Board respectfully requests that this committee pass this bill and send it on for full legislative consideration. Thank you for your time and I'd be happy to take any questions.

**La GRONE:** Thank you for your testimony, Mr. Bloomingdale. Before we open up to questions, could you spell your name for the record please?

**PATRICK BLOOMINGDALE:** It's B-l-o-o-m-i-n-g-d-a-l-e.

**La GRONE:** Thank you. Are there any questions? Seeing none, thanks for coming down.

**PATRICK BLOOMINGDALE:** Thank you.

**La GRONE:** Next proponent. Mr. Commissioner, welcome back to the Government Committee.

**CLARE DUDA:** Thank you, Senators. Appreciate your time this afternoon. I feel a little bit-- excuse me. Clare Duda, the Douglas County Commissioner, C-l-a-r-e D-u-d-a. I feel a little bit bad, like this should be kind of an internal matter. But because the Legislature has the responsibility of making these decisions, that's why we're here seeking your help. Basically I'm just saying ditto to what Patrick just said. It seems to me only reasonable that we, the county board, ought to hire our own personnel director or HR director. Right now we have no say in who is hired, who they answer to, what they do. And, and the second related thing being our personnel policies and manual. We're not even a signatory to it. All we can do is recommend to another body. And really, hiring employees is the biggest part of what we do. I don't know the percentage of our budget that's payroll, but it's the vast majority of it. That's, with 2,300 employees, that's the most important part of our job. And, yet, here our hands are tied and we are forced to delegate things like our personnel policy to somebody else and to not even allow us a voice in the matter. So my ask is simple. I'll be brief. Thank you for your time. Does anybody have any questions?

**La GRONE:** And thank you for your testimony. Are there any questions? Seeing none-- oh sorry, Senator Kolowski.

**KOLOWSKI:** Just to have one, please. Thank you. Good to see you, sir.

**CLARE DUDA:** Good to see you, Senator.

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**KOLOWSKI:** With all the years that have been talked about and all the decades that have passed and all the rest, is there anything else that should be or could be brought to the forefront today that would makes, make things smoother and more understandable as far as the, the, the total program that you're looking at as far as the placement of this particular position?

**CLARE DUDA:** What a wonderful question. But the answer is no, not, not today. I, perhaps with time we will, we will see more things. But we, were not trying to be harsh or abrupt or anything here. We're trying to just kind of ease into what we believe is a more appropriate situation. So thank you for your question. Very good.

**KOLOWSKI:** Thank you.

**La GRONE:** Thank you, Senator Kolowski. Any additional questions? Seeing none, thanks for coming down.

**CLARE DUDA:** Thank you for your time.

**La GRONE:** I'll take the next proponent. Any additional proponents? Now moving to, we're now moving into opposition testimony. First opponent. Welcome to the Government Committee.

**RAYMOND ARANZA:** Thank you. My name is Raymond Aranza, last name A-r-a-n-z-a. I'll probably, I have my statement. I'll probably go off it only because I've heard a few comments that I think could be good to respond to. But may it please the panel, thank you for giving me the opportunity to speak as concerns LB522 and the proposed revisions to the County Civil Service Act. I rep-- I'm an attorney and I represent members of the Employees United Labor Association, otherwise called EULA, and EULA represents a number of employees. Most of these employees are quite honestly on the lower end of the pay scale in Douglas County. And there is a large number of them and so they don't necessarily have, you know, an opportunity to speak too much except through their representatives through their union. Changes to the Civil Service Commission, even though EULA has a CBA with the county, there are policies that would still affect our members. And so something like this is really critical. And, you know, Mr. Duda's comments that they really can't do anything, well, they really do. I mean, they approve all the CBAs and there's a number of CBAs that the county has, because I've negotiated them with Mr. Bloomingdale for years. My consider-- you know, cut to the chase. There is a familiar statement that applies this situation: If it ain't broke, don't fix

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it. The provisions of the Civil Service Act have been in place for almost a half century with no complaints. I think you're going to hear from all of the opponents to this act and they're going to tell you why they've never heard any complaints from anyone, especially the board, that there was anything wrong with the way things were being done. And there is a reason, there is a reason for the way we are doing things. We are doing, the commission was put in place so that when pub-- when personnel policies are adopted there is a discussion there. They are working with the HR director. There are decisions made about the policies of the county when it comes to personnel and there is no political influence in, in those, in those policies that are adopted. Mr. Bloomingdale said, well, it's not 1971, it's 2019. And in these times when there is so much political division, our concern is that the personnel policies of Douglas County will become politicized. That when a, when certain members of the board come into come into power they're going to say, you know what, we want to change this, and it won't necessarily be because of a real reasoned and appropriately conducted examination of the rules. I appreciate your time. Looks like it might be time is up. Thank you.

**La GRONE:** Thank you for your testimony. Are there any questions?  
Senator Blood.

**BLOOD:** Thank you Vice Chair La Grone. And thank you for your testimony. So I hadn't planned on asking questions but I listened to proponents and I'm listening to the beginning of the opponents. I'm kind of confused. Where the heck did all this come from and, I mean, you guys are kind of airing your dirty laundry. And why is that? What's going on in Douglas County?

**RAYMOND ARANZA:** Well, that's the thing. We don't know. We are unaware that there have been any complaints or any push to change this legislation. That there's, that it's not working. As far as we know as, at least representing the employees, a number of the employees of the county, it's working fine.

**BLOOD:** Well, and the unfortunate part of not having the senator here to ask, I mean, I'm not sure where this bill came from or what the intent initially was. So that for us leaves a big question mark. Yeah, I just, I'm going to keep listening. But I'm a little confused by all of this.

**RAYMOND ARANZA:** Sure.

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**BLOOD:** Not really, truly knowing where it's coming from and--

**RAYMOND ARANZA:** Sure, I--

**BLOOD:** I don't like to vote on mysteries.

**RAYMOND ARANZA:** Well, I agree. And I'm, I propose that the Senate not vote on a mystery, that there be clear-- I mean, the only, the only thing that was stated by Mr. Bloomingdale as a justification is to put it in line with what Sarpy County and Lancaster County are doing. They're smaller counties. I mean, they're not-- and it doesn't necessarily modernize the system. I think that Douglas County's personnel policies are reflective of current HR theory and in what is best when it comes to managing your employees. You know, it's a pol-- I think it's a political grab. I'm not sure why it is, though. All I know is--

**BLOOD:** And we certainly want be careful not to point fingers.

**RAYMOND ARANZA:** I understand that. Sure.

**BLOOD:** I mean, I truly am puzzled, and trying to figure out where this is all coming from. And I'm not trying to stop you short, when you're giving an opinion. But I want to make sure that we're not pointing fingers because that's not productive either.

**RAYMOND ARANZA:** Yeah, it-- yes I understand. And like I said, I, we haven't, I haven't heard anything, and I didn't hear anything from the proponents that was compelling.

**BLOOD:** Yeah, and not hearing anything compelling, that's the exact phrase I would use. All right, thank you.

**RAYMOND ARANZA:** All right, thank you.

**La GRONE:** Thank you, Senator Blood. Are there any additional questions? Senator Kolowski.

**KOLOWSKI:** As a political science major--

**RAYMOND ARANZA:** Me too.

**KOLOWSKI:** --I have to come to the table, and having lived in Douglas County for over 53 years now, I hear from patrons of my district: Why do we have a county board and a city council. As far as territory,

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what's being done in the county and the kinds of things that need to be done in the county. And when I get that, that kind of question from our population, voters want to have an answer on that. And when you look at the map of how much used to be Douglas County and is now taken over by Omaha-- and I live at 158th-- that was nothing but cornfield 20 years ago, 30 years ago now. And seeing all this growth in the Millard area, where I worked for 42 years, 41 years, that is not answerable very easily. I was principal at Millard West High School, we had a Douglas County sheriff as our law enforcement officer. That had to change over time as everything got picked up and brought into the city. Those kinds of things have happened but we're not getting, we're not getting answers to some questions that people need to have answered in our city area. I'm not asking for answers today but I'm telling you, you and the commissioners from both locations, something needs to be done. Something needs to be talked about. And you can have perhaps both county commissioners and city council members, but when the entire city takes over most of the county, what 93 percent now, I'm guessing?

**RAYMOND ARANZA:** It's probably close, yeah.

**KOLOWSKI:** You have to answer some questions as to why we have both bodies and what are they doing and what difference does that make.

**RAYMOND ARANZA:** Yeah, I think this one can be answered pretty easily. The commission, the Civil Service Commission actually has a completely distinct function from what the county commissioners do. County commissioners are responsible for the county in general, for passing policy, things like that. The Civil Service Commission, through the wisdom of the Unicameral a half-century ago, decided that it needs to, that when it comes to personnel issues, personnel policies in the large cities, which in this case is Omaha, we need to have a body that's separate that looks at these issues not from necessarily a political standpoint but looks at them from basically an HR standpoint. I was a political scientist as well, but I spent a lot of time looking at HR issues and policies because my practice is an employment and labor practice. And you, you have to have, even in private companies, you have to have an HR department that has some independence to protect the employer. And, and I think that that, that was seen by the Legislature 50 years ago. And we're, we're not aware, that's the thing, we're not aware that there are any problems with communicating with the county board members. In fact, the county board members still have a role in assigning members of the commission.

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You're going to hear from two members of the commission following me that will testify about, you know, how well things work as far as they know. So there are, there is a difference. It isn't like we, you know, well, I know-- particularly when it comes to like law enforcement. I get it. I understand there's confusion there because it's like, well, why can't we just have one, either county sheriff's office or city, you know, OPD or whatever. I understand that. It seems like there, there is some tension there and there's some overlap. There is no overlap with, with this particular problem. And that's why it's really not a problem.

**La GRONE:** Thank you, Senator Kolowski. Any additional questions? Seeing none, thanks for coming down.

**RAYMOND ARANZA:** Thank you.

**La GRONE:** We'll take the next opponent. Welcome back to the Government Committee.

**JOHN EWING:** Good afternoon, Vice Chair La Grone and state senators. I'm John Ewing, the Douglas County Treasurer and also a member of the Civil Service Commission. I was recently reelected to my fourth term by the citizens of Douglas County with over 154,000 votes. I was also elected unanimously as a member of the civil service committee by the Democratic elected officials of Douglas County. I will be testifying in both of those capacities today. Today, as I complete my 37th year of public service, having served nearly 25 years with the Omaha Police Department, where I retired as a deputy chief, and now a little over 12 years as the Douglas County Treasurer, I am more than a little disappointed that I was never consulted before this change to the Civil Service Commission was proposed. I have always believed that it is good policy to discuss issues and to try and address any concerns, and that opportunity was not given to the elected members of the civil service committee. I believe the best course of action in this case is for the county board to sit with the civil service commissioners to address any concerns they might have about the human resources department or the commission itself versus pursuing legislation that may have unintended consequences. As the Douglas County Treasurer, I have implemented changes to the structure of the organization and created new positions while staying within the budget guidelines given by the county commissioners. Because of past audit issues, embezzlements, and a lack of public trust, I created the position of senior director of auditing and accounting to look at our processes, to audit everyone who handles cash, and conduct fraud training yearly.

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I have also combined four areas, the property tax division, mail division, phones, and title clerks into the customer services division to handle on-line payments, property tax payments, phone calls, and mail payments, cross training all of these individuals so that they can handle now what is about 50 percent of our business. This has allowed us to reduce staff and be more efficient in providing these services. Human resources has been a great partner in helping us with the job titles and other things we needed to do in order to accomplish these moves. I don't know if I would have the same flexibility with these proposed changes. The Civil Service Commission was designed to operate independent of outside influence to ensure county employees can expect and receive a fair appeals process, as well as personnel administration. In my 37 years of public service at the police department and as the Douglas County Treasurer I've developed a reputation as a problem solver, a person who fixes things. In this case, without any discussion, I'm not sure what's broken. With that, I'll answer any questions that you might have.

**La GRONE:** Thank you for your testimony, Treasurer Ewing. Are there any questions?

**La GRONE:** Seeing none, thank you so much. Oh, sorry, Senator Kolowski.

**KOLOWSKI:** Slow on the draw again. Thank you, Mr. Chairman. John, good to see you again.

**JOHN EWING:** Good to see you.

**KOLOWSKI:** I hope things are going well.

**JOHN EWING:** Yes.

**KOLOWSKI:** I want to thank you for your work and what you've done in your office. Throughout our community we hear many things back. And it's running very smoothly and you've made many improvements over the years, which is greatly appreciated. I feel like, I feel like there's something missing and I don't know what it is today with my feeling for the topic and the issue and, and the bodies and what's going on in the, the whole area. I can't put my finger on it yet but I'm trying to-- I think it's a question bigger than what we're hearing today. And I don't know exactly where to go with that but I'll look at people I know and respect with wisdom that I can talk to in more depth to try to find out a little better where I am. That's my confession today.

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And I'm trying to get to a point where I can understand more and have a better feeling for all this.

**JOHN EWING:** Absolutely.

**La GRONE:** Thank you, Senator Kolowski. Are there any additional questions? Seeing none, thank you so much for coming down.

**JOHN EWING:** Thank you.

**La GRONE:** Take the next opponent. Welcome to the Government Committee.

**DENISE LICKEI:** Thank you. Good afternoon, Senators. Thank you for your time today. My name is Denise Lickei, D-e-n-i-s-e L-i-c-k-e-i, I'm the chair of the Douglas County Civil Service Commission and the Republican elected employee. For almost five decades the Civil Service Commission has hired the HR director for Douglas County. And now, including among those many duties of the director, is a very important responsibility to ensure that all citizens have a fair and equal opportunity to apply for Douglas County employment. LB522 steps away from long-standing principle and goals of the civil service employment. While it preserves the Civil Service Commission as the appeal body for employee discipline, it removes its authority, authority to establish general employment policies and procedures including regulations controlling hiring, promotion, demotions, and terminations and other matters directly affecting county employment. The Civil Service Commission has concerns about LB522 because for some unknown reasons the county board now wants to control the HR department. In the Civil Service Commission, Commission's opinion, such a move would be counterproductive and a setback for Douglas County. It would create a level of bureaucracy that could impact the efficient operation. For these reasons, the Douglas County Civil Service Commission has voted to oppose the adoption of LB522 and requests that the bill is not, that is not advanced out of this committee. Thank you for your time today.

**La GRONE:** And thank you for your testimony. Are there any questions? Seeing none, thanks for coming down.

**DENISE LICKEI:** Thank you.

**La GRONE:** We'll take the next opponent. Welcome back to the Government Committee.

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**DIANE BATTIATO:** Hi. How are you, Senator. Thanks so much for having me, Senators. My name is Diane Battiato, D-i-a-n-e B-a-t-t-i-a-t-o, and I'm the Douglas County Assessor Register of Deeds. I'm here today to express my opposition to LB522, which in my mind would drastically alter an efficient, effective system that governs employment in Douglas County and that I am referring to the Douglas County Civil Service Commission. As you know, the Civil Service Commission is governed by state statute. For nearly 50 years now, senators, it has diligently followed those statutes as the results are evident. The Civil Service Commission has created a system that, among other things, guarantees fair and equal, and equal opportunity for employment, establishes employment conditions, and promotes economic efficiency. I'm convinced that one of the reasons that the Civil Service Commission works is because it's nonpolitical. Perhaps this is the most important reason because it guarantees impartial decision making. Yes, there is political representation on the commission, but the business of the Civil Service Commission is not politics. And how that business is conducted is not governed by any politics. The role of the Civil Service Commission is to guarantee fair and equal opportunity for employment, regardless of any politics. If LB522 passes, will that continue to be the case? I think not. For example, per LB522, the role of the Civil Service Commission will be reduced to that of an appeal body for employee discipline. The HR director will report directly to the board of commissioners, all of whom are partisan elected officials. It is they who will then decide all other general, general employment policies and procedures. Will politics impact how those decisions are made? I don't know, but shouldn't we avoid creating an environment in which it could happen? Where impartiality no longer might exist? Senators, have you heard an outcry from any of those who are served directly by the Civil Service Commission or even from the Douglas County Board for that matter? I have not. Absent such protests about unfair treatment or biased decisions, I can only infer there is a belief that the Civil Service Commission is doing exactly what it's supposed to be doing, its job per statute. And if this is the case, perhaps we should take a moment and ask ourselves why are we trying to fix something that doesn't need fixing? Thank you, Senators. If you have any questions, I'd be glad to try to answer them.

**BREWER:** All right, thank you for your testimony. Questions? Senator Blood.

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**BLOOD:** Thank you, Chairman Brewer. Thank you, Ms. Battiato. What is your title?

**DIANE BATTIATO:** Assessor Register of Deeds.

**BLOOD:** It changed, yeah. I'll stick with Ms. So I'm listening to both sides, and I'm really trying to hear something that's compelling. I compared it to what had happened in the past and why it happened. And again, I asked the question, I don't understand why you're coming to the Legislature, and I'm not saying you specifically, to air this dirty laundry. I'm not sure this should be in front of us. Because the only thing consistently that I hear, and I hope that I'm wrong, and if-- you can let me know. I am leading to a question, believe it or not. I'm working my way through it here. It is I'm, I'm concerned about partisanship. And from what I've read and what I've seen, I, I've not heard of any issues, I've not seen in issues. I've not read about any issues. Is it your personal opinion that you think that this might-- and I want to be careful, I don't want to point fingers. So is it your concern that this might be about partisanship though? Without pointing fingers at any one person, please.

**DIANE BATTIATO:** No. And, and I guess off the cuff as an answer, shooting from the hip on this, I don't necessarily think partisanship is entered into it.

**BLOOD:** OK.

**DIANE BATTIATO:** But any time you put an administrative body who is not designed to run something like a commission is already statute-based, that is political, even if it's nonpartisan. I think you run the risk of the political factors making the decisions for their good rather than for the good of the body. That's where I think the politic, the politics, not necessarily the partisan politics, but the politics itself, I don't think has a place here.

**BLOOD:** That's fair enough. I mean, public service is awesome. It's the politics that ruins it, right?

**DIANE BATTIATO:** Yes, absolutely.

**BLOOD:** I appreciate your honest answer. Thank you.

**DIANE BATTIATO:** Thank you.

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**BREWER:** Additional questions. All right-- oh, sorry. Go ahead.

**KOLOWSKI:** Thank you. Diane, welcome again.

**DIANE BATTIATO:** Thank you.

**KOLOWSKI:** Good to see you.

**DIANE BATTIATO:** I just saw your wife.

**KOLOWSKI:** I know. How was lunch, good?

**DIANE BATTIATO:** It was very good and the presentation was great. Thank you.

**KOLOWSKI:** I am glad to see that you're here today. And my question is much like the previous question. The partisanship issue getting into the fold of all the decision making and the personnel and the people that makes up your office. That seems like, again, I can't put my finger on it, but it seems like that something is there or going on that we're not getting the feel for here today. And I'm saying that from my perspective and wondering why this piece of legislation came about as far as the both sides of the issue. And if there is something else that we need or need to know or need to talk to people about then I'm willing to do that, and all of us are willing to do that. But I don't, I'm telling you I don't, I don't feel I can put my finger on what the issue really is and what we're trying to get done here. Because of partisan, seemingly partisan behaviors.

**DIANE BATTIATO:** And I do have to share with, with this body is that I'm pretty much in the same realm as you as I really don't know the whole story. And, and so many times the individual elected officials of offices end up being the last ones to know for a variety of issues. My concern and the reason I'm here is because I really feel that: A, You hit it right on the head, airing dirty laundry. It would be my, my thought that this body would come to the determination that this is not our decision to make because of whatever might be happening behind the scenes that nobody knows. I feel like departments, whether they are appointed, civil service, whether they're elected in different political subdivisions and counties and cities, I feel like our forefathers created them for a reason and I think some of the reason of that and the way it's made up by statute is to ensure there is more diversity and unbiased. And I think the more that any one body, and it's not just necessarily the county board, it's any one body, body

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tries to collect and oversee and control and guide the processes of those offices or departments that they were not designed originally to control or operate, you're only going to-- I just feel, and this is my personal opinion, that, that you wind up diluting the whole intended process. If that makes any sense.

**KOLOWSKI:** Well, nature abhors a vacuum, so something will fill it. And wherever that something came from, between the political bodies and the politics of the city and county, I'm just trying to put a handle on that. Get a, get a feel for that right now.

**DIANE BATTIATO:** But I just feel, I have not, you know, I have a staff of close to 80 employees and I have not heard any dissension regarding civil service matters. So, and I've been with the county since 1993 and we've had civil service ever since I've been with the county. And I have not heard any over, overriding disruptiveness or, or issues. I feel like the Civil Service Commission is created to be basically like a third-party body, you know? It's, it's, it's the diffuser between management and employees. And so I feel like the experiences that I've had with the very few grievances and or issues that I've had with employees through the past 20-some years have very completely and fairly been processed by the commission. And I think that's why you have elections periodically for the commission because it gives everybody that's involved in the issue a voice. And I fear that if that, if the overseer of that becomes another elected body, a political body, I feel like we might, there might not be that universal voice for that negotiations, if you will, between management and employees.

**KOLOWSKI:** Thank you. Thank you for your work.

**DIANE BATTIATO:** Thank you.

**BREWER:** All right, any additional questions? Seeing none, thank you for your testimony. Additional testifiers in opposition? Are there any in the neutral capacity? Seeing none, there will be no close. So that will-- oh, after I read in that we have two letters. One in support from the Douglas County Civil-- oh, that's in opposition. NACO in support. The Douglas County Civil Service Commission in opposition. With that, we will close LB522. And next up is LB524, Senator Dorn. Come on up. Welcome to the Government, Military and Veterans Affairs Committee.

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**DORN:** Thank you, Chairman Brewer and the rest of the Government Committee. My name is Senator Myron Dorn, M-y-r-o-n D-o-r-n, representing District 30. LB524 is intended to move the deadline for annexation to be reported to the county assessor so that the changes in boundary lines can be included in the valuation that is certified to have, certified to taxing entities. Currently, real and personal property annexed by a political subdivision on or after August 1 is considered within the taxable valuation of the affected subdivisions in the following year. Annexation occurring before August 1 are included within the valuation assessor certified to the taxing entities on or before August 20. This 20-day period provides very little time for assessors to recalculate the new valuations following an, an annexation and to certify it to the affected entities. LB524 would change the reporting deadlines to on or before June 30 and set out the process for annexing entities to provide notice to the counties. Annexation reported after that date would be included in the following year's valuations. NACO, the county association, has worked with the city of Omaha to carve out an exception for cities of metropolitan classes in this. Omaha asked to keep their reporting dates the same. This change appears in the white copy amendment to re, to replace the green copy. The amendment borrows language from Section 18-3301, requirements about how municipalities give notice to county officials of annexations to make the notice process clearer in this section. At this time, I'd be glad to answer any questions.

**BREWER:** Thank you for your testimony. Senator Blood.

**BLOOD:** Thank you, Senator Brewer. Thank you for bringing this bill forward. I got a quick question for you. So obviously you met with the city of Omaha on this exempt-- on this amendment, yes?

**DORN:** We have and NACO has. Yes, my staff has. I haven't. Yes.

**BLOOD:** Have you met with Sarpy County yet on this at all? Have they come forward and spoken with your office? Did you check in with them when you brought this bill forward to say--

**DORN:** Which, which county? NACO--

**BLOOD:** Sarpy. Sarpy County.

**DORN:** No.

**BLOOD:** None?

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**DORN:** We did not meet with them individually. We met with NACO several times over this bill.

**BLOOD:** OK, so you haven't heard a peep from my county?

**DORN:** No, I have not. No.

**BLOOD:** Thank you.

**BREWER:** You seem very knowledgeable of the subject. Is that from your previous life before the Legislature?

**DORN:** Well, some of this dealing with the annexation, especially when you have a city-- Gage County has a city the size of Beatrice and then the county, the county always gets credit for not including something on the, the next valuation rolls. And it's not always that way. Sometimes miscommunication or somebody just not, I call it giving the right information out there, that this happened or that it was official and it did get annexed. The city of Beatrice was great at it in Gage County of always sending the county notices, because we always had those for our board meetings. There are, however, some counties, some cities that we heard concerns about the fact that, why didn't you include that on there? Well, they never were notified and this is trying to clarify some of that so that now the annexing entity needs to definitely let the assessor or the clerk's office know by a certain time.

**BREWER:** All right, additional questions? Yes, sir.

**KOLOWSKI:** Thank you, Mr. Chairman. Senator, is Lancaster County in play here anywhere?

**DORN:** I know somebody from NACO was going to testify here today. I don't know if they're here right now. We were over in another hearing when they testified over there. We have not visited with Lancaster County specifically on this. The only one we have visited with is NACO. NACO brought this forward. I know Deb Shore, who is with Lancaster County, though, since she's president on that board right now. So I know in their discussion when they reviewed all the bills, this was part of that discussion. So other than that, I'm not sure how to answer that question.

**KOLOWSKI:** OK, thank you.

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**BREWER:** All right. Any additional questions? Seeing none, are you gonna stick around to close?

**DORN:** Yes.

**BREWER:** Good.

**DORN:** Yeah, because we have, have the next deal I think right after this.

**BREWER:** Oh yeah, we probably want you to stick around then.

**DORN:** We'll wait for that one at least. So thank you.

**BREWER:** All right. Proponents, come on up. Welcome to Government, Military and Veterans Affairs.

**JON CANNON:** Thank you, Mr. Chairman, distinguished members of the Government, Military and Veterans Affairs Committee. My name is Jon Cannon, J-o-n C-a-n-n-o-n, I am the deputy director of the Nebraska Association of County Officials, here to testify today in support of LB524. As Senator Dorn brought up, this is merely to clarify an existing practice of providing, in particular to provide notice to the counties by date certain. What you currently have in statute is, if there is an annexation that occurs on or before August 1, then that goes onto the tax rolls for the following-- or for that tax year. That doesn't provide for notice to the county official, however, and I can speak from personal experience that there have been times-- and I'm not going to name names-- but there have been times when a city or a village or some sort of political subdivision of the state didn't provide notice to the county assessor of that annexation until sometime in September. So why does that matter? That's because the assessor is certifying values out of the political subdivisions in that county on or before August 20. Budgets have to be adopted on or before September 20. You can see that there's going to be a little bit of a problem if, if a political subdivision, and I'm expecting to have certain value in and I have to make my budget upon that value that I'm expecting, there's going to be a little bit of a problem if I'm not getting that, that annexed property as part of my political subdivision. And so in order to clarify how we're going to do this, we want to make sure that, that that notice of an annexation is delivered to the county on or before July 1. You ask, why July 1? I can speak from experience that the month of July is a fairly particularly busy period for county boards and county assessors. And so it seems that

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it's probably wise to make sure that notice is delivered before they start getting busy hearing protests of property valuations. I don't think I have anything further to add. With that, I would be happy to take any questions that the committee might have. Thank you.

**BREWER:** All right, thank you for your testimony. Now, you heard the questions that came up with Senator Dorn. Let's take, for example, Lancaster and Sarpy. Would there be any obvious reasons why they might have a problem or concern as far as the bill is concerned?

**JON CANNON:** None that I can think of, Senator. In fact, on the NACO board there are, there is a representative from Lancaster County who is the board president. We also have a, a Lancaster County Board member who sits on the board of directors for NACO. We have a representative from Douglas and Sarpy Counties who are also sitting on that board. And the only, the only political subdivision that we've heard from was the city of Omaha and Douglas County. And so therefore it made sense, because of their unique situation, that we would carve out an exception for them.

**BREWER:** OK, and this was NACO's brainchild, the, the bill itself? I mean, I understand the senator carried it. But you're the one that kind of helped to shape it and--

**JON CANNON:** Yes, sir.

**BREWER:** --put it together?

**JON CANNON:** Yeah. This was-- every year the NACO board has legislative meeting, and it's actually kind of a come one, come all sort of experience where if anyone wants to see what, have input on what the counties are considering as far as legislation for the following year. You know, we met up in Atkinson, Nebraska last year and that was actually my-- am I out of time?

**BREWER:** No.

**JON CANNON:** That was actually my--

**BREWER:** You're good to go.

**JON CANNON:** That was actually my, my first experience with the full NACO board and my eyes were wide open at that point. But at that point that's when all the ideas and the suggestions that you've received from various county officials are brought forward and the NACO board

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whittles it down to the ones that they think are, that should be prioritized. This, you know, since it deals with value going to those political subdivisions, we thought it was pretty important.

**BREWER:** OK, additional questions? Yes, sir.

**KOLOWSKI:** Does this help get more efficiency and effectiveness in all that we're trying to do by looking at the big calendar and municipalities are growing, cities are growing, counties are growing. Is it, is it one of those things that just should be done and can be done and we should, we should take this into consideration?

**JON CANNON:** Senator, I would say yes. From an efficiency and an effectiveness standpoint, I think this is a good government measure. Anytime that you've got dates certain for making sure that we're providing notice to the affected political subdivision or notice by the affected political subdivision to the county assessor, that person that is certifying the values, I think that's only going to be all to the good.

**KOLOWSKI:** Thank you.

**JON CANNON:** Thank you.

**BREWER:** All right. One more around. Any other questions? All right, thank you for your testimony.

**JON CANNON:** Thank you.

**BREWER:** Any additional proponents? Any opponents? All right, any in the neutral capacity? Senator Dorn, do you have any closing thoughts?

**CHRISTY ABRAHAM:** I'm so sorry. I apologize.

**BREWER:** I move at a high rate of speed here.

**CHRISTY ABRAHAM:** I know, I'm so sorry. So sorry, Senator Brewer.

**BREWER:** Welcome to Government, Military and Veterans Affairs.

**CHRISTY ABRAHAM:** Members of the Government Committee, I'll be zipper on the next Dorn bill. My name is Christy Abraham, C-h-r-i-s-t-y A-b-r-a-h-a-m, here representing the League of Nebraska Municipalities. We just want to thank Senator Dorn for introducing this bill. We certainly appreciate that it's helpful for the county

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officials to sort of have a date certain by which they need to receive these notices by the municipality. We were very grateful that Senator Dorn introduced the amendment. The amendment does take care of the concern that we heard from the city of Omaha. But Senator Blood and Senator Kolowski, that's the only community that we heard from that had any concerns. And the amendment takes care of Omaha's concerns. So we appreciate your time. Thank you, Senator.

**BREWER:** All right, questions? You made it.

**CHRISTY ABRAHAM:** Thank you.

**BREWER:** Thank you for your testimony. Welcome to Government, Military and Veterans Affairs.

**JACK CHELOHA:** Good afternoon, Senator Brewer, members of the committee. My name is Jack Cheloha, that's J-a-c-k, last name is spelled C-h-e-l-o-h-a. I'm the registered lobbyist for the city of Omaha and I'd like to testify in the neutral capacity on LB524. First of all, I want to, want to thank Senator Dorn and NACO for listening to our concerns relative to the bill. Provided the amendment, which Senator Dorn has handed in is adopted, the city of Omaha is neutral. That's why I'm testifying in a neutral capacity. I just wanted to let you know that Omaha con, considers itself somewhat unique because in our development community we do utilize a sanitary and improvement district, which is a political subdivision unto itself. Once those subdivisions have been built out and almost completed and a lot of their debt is taken down then the city will annex them and they'll become part of the city of Omaha. We look at annexation packages roughly, I think we look at them every year. But we don't necessarily have an annexation package every year, it has to fit within the financial realms of whether it's the proper thing for both the SID and the city to take them in at that specific time. We usually look at them at the same time that the city does its budget. Omaha runs on a calendar-year budget, therefore we're looking at our budget primarily in the summer months of July and August. And so we found that existing law with the August 1 deadline had worked pretty well. We talked with Douglas County officials, they seemed to think that it was fine and nothing was broken. Therefore, we would like to stay within the August 1, whereas I think everybody else is OK with moving it to July 1. For those reasons, that's why we're neutral. Try to answer any questions.

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**BREWER:** Thank you for your testimony. So if I have this right, with the white copy amendment you're good to go?

**JACK CHELOHA:** Yes, sir.

**BREWER:** All right, questions? All right, seeing none, thank you.

**JACK CHELOHA:** Thank you.

**BREWER:** All right, we are still on those in the neutral capacity. Seeing none. All right then, now, Senator Dorn, come on back.

**DORN:** One other quick clarification, I guess. I know in Gage County, I'm thinking maybe most of the counties are like it, October 1 is the cutoff date. What they use for the last valuations are sales that they use to determine their valuations for the next year. So part of the reason those dates are in there, you know, sometimes cities, they annex something in November and they think, well, why isn't it on the next year's tax roll? It's past the cutoff date, you can't get the information out and everything. So some of it is clarification also, so some of the cities know that. Also was aware of a time or two where cities just plain, I don't know of a reason, just didn't inform the county clerk, county treasurer, county assessors. They did get to hear then, why didn't they include that on there, because they were expecting that part of their valuation on their statements and it wasn't included. So and you can't go, fortunately, you can't go back and change it after it's past.

**BREWER:** Does sound like that could get you in trouble. All right, any questions? Seeing none, we'll consider that your closing. There were, there were no letters on LB524 so we'll close on that hearing. And as soon as Preston swaps numbers there we'll have you go ahead and transition to LB525.

**DORN:** LB525. Thank you, Chairman Brewer and committee. My name is Myron Dorn, M-y-r-o-n D-o-r-n, senator from the 30th District. LB525 was brought to me by Lancaster County. LB525 authorizes a county board by majority vote to sell real estate owned by the county directly to another political subdivision without first going through the public sale requirements of Nebraska Section 23-107.01. Additionally, this legislation amends Nebraska Revised Statute Section 23-174.03 to provide that land within a plat which is dedicated to a public use is equivalent to a deed in fee simple absolute to a county in which is located a city of the primary class. Lancaster County brought this

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because the city of Lincoln or municipalities do or are able to do fee simple under current state statutes. Counties are not. There are several times a year where the county would like to just sell to another political subdivision. They still have to go through the advert-- not the advertising. They still have to go through the notification process so people are aware of it, but then they can sell it to another political subdivision at an agreed upon price or whatever. Currently, you have to go through and advertise, collect bids, takes a longer period of time, and then you may not end up selling that to a political subdivision, a city that could use that as the best use. Instead, then you open it up to everyone. They very much wanted to be able to do this so that there are some smaller parcels and such that they could help clean up. The city of Hickman did visit with me about this, they definitely hope this bill passes. They have a property in the city that the county owns that they would like to acquire. Right now they would have to go through the process of the bidding process, and they visited with me about the fact that they didn't know if they would end up the high bidder or not. The county has also expressed an interest in visiting with Hickman about acquiring a property so.

**BREWER:** All right, thank you for your opening. Questions? Boy that's a, that's a good early sign here. Thank you. Proponents? Welcome to the Government, Military and Veterans Affairs Committee.

**KERRY EAGAN:** Thank you, Senator Brewer. Good afternoon, Senator Brewer and members of the Government, Military and Veterans Affairs Committee. My name is Kerry Eagan, that's K-e-r-r-y E-a-g-a-n. I'm the chief administrative officer for the Lancaster County Board of Commissioners and I'm here to testify on behalf of the county board in favor of LB525. As a preliminary matter, I would like to thank Senator Dorn for introducing this legislation. It is important to the county. During my tenure as administrator for the Lancaster County Board, I have seen several situations where another political subdivision wanted to purchase real property owned by the county. In each of these situations the land was surplus to the county, and at the same time the other political subdivision was equal, eager to acquire the land for its governmental purposes. However, the county attorney's office, including when I was in the office of the county attorney, has consistently advised the county board that counties must follow the public sale procedures under Nebraska Revised Statutes 23-107.01 when selling surplus real estate. Therefore, we did not have the statutory authority to sell land directly to another political subdivision. As

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an alternative process, we would ask the other political subdivision that might be interested in our land to initiate condemnation proceedings against the county to acquire the land in question. This then allowed us to negotiate for the sale pursuant to the eminent domain statutes. Amending 23-107.01 as proposed by LB525 provides a more sensible approach to selling county surplus property to another political subdivision. I would add as an aside too that the other political subdivisions do have the eminent domain power, power. If they don't obtain it in the sale, they could turn around and condemn the property if they really are still interested in pursuing it. The second piece of LB525 amends Nebraska Revised Statutes 23-174.03 to clarify how Lancaster County takes title to land within a plat which is dedicated to a public purpose. Specifically, this legislation provides that for plats located within the zoning jurisdiction of Lancaster County the filing of the plat with the Register of Deeds is equivalent to a deed and fee simple absolute to the county for the land in the plat which is dedicated to the public purpose. It should be noted that this power already exists under Section 15-106 and provides similar, the similar power for a zoning jurisdiction of the city of Lincoln, which of course is located in Lancaster County. The board believes the same power should apply for plats within the county zoning jurisdiction. Thank you for considering my testimony. I would be happy to answer any questions.

**BREWER:** All right, thank you for your testimony. Questions? All right, thank you.

**KERRY EAGAN:** Thank you, Senator.

**BREWER:** Next proponent. Welcome to the Government, Military and Veterans Affairs.

**SILAS CLARKE:** Thank you. Thank you for having me, Chairman. And thanks to Senator Dorn for putting this bill in. My name is Silas Clark, it's S-i-l-a-s C-l-a-r-k-e, and I am the city administrator in Hickman. Just to add some context to this bill, I've provided you a handout going out right now. So why I think it's important for counties in Nebraska to have the authority to offer a property to another political subdivision, I want to talk about that a little bit. The issue at hand here in Lancaster County owns, it owns an old rock maintenance shop within the city of Hickman's city limits and they are interested in selling the structure. There are many of these old county maintenance buildings in Lancaster County, and of course this affects much more than Lancaster County, but there's property owned

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within municipalities across the state from, by counties. So currently, the counties have the authority to sell property, as Mr. Eagan said. And in the simplest terms, why I'm so concerned is the county is required to put the public-- to put the parcel up for public sale and mandate the sale of the property to the highest bidder. While you can see the structure here is structurally sound, the old shops, the old county shops in Lancaster County are in pretty poor shape. The shop is located and very deeply in the floodplain. And my concern is this, if this building is sold at auction to the highest bidder per the county's limited authority, will the highest bidder and new owner have the ability and wherewithal to navigate the floodplain building regulations? Will they have-- will they let the building further deteriorate? Will they never connect water and sewer that are not connected to the building and install a new roof that is needed on it? So as a municipality in Nebraska and with the already granted community development laws, we have the authority to sell property with a development agreement. It's not that the city of, of Hickman really wants this property per se, but I want to make sure it's protected. So we, we have the ability to sell through property through an application process, through community development laws, which provides us the authority to lay out developer requirements, time lines for repairs, and can help navigate the floodplain restrictions that are in place on this particular structure. So these tools that municipalities already have set my mind at ease to ensure old structures that are owned by counties can be sold to municipalities across the state instead of just to the high bidder that may not make the repairs and leads to further blight in our communities. So this bill simply provides the authority to the county to sell real property to another political subdivision, as you heard, upon public notice, public hearing, majority vote. And through this bill the municipalities and other political subdivisions, of course after the direct purchase of a property from a county, can either keep the property to meet a public need or, in Hickman's case, I can turn around and sell the property with restrictions in a subdivision-- and a developer agreement, excuse me, on that property to make sure that it, that it is fixed up in the heart of our community. So thank you for your time.

**BREWER:** All right, thank you for your testimony. Questions? Yes, sir.

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**KOLOWSKI:** Thank you, Mr. Chairman. Sounds like you might need to raze that building and build something new on that location, if you have enough space.

**SILAS CLARKE:** It's very interesting because you can only put 50 percent of the value of the structure, since it is in the floodplain and it does not have a strong historical designation onto it, into the structure. So, yeah, that absolutely does concern me. And it's, those old buildings, there's one in Waverly, there's one in Raymond, I know there are some other ones around are pushed real way far up into those right-of-ways too. They are old, neat rock buildings where the, I believe the rock came from the Roca quarry, and just trying to figure out how to repurpose it appropriately.

**KOLOWSKI:** Got you. Thank you very much.

**SILAS CLARKE:** You bet. Thank you.

**BREWER:** All right, any other questions? Seeing none, thank you.

**SILAS CLARKE:** Thank you.

**BREWER:** Look at you, all up and moving out. Welcome back.

**CHRISTY ABRAHAM:** I appreciate you noticing.

**BREWER:** Welcome back to Government, Military and Veterans Affairs.

**CHRISTY ABRAHAM:** Thank you, Senator. My name is Christy Abraham, C-h-r-i-s-t-y A-b-r-a-h-a-m, here represent the League of Nebraska Municipalities. I think both Mr. Eagan and Mr. Clarke from Hickman have done a great job sort of explain why this bill is necessary. We just want to add our additional support that, in addition to Hickman, there may be other municipalities who would benefit from this bill. So thank you, committee, for your time.

**BREWER:** All right, questions? You're gonna get off easy today.

**CHRISTY ABRAHAM:** Thank you, Senator.

**BREWER:** OK. We're still on proponents. Welcome back.

**JON CANNON:** Thank you, Senator.

**BREWER:** Your green light is on.

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**JON CANNON:** Yes, sir. Mr. Chairman, distinguished members of the Government, Military and Veterans Affairs Committee, my name is Jon Cannon, J-o-n C-a-n-n-o-n. I am the deputy director of the Nebraska Association of County Officials here to testify today in support of LB525. There's nothing further for me to add that hasn't already been said better than I could. I think Ms. Abraham very succinctly said this is a good thing for the cities. And on the other side of the ledger, it's a good thing for the counties as well. We certainly urge you to forward this onto the floor. With that, I'd be happy to take any questions.

**BREWER:** All right, questions? Yes, sir.

**KOLOWSKI:** Thank you, Mr. Chairman. Looking at this picture, when there is something that, well, may be judged to be above and beyond most brick buildings: what it's constructed with and how it's constructed and all the rest. Is that an obstacle for you that might be something that could be looked at and put into a different category than most of the sales that you make of this?

**JON CANNON:** I'm not sure that would be an obstacle for us because, you know, typically, I think what this legislation is getting at is when we've identified that there is an appropriate way for us to transfer the property to something like the city of Hickman, you know, I don't believe that becomes an obstacle because it's clear that there's a desire on both, both sides to have this sale go through without having to go through a public bidding process.

**KOLOWSKI:** OK, thank you.

**JON CANNON:** Yes, sir. Thank you.

**BREWER:** Good question. All right, seeing no more questions, thank you for your testimony.

**JON CANNON:** Thank you, sir.

**BREWER:** All right, any more proponents? Any opponents? Any in the neutral positions? Senator Dorn, come on up and close.

**DORN:** I have one quick comment in closing, and that is I want to thank Senator Brewer and the committee for scheduling both these bills together since they both are in the Government Committee. As you can see, there were some people that then only had to come one day or whatever to testify. So thank you very much for that. I really

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appreciate that, and taking care of two bills here in a short amount of time. Thank you.

**BREWER:** All right hang on hang on here. Let's see if we got any more questions. LB525 has no letters. So with that said, we'll close on LB525. And a good job with having easy bills on a Friday.

**DORN:** Thank you.

**KOLOWSKI:** Thursday.

**BREWER:** Thursday, I knew that. Sure I did.

**KOLOWSKI:** It's even better.

**BREWER:** All right, next we're up with LB736. Maybe it was I had a long day yesterday and it seemed like two. Senator Murman, welcome to Government, Military and Veterans Affairs. Is this the first time you've been before us?

**MURMAN:** Yes.

**BREWER:** All right, well, welcome.

**MURMAN:** Senator Brewer and members of the Government, Military and Veterans Affairs Committee, I'm Senator Dave Murman. And for the record, it's spelled D-a-v-e M-u-r-m-a-n, and I represent District 38: counties of Clay, Nuckolls, Webster, Franklin, Kearney, Phelps, and southwest Buffalo County. Today I bring LB736 for your consideration. As a candidate, I was very interested in the work that was being done in the Legislature on occupational licensing. Specifically, I followed LB299 from Senator Laura Ebke and the work that she put in for this review of all of the state's licensing laws. This legis-- legislation brought great support from both sides of the aisle and from, from all of our constituents, constituents in the work force. Even this session we have already advanced Senator Howard's bill which would waive initial fees for military and low-income workers. This shows us that as a body we do recognize that these fees are hindering the ability for Nebraskans to work. LB736 would stop local governments from creating new local licensing requirements and limit the fees that local governments can charge for existing licenses and permits at \$25. This bill would not repeal any current occupational tax or license fee. Over the past 50 years, state occupational licensing has quadrupled. Now local governments are creating occupational taxes and license fees. In the 1950s, 1 in 20 occupations in the country

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required a governmental occupational license to work. Fast forward to today and now 1 in 5 occupations in the country require this occupational license to work. These occupation taxes and license fees are requiring the payment of a fee for permission to work. An electrician based in Omaha not only has to apply for a license from Nebraska Electrical Division, pay Douglas County permit fee, pay a fee to the city of Omaha, and then if they choose to work anywhere else in Omaha metro area they need to make sure they are compliant with that specific town's regulations. Multiple cities and towns require layers of permits which make it difficult for someone who works in multiple towns to stay in business. In Kearney, a food truck vendor has to pay an insurance merchant permit from the city on top of their state permit, which already requires an initial permit fee and then, and an initial inspect fee. Across the state I found many different examples of impeding fees. For example, in Nebraska City there was, there are fees for home-based businesses and hobby car owners. In Norfolk you are required to obtain a permit to bring a horse-drawn carriage. In Fremont, as an arborist, you have to pay a local fee besides your state license. I can understand that occupational licensing laws and permit fees initially created with good intentions of protecting the public for negligent and unqualified practitioners. But as more occupations over the years have required individuals to obtain licenses, many Nebraskans now are subject to the unintended, unintended consequences of occupational licensing, making it difficult for them to enter and maintain their presence in our work force. The ability, the ability to work without stringent and meddlesome licenses and fees will help our state grow. I feel that it's important to open those doors for people to pursue the occupation of their choice. Local control is important but it should have its limits. I'll be happy to try and answer any questions. If I can't answer them now, I'm sure there will be someone behind me that can.

**BREWER:** Senator Blood.

**BLOOD:** Thank you, Chairman Brewer. I'm going to quote our great leader and say, you should probably get comfortable, because I have a long list of questions. And I apologize. But I do agree with you that we should do everything we-- thing we can to eliminate hurdles to employment here in Nebraska. I've brought forward many successful bills that do that. But with that said, there's some wonky language in this bill that I have questions about, and I hope you feel comfortable answering these questions for me.

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**MURMAN:** I'll do my best.

**BLOOD:** All right, I'm going to do my best to read my messy handwriting here. So what would you say the purpose of an occupation tax is?

**MURMAN:** I don't-- the original purpose was probably to protect local workers.

**BLOOD:** OK. So I'm gonna put on my municipal hat. It was always my interpretation of occupation tax that was to generate revenue for that municipality. So who sets the tax then?

**MURMAN:** Well, it depends on the jurisdiction, but probably the city, most likely.

**BLOOD:** The city or the county for occupation tax. So would you say that an occupation tax is just, knowing that we're talking about an occupation tax, not licensing right now, it's just the cost of doing business in a community?

**MURMAN:** This bill, I think, is designed more for a, a vendor or an independent businessman, rather than for actually occupation tax.

**BLOOD:** Well, which is actually who pays occupation taxes? It's usually a business. So, for instance, Senator Vargas and I have something called the Food Truck Freedom Bill because you mentioned food trucks. It actually addresses that particular issue that you were talking about this year. So one of the concerns I have, and again, I'm sorry I have a lot of notes. But it's easier to just kind of rip it off like a Band-Aid and get it over with right now. So we're working really hard to lower property taxes and I see a lot of good stuff going on, on both sides. So why would we want to limit occupation tax revenues. I mean, I find that conflicting. So when we take away specific revenue that's used for-- and again, I can only speak at the municipal level, I've never worked at the county level. But that is revenue that we use to provide services. And I, I feel really confident if you were to go on-line and check the municipalities, in Sarpy at least, because, again, that's all I can ever speak on, that you'll find that they spend that money very responsibly and provide very good services. So do you, do you think this will be conflicting in any way?

**MURMAN:** Well, when you're talking about a city I think there's also sales taxes that could be used to, to replace. And also these taxes or fees were not originally designed to replace a certain tax. I mean,

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lowering expenses would be the, of course, the most desirable way to cut, to save on taxes, property taxes-- including property taxes.

**BLOOD:** We're gonna come back to that because I'm not sure I understand that. So one of the things I don't see in the bill, and maybe you can tell me what it is, what is the definition of a license fee? Because you really aren't touching that in the bill. And in order to address that at the state, in state statutes, shouldn't it be defined?

**MURMAN:** I think there might be some behind me that could better def-- tell you that. If not, I'll try and address it in my closing.

**BLOOD:** I'll put a star beside it so I remember to ask. So, again, I'm reading the bill, after January 2020 there's a halt to licensing requirements that are state licensed. So are there exceptions to any of that at all? Like--

**MURMAN:** There, it's a possibility.

**BLOOD:** --what business classifications are exempt?

**MURMAN:** I mean, I'm, I'm willing to work with the committee. You know, this is just a start and willing to work with the committee on things like that.

**BLOOD:** So the concern that I have is that all licenses go through the state level already, right? The liquor licenses, fireworks, restaurants, dentists, real estate. So can the city continue to collect that \$25 like the annually, the license fee or license-- I think it was called something else. But, I mean, are you just totally taking away that money?

**MURMAN:** No. I think the \$25 fee can still be collected. That's a cap on it. But like I said, I'm willing to work with the committee on this.

**BLOOD:** So Senator Ebke's bill, which you may not know, it was a giant work in progress. It took months of work to get it to the point of where it was. I see what you're trying to do here. My concern is that while you're trying to, you know, I don't know if you should have license fees and occupation taxes all just put together into one statute because I think you're creating a secondary issue. And I'm going to listen very intensely and I'm going to ask a lot of questions if necessary. And I'm sorry that I had to put you on the spot, but I

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just have so many questions about this and some really big concerns. And I hope we can chat on the floor about it tomorrow. Thank you.

**MURMAN:** Oh, thanks a lot. Yeah, like I said, I'm willing to work with the committee. And I realize that probably needs to be done. So thank you.

**BLOOD:** Thank you.

**BREWER:** All right, additional questions? Senator Kolowski.

**KOLOWSKI:** Thank you, Mr. Chairman. Senator, thank you for bringing this forward today. And those questions with Senator Blood are some of the things I was thinking of also. And I wanted to ask you, to have a licensing fee or certificate fee, whatever it might be for something, tells me that you know something about that particular area. Whether you're a plumber, electrician, teacher, educational administrator, whatever it might be. So you probably have gone through a program, passed through that particular program and, and reached that certification level. And that tells me I don't have to test you and do a lot of things but you come in with a set of skills. From that perspective, if you didn't have that and if I just went out and wrote my own little certificate out and put it on my truck and said, here's my service. I can do this but I haven't gone through any schooling on it. It's kind of been patchwork, knowing what I wanted to do. Is that what this does, as far as your certificates or any of the, the whatever you get as far as certificate, finishing your, your educational background?

**MURMAN:** No, I assumed all of these would be covered at the state level with a license.

**KOLOWSKI:** True. But if they were negated at the state level as we're somewhat talking about, and sometimes I hear politicians say we're going to open up the state with more ways that people can have different kinds of jobs which doesn't send them to a training program, that they have an accepted route to get into the flow of the particular job pool, whatever it might be. That, that lessens what you might want to do or the quality of the product that you might want to get from that person who you think is licensed but really isn't.

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**MURMAN:** No, actually this bill is designed to eliminate the multiple layers of requirements. The state license should be sufficient in the occupations that this addresses.

**KOLOWSKI:** What are the other levels that you're talking about? The other levels of requirements they meet?

**MURMAN:** Well, like a city or a county extra license or a fee.

**KOLOWSKI:** So there would be one in the state for the most part that you get your official stamp from them and move on from there?

**MURMAN:** Yes. I look at it as economic development, making it easier for a contractor, any kind of contractor to work anywhere in the state without having extra requirements by a local jurisdiction.

**KOLOWSKI:** OK. My work with community colleges, I know how much they get into the certification programs and of all their curriculums designed to hopefully get a person to a particular level and then a certificate is given so you know you're hiring someone who knows something about this. They're not going to go in and jerry-rig my electrical wiring in my house and have sparks fly all over the place compared to having something decent that day turn a switch and it works odd. So I hope that that's where we might be heading. But I don't know how many levels there might be that people jump the hoops on: city, county, something else before state or whatever else.

**MURMAN:** Yeah, that's what I'm trying to do is eliminate the multiple levels. The state or the certificate from the institution should be adequate for them to work throughout the state.

**KOLOWSKI:** And that would have to be coordinated somewhere. That when I am looking at your certificate that says X community college I know that's a verified program that has standards that you would have to meet before you could hang your shingles and come work in my home.

**MURMAN:** Sure.

**KOLOWSKI:** Thank you.

**BREWER:** Senator Blood.

**BLOOD:** Thank you, Chairman Brewer. I hate that I listen and I get more questions, and I'm sorry. I'm just going to apologize in advance. So farmers markets, restaurants, I definitely understand trying to

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eliminate layers of government. I am definitely in favor of that, but I think about health and safety issues. And my concern is that it's not being addressed in this bill. Do you want to address that at all? Do you understand how that works like with a restaurant or a vendor at a farmer's market?

**MURMAN:** Well, there may be some behind me that could address that better, but I assume if they have a license at the state level for a farmer's market or, you know, a health inspection license, that should be adequate anywhere in the state.

**BLOOD:** So would you be eliminating then the, also the, like when they move from festival to festival or they move from market to market that they don't have to get examined every single time by the Health Department?

**MURMAN:** No. Well, that's what this bill would be designed to do, so that they could go from town to town, city to city with a state license and not have to get an extra license from each city.

**BLOOD:** So but aren't they util-- I am, I think we've got a gray area here that we have to be really careful on because we're talking about food poisoning, is the first thing that comes up to, comes to mind. And if we don't have additional checks on things like that isn't that, I mean, isn't that the purpose, to protect the community? To have that, that specific extra layer of government because people die from botulism and people die from salmonella?

**MURMAN:** Well, I assume that's what the State Department of Agriculture does with their licensing.

**BLOOD:** Part of it.

**MURMAN:** So it shouldn't need, it shouldn't be a necessity to have an extra layer with each city. But like I said, there may be some behind me that would know more about--

**BLOOD:** We're definitely talking on the floor tomorrow. All right, thank you.

**MURMAN:** Thanks a lot.

**BREWER:** All right, additional questions? Seeing none, I assume you will stick around for closing?

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**MURMAN:** Yes.

**BREWER:** Good, because I bet you're gonna have questions. All right, proponents, come on up. Welcome to the Government, Military and Veterans Affairs Committee.

**NICOLE FOX:** Thank you, Chairman Brewer, members of the Government Committee. Nicole Fox, N-i-c-o-l-e F-o-x, representing the Platte Institute on behalf, in support of LB736. And Senator Blood, I appreciate your questions, and we know that this bill is most definitely a work in progress and we're very much happy to work with people. But I think our goal here today is just to talk about the issue and then we can fine tune the language as needed. So I'll kind of start with my testimony and then you can fire questions away at me. So as you guys all know, for the past several legislative sessions the Platte Institute's been a strong supporter of occupational licensing reform. And I know many of you on the committee have been as well, and I thank you for that. As I've stated at multiple hearings, we know that occupational licensing poses burdens on workers: the costs of education and training, testing fees, costs associated with a continuing education, burdensome paperwork, fees for the initial license, fees for renewals, and opportunity costs due, due to delayed entry into the work force. Until today our efforts have focused on occupational licensing at the state level. As Senator Murman stated, last year Nebraska made headlines nationally when former senator Laura Ebke's LB299 was passed by the Legislature. The motivation behind the bill was a trend occurring both in Nebraska and nationwide known as licensure creep, or the greater than threefold increase in licensure that's occurred since the 1950s when occupational licensing originally began. But now in 2019 we feel that there's a new opportunity for Nebraska to make the national stage, and that is by pushing back on some of the licensing that is going on at the local level. We can think of no reason why Nebraska governments at any level should create barriers to people getting jobs who want to work and earn a living. Local control was intended to protect people from overreach from the state. It was never intended to let cities keep people out of work. You know, and just some things I'd like to illustrate. So earlier this year there was a bill that was introduced and it was in regards to plumbing. And it had to do with plumbers and some of their fees, and part of the bill just said, well, we're going to allow for an increase in fees but there was no cap. And, you know, we know some of these plumbers, especially those that are working at multiple cities, are having to get multiple licenses then. If you look at the codes across

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the state and find-- you can find no shortage of permits, regulations, and fees required. In Nebraska City there's a home-based business. There's lots of examples here, I have in my testimony of home-based businesses that could be affected. In Kearney if you want to be a tattoo artist you have to get a state license but also a local license. The veterinarians could not be here today, they gave me their letter of support. They're licensed at the state level but then they also have to pay another \$100 if they live in Gretna. So we feel that, you know, Nebraska can maybe work on this and lessen burdens. Other states have done it. Legislation similar to LB736 has already passed in Wisconsin, Tennessee, and Michigan. And in Wisconsin we do-- there was a publication saying if they would have done it a decade earlier they would have limited 100 fewer local licenses.

**BREWER:** Keep rolling, you're good.

**NICOLE FOX:** Are you sure? So, you know, for example, in Iowa they did some, they did a local preemption bill. And because of that bill, all plumbing and mechanical licensing provisions that were promulgated by the governmental subdivision were null and void as in July of 2009. So what we're trying to do with LB736 number one is to say that there should be no political subdivision in the state that may impose occupational fees or licensing requirements on a profession if the political subdivision does not already impose them. So kind of first of what we're trying to do is stop the bleeding and say, no more new permits. If the political subdivision currently imposes fees, we're saying that we, we want to say that those fees cannot see, exceed \$25. And for the example, you know, veterans in Gretna are paying \$100 dollars on top of their state licensing fee, which is \$250 initially and then \$168 to renew. And then also no political subdivision in the state may impose any new additional regulations on professions that are already subject to regulation at the state level. So again, really what we're trying to do is stop the bleeding. Again, you've worked hard and we just want to kind of take a dive now into local licensing and just try to eliminate some, the layers of what, you know, of fees, of permits that people that are already having to get a state license need to get. Because we feel that if it's already regulated by the state why, why do the locals need to regulate it as well? And with that, I'm happy to take-- fire away.

**BREWER:** Senator Blood.

**BLOOD:** I have to wait for his directive. He's in charge. So I go back to what you just said, \$100 in Gretna. And is that not an occupation

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tax? You're saying it's a fee for them in business. I, I'm pretty sure that's an occupation tax, isn't it?

**NICOLE FOX:** But I guess why, why are we picking some, some occupations as opposed to others?

**BLOOD:** Well, wait, because there's more to the question. Do they live in a BID? Do you know if they have a BID? Because in a lot of municipalities the occupation tax pertains to what's called a--

**NICOLE FOX:** A business improvement district.

**BLOOD:** Exactly. Do you know if that is the case for them in Gretna? I would think with a town that's trying so hard to, to grow that that would probably be--

**NICOLE FOX:** I mean, I don't know the answer to that question.

**BLOOD:** OK. So one thing we should have clear on the record is that quite often occupation taxes are because-- I know we have them in Bellevue, I think we have them maybe in Papillion-- in something called a BID, where you're making sure that your snow is removed and that maybe flowers get planted in the planter in the spring. And so the, the thing that keeps coming back to me, and I talked a little bit about this to Senator Murman, and so I'm going to ask you, I mean, how do-- how does the Platte Institute balance support for eliminating sources of revenue for municipalities while still advocating for capping property taxes and then expect municipalities to provide public services? Because that's what occupation taxes are about. It's not about an additional licensing fee. If it was an initial licensing fee, I'd be all over this with you as well. Occupation taxes, and again, can't talk for counties, can only talk about municipalities, right? They pay for police, they pay for fire, they pay-- because as a business owner, you want the police to come when your alarm goes off and you want the fire department to come and put out the fire in your business because you put your life's blood into that business. And so the concern that I have, and again, you know through my actions that I do support eliminating hurdles to employment. But I think that you've got two issues confused.

**NICOLE FOX:** And I think that-- and I appreciate your concern, Senator Blood-- and I think, you know, that's where I say this is kind of new territory for the Platte and we're willing to work with people. I think, you know, our concern really is why are we imposing a bear, a

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barrier to people that want to work? Why are we imposing a barrier to entrepreneurs to fund government services and why certain, you know, why certain occupations? You know, how are, how are we determining which occupations? Because I pulled up, after the, the veterinarian group alerted me to their fee, I pulled up various occupational taxes that are charged. And, I mean, we're talking accountants, lawyers, insurance agents, physicians, and so again to me, I mean, when I think of the term occupational licensing I'm think, I'm thinking again of public safety, you know? Protecting people against, you know, so people that, you know, that could impose harm or malpractice. And so, I mean, I guess, you know, I don't really think that this is, you know, a property tax issue. I think that, you know, when it comes to government services, to me that should be a vote. I mean, that's something where all of the public, I think, should have a say. I don't think it's fair to put, you know, to tell-- for the government to pick winners and losers as to who is going to fund government services. I mean, we talk about that at the state level where, you know, if, if we're trying to eliminate a license and then, you know, people say, well, is that going to be less revenue for the state? I mean, the goal of licensing shouldn't be to generate money for government. We want--

**BLOOD:** But the occupation tax was created for that.

**NICOLE FOX:** But the other thing I will say is that, is that money, you know, whatever money goes to a municipality-- so let's say, I mean, that is money that an entrepreneur or, you know, a worker, whether it's a business owner or somebody that just works solely for themselves, I mean, that is money that they could be reinvesting in their, in their business. They could be using that to buy equipment for their business, they could be using that to hire workers. And if you asked me, I guess getting, you know, doing things that help people start a business and grow a business is, is economic development or economic growth. I think, you know, promoting economic growth is a better way to fund government than charging workers.

**BLOOD:** So again, and you keep saying workers, but we're really talking about businesses more than anything. And then, you know, I write feasibility assessments and business plans for living. That's, that's what I've done for almost 20 years. And so when we do the flow sheet and we figure out the first year's costs, we find out if the community they're choosing to have their store front in is, is going to charge occupation packs-- tax, because we know that is the cost of doing business in Nebraska. Because we know that, say, we'll talk about old

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town Bellevue, will have the BID. They know that snow is going to be removed, they know that flowers are going to be planted in the flowers every spring because that money has been set aside specifically for that area, much like I am guessing Gretna. And I'm only guessing, I don't know that for a fact. So, again, I think we're blurring the lines between licensing and the purpose of occupation, occupation tax, which is imposed by a city directly for business activity to make sure that they can provide services because those people are not necessarily citizens of that community who pay taxes for their snow removal and their police and their fire. And I've not seen really a lot of abuse in Nebraska when it comes to this. I don't see outrageous amounts of money being asked for. So if it was that we're going to charge you another \$100 because you're a doctor and we think you need to have another \$100 fee for licensing, then I absolutely think that's an issue. But we're talking about occupation tax and I, I strongly encourage you-- and I can, again, I can only talk about my county. I don't want to talk for Lancaster or Douglas. I strongly encourage you to meet with the mayors of Sarpy County because I think they're going to tell you the, the very same thing. And, again, I'm, I'm glad this is a work in progress because I would have to hate to fight against this because I think your intent is good. But I think you're blurring the lines between the two.

**NICOLE FOX:** And I understand. I mean, I think that again that goes back to you-- we have an intent with this bill. Our goal is to kind of see, you know, what is, what is the thought about the intent of the bill and then work on the language. Because I understand that there are needs for business permits for, in other words for, you know, sales tax. I mean, there's, there's different reasons for business permits and-- and, yeah, I agree, we need to distinguish between the two most definitely. So, I mean, we're very happy to work with people on amending the language so that the bill, you know, the bill language reflects the intent.

**BLOOD:** Fair enough.

**BREWER:** All right, additional questions? All right, thank you for your testimony.

**NICOLE FOX:** Thank you.

**BREWER:** All right, next proponent. Welcome to Government, Military and Veterans Affairs Committee.

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**SEAN GITT:** Thank you, Senator Brewer. Thank you, committee. My name is Sean Gitt, S-e-a-n G-i-t-t. Glad we kind of spoke a little bit about my occupation. I'm an electrical contractor out of Fremont, Nebraska. Sent along a couple packets here. Some things I want to talk about is government creep and if you look at 81-2130 there it already discusses that I'm a license, or if you are a license holder as an electrician contractor in the state in Nebraska, other communities are not supposed to charge you or require you to have another license and charge you fees. And a lot of communities are doing this in the state right now. And a couple years ago I actually had somebody from Senator Blood's office come to the state electrical division for this topic and they said, yeah, this is, it's illegal for these communities to be doing that. And the city of Fremont then sent me a letter and said, we're no longer gonna have-- require you to be licensed but we're going to we're going to now call it a registration. So pay your fees. City of Omaha has done the same thing. So one of the things I think with drawing up this type of legislation is to be careful in the language, not only is licensing, registration, fairy dust fee, whatever you want to call it, it was kind of a money grab. And I'll give you a great example. So working out of Fremont, we're in Dodge County, we abut Washington, Douglas, Saunders, every county or community within that county is charging me a fee to work within those communities. So you look at the City of Valley. They charge me a fee. The city of Omaha, Blair, Washington County, Dodge County, Saunders County, everybody has a fee for me to get a license. Whether or not they regulate or have an inspection program, they require me some type of fee to pay. I'm not sure if we know of the statistics, but nationally we're at a negative 20 percent. You talked about Metro training. They're upping their, their training because of this. So a negative 20 percent for skilled labor. And I bring guys on, I got to say, you got to pay 35 bucks to Blair to work and over there you got to pay \$45 in Valley, \$85 in Omaha. You got to pay a \$180 to the state. All these fees, and it's like we have a driver's license basically from the state of Nebraska that says, hey, you can work anywhere in the state. But it's like, it's like driving back to Omaha. You got to stop maybe in Ashland and pay \$50 to drive through town. I mean, there's, you know, I'm qualified to work in the state but all these communities want me to pay a fee.

**BREWER:** OK, thank you for your testimony. Senator Blood.

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**BLOOD:** Thank you, Chairman Brewer. And thank you for coming today and sharing your testimony.

**SEAN GITT:** Thank you.

**BLOOD:** So I have some questions for you, and I'm truly just looking for answers and not trying to pick a fight.

**SEAN GITT:** Sure, yeah.

**BLOOD:** All right, so-- and I'm glad that somebody from my staff came to your event. So that's good. I try and send somebody if I can't go. So why, what do you think the purpose that each community charges you a fee? What do you personally, I mean, I know I've already heard you say that you think money is the main denominator but--

**SEAN GITT:** I mean, it is. I mean, I'll be honest, the same thing goes with a lot of permits that we get. The state, like the Senator said earlier, he's familiar with Metro and how you get certified and, you know, the state gives me certain limitations that says, OK, just like a driver's license, you're qualified to drive your car everywhere, you know, you've been tested. The state does the same thing and they say, you're allowed to do this type of work without getting a permit. Within a community they tighten up that restriction and they say anything I do, I come in and I replace an outlet in a wall, they want \$50 for a permit. Well, I do that, I change that out, the inspector doesn't take that apart and look at it. I mean--

**BLOOD:** Why, why do you think that they, they charge you? I mean, take out the money aspect of it. So I can put on my municipal hat because that's really all I know besides now state government.

**SEAN GITT:** Sure.

**BLOOD:** So when we have people that are-- well, I'm gonna say bad guys. I know you're not a bad guy, OK-- who purposely tries to undercut good guys like you financially, and they don't have to register in any way with the municipality and they don't have to prove to the municipality that they, they are who they say they are. Do you think that could cause a problem?

**SEAN GITT:** I mean, I think it happens regardless, whether or not I pay the fees or not.

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**BLOOD:** There's always going be bad actors, I agree.

**SEAN GITT:** Yeah, I mean they're, it's relative. I mean, I shouldn't have to pay because of them. You know what I'm saying? It's, if you're a good guy, you're gonna be a good guy. And I shouldn't have to pay additionally for possibly the other bad guy out there.

**BLOOD:** Well I look at that--

**SEAN GITT:** And that's kind of, when you talk about that, it's the same thing. These communities have teeth with their fees. I mean, they're all Class I misdemeanors. You know, a thousand dollar fine, 30 days in jail. Sorry I didn't know that, you know, I needed to have that at that time. You know, I mean, these are, you know, they're not small little, oh well, we're just going to, you know, have you come in and pay 25 bucks. These things really have teeth.

**BLOOD:** Well, and I do know that. And again, I can only talk on about eastern Nebraska, that there are federal codes to come out, as you know, that they want to make sure that everybody is complying with the update and the ordinances, and they do impose fees because they're trying to track who's doing what to whom and where. And if it's your own house, they don't usually care if you're doing the work yourself, to a certain degree. So I think, I think there's got to be some middle ground between what you're saying and I-- and again, I know you're being nickeled and dimed. I'm not denying that. But I also understand the purpose of why they need to know what you're doing and where you're doing it. And it takes staff to keep track of that. And part of that, again, is the cost of doing business. And I'm sure you're feeling like the cost of doing business is getting out of control and I hear that, and maybe we can find some middle ground. But I see both sides, do you hear what I'm saying?

**SEAN GITT:** Yeah. I think the other issue, too, is when you look at the negative employment in skilled labor, it's tough to, to hire somebody say from a community and go, well, you're gonna have to get licensed here, here, here, here, here, and here.

**BLOOD:** Sure.

**SEAN GITT:** And, you know, it's a discouraging factor in keeping skilled labor, especially when you talk about bringing people into this skills gap.

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**BLOOD:** Are they getting licensed or registered?

**SEAN GITT:** Both.

**BLOOD:** OK.

**SEAN GITT:** Because-- well, it depends upon the community.

**BLOOD:** Right.

**SEAN GITT:** Because now that the state said, well, you can't charge a license, then they just changed their language to a registration so they can keep that tax.

**BLOOD:** So--

**SEAN GITT:** So, I mean, I mean, they-- you can call it a license, you could, like I said, you can call it a registration, you could call it whatever type of fee you want. It's just a grab because, like I said, these communities said, OK, well, the state does say that we cannot do that. We'll just change it, the language, and call it a registration.

**BLOOD:** Because they truly are regis-- just so you know, at least, again, in my county, they're truly registering--

**SEAN GITT:** I mean, I'll be honest, I've spoken, I've dealt with this issue in my field with the electrical side of things for, probably going on four years now. And, you know, I've spoken with the chief electrical inspector of Omaha. You know, that's a huge revenue for their department. And even though they knew it was illegal, that's a, that's a big funding mechanism for them.

**BLOOD:** What's illegal?

**SEAN GITT:** If you-- that 81-2130 says that they couldn't charge me a fee or another license. So then when I brought that to their attention they scratched out license, wrote in registration, here's our new ordinance.

**BLOOD:** Well, they didn't just stand there and do that. I mean, it went--

**SEAN GITT:** Pretty much. I mean--

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**BLOOD:** --city council and people voted on it and they heard-- and you testified at that hearing, I hope?

**SEAN GITT:** No.

**BLOOD:** So I, I definitely hear what your concerns are. I'm-- and I'm going to keep listening and I'm, I'm really looking forward to my conversation with Senator Murman tomorrow. But I'm seeing some red flags and some concerns. It's not as black and white as we think it is. And I'm wondering if this is a local control issue that we can encourage with state statute and not necessarily command that they do something.

**SEAN GITT:** Right.

**BLOOD:** So thank you.

**SEAN GITT:** Yeah, appreciate it.

**BREWER:** Senator Kolowski.

**KOLOWSKI:** Thank you, Mr. Chairman. Sean, when you have a situation where anything where safety and security is under question, I think it's really important when food production or anything else like this or electrical wiring, plumbing in the home, whatever might be done. What I've seen the, the greatest emergencies when I've seen this happen is when the tornadoes hit Omaha a number of years ago. I was in Millard at Millard South High School, and all the way up to the Benson area this twister came through and flattened places. They were gone. And of course everybody needed somebody to help rebuild and do all those things. So we saw a plethora of people all of a sudden showing up with a pickup truck saying, I can do this and let's do-- all those kind of things happen across the board when you get into those kind of emergency situations. This isn't an emergency but we, we're asking really key questions about is this legitimate? Are we doing the right thing? Are we overcharging, are we putting too many obstacles in the way of yourself and others to run your business and get the job done in a, in a community? I-- what's your bigger picture when you look at it from a number of years that this is becoming an obstacle?

**SEAN GITT:** It is, and there's, the state license runs on a two-year period, two-year cycle. And so some communities will match that, some won't. Some will do it on a year-by-year because of their budgets. Some, some communities are on a two-year budget cycle now so they

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match it up. So it's a lot to manage as a business owner. And then the same thing with all your apprentices your, your qualified journeymen. And then, you know, well, I brought this guy on, is he licensed in all those communities? Can I send him over there? You know, all those factors when truly, you know, the state says, hey, you're, you're qualified. And, you know, what benefit are we getting, you know, for each community? I mean, you know, it's not like we don't take permits and they get, you know, the safe-- we talk about a safety factor. You know, that's the responsibility of the contractor to make sure that they're permitted, they get an inspection. And it really has nothing to do with that person, you know, that's qualified through the state.

**KOLOWSKI:** Sure. Thank you.

**BREWER:** All right now, let's see if we get a snapshot of what you have to go through here. So for you, if you go to Columbus, Wahoo, Norfolk, just kind of looking through some of what you have, have here. You have to get this permit from the city for X amount of a fee.

**SEAN GITT:** Correct.

**BREWER:** Now, at that point do they require you to provide your state certificate?

**SEAN GITT:** Correct.

**BREWER:** And then they go to the job site and they watch you and make sure you're doing things right?

**SEAN GITT:** Correct.

**BREWER:** And as you go to the different towns, as you get smaller I'm guessing they probably got fewer people to handle oversight on that.

**SEAN GITT:** Right. So the state actually has jurisdiction, the State Electrical Division has jurisdiction over the whole state. A lot of commu-- I shouldn't say a lot. I think there is 11, and I'm not sure about that number, but I think it's either 11 or 13 communities that they give jurisdiction to that, say the city of Omaha, gets a certified electrical inspector or they give them jurisdiction. The city of Fremont, Norfolk. Columbus, I think, is still underneath the state of Nebraska. I think Grand Island has their own, and North Platte.

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**BREWER:** So the issue really isn't the licensing. I mean, it is, but it's really more the taxation to get the permission from whatever--

**SEAN GITT:** Correct, so they will--

**BREWER:** --town or city.

**SEAN GITT:** If you go to a community, they will say, OK, well, we want you to pay a registration fee of \$85 and then you can get a permit.

**BREWER:** Can see how that would cut into your profit. Senator Blood.

**BLOOD:** Thank you, Chairman Brewer. So I want to give you an example of why they do that. Just kind of to, to bring that to light. So I look at an arborist, because that was one of the things that was brought up. I know you know electricity, and you're obviously the king of electricity. But we had people coming into the city of Bellevue doing a crap job, taking down trees, things crashing into houses. Bad. So now you cannot be an arborist in Bellevue unless you come and you register and we know that you're and actually an arborist and not just some guy cutting down a tree that says he's an arborist. So that's a function of safety. Does that make sense to you? I am definitely hearing what you're saying, but I'm just saying we have to be careful because not all fees are just taxation and purposely trying to create hurdles for you when it comes to licensing. Some fees are registration fees that have a purpose, and that's to protect the public. And I know that that's part of, like I, I don't want some clown in my house doing electricity that doesn't know what he's doing because the scariest thing to me on the planet would be to die in a fire. I'd want somebody who knows what the heck they're doing and that I know I can count on and is licensed and is in good standing and has a good track record that I can check with the city or the state and find out about. And so we want to be careful because we're blurring the lines. There's taxes, there's licensing fees, and there's occupation fees or taxes. And occupation fees or taxes are usually through municipalities and provide services. And then certain fields of employment or a business do require registrations as a way to keep track of the public safety. But there's got to be some middle ground between all of that. And I don't know what that is yet.

**SEAN GITT:** Yeah, I would think so.

**BLOOD:** But I just want to make sure that we're-- we got to be really careful how we explain this, especially for people listening. It's not

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just about overtaxing people. Some of it, there is a purpose behind it, right?

**SEAN GITT:** Well, you know, and I'm not sure if your legal counsel knows this, but a few years back the state of Nebraska required all attorneys to register within counties that they were in. And they went and got rid of that because they were charging attorneys, you know, 100 bucks if you're in Dodge County and another 200 bucks here.

**BLOOD:** What was the reasoning behind that, do you know?

**SEAN GITT:** Yeah, I'm not sure. But I know that that--

**BLOOD:** To me that is always the answer. Like, what's the reasoning?

**SEAN GITT:** Right.

**BLOOD:** Right? Or is it just because one day they wake up and, I want to tax somebody.

**SEAN GITT:** But, but the registry, like the licensing thing is when I do go to your place to work, I have to pay a permit and I pay a permit fee.

**BLOOD:** Right.

**SEAN GITT:** And that guy comes out and makes sure that that work is correct. And he makes sure that each one of, each person that does that work with me or myself that is licensed. So I'm not sure what that community or that county or whoever else they even can't-- even counties or cities that don't have jurisdiction still charge me a registration to work there when they don't, they don't come to your house and they don't look at anything and they don't do any of that.

**BLOOD:** But that's not all--

**SEAN GITT:** They charge me a fee--

**BLOOD:** That's not all municipalities though.

**SEAN GITT:** No. Not always.

**BLOOD:** Because I know, you go to Sarpy, they're coming out and checking your work, right?

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**SEAN GITT:** Sure. No, but I'm saying even though I might have to get a state permit, say, go to Columbus, Nebraska, they don't have a, they don't have a body that inspects that. It's through the state of Nebraska. They still charge you a fee, though, as a registration, right? Even though they don't do anything.

**BLOOD:** I do hear you're saying.

**SEAN GITT:** Yeah, so it's tough--

**BLOOD:** That's why I'm saying there's, that this bill is definitely a work in progress. There's so many moving parts in this bill I don't even know how a senator would get it done this session, to be really frank. But not to sound like a Debbie Downer.

**SEAN GITT:** And, and the other, the other thing that's tough for us is when I talk about, you know, the negative 20 percent unemployment, our, our, our industry has reached out because of that. You know, you used to have a guy in a little town that did everything right. And that was his little company and all over the place. And now people can't get skilled labor nationally, yet, in Nebraska, it's really tough. I mean, I think even they came out yesterday said, I think, minus 10,000 in manufacturing jobs. So now people want us, you know, we travel, you know, we'll go up to West Point because people go, we can't get an electrician. Can you come up and, you know, they pay us, you know, an hour and a half drive time because they can't find people to do it. Then we still have to worry about are we registered and do we have our licensing. All those things that are, you know, that doesn't help anybody out.

**BLOOD:** I don't disagree on any of that. There's, there's got to be ways for us to eliminate hurdles. I think we're blur, my concern is we're blurring the lines and putting everything all in one bucket. And all three things are not the same. So we've just got to figure out how do you filter out that bucket, right?

**SEAN GITT:** That's right.

**BLOOD:** Thank you.

**BREWER:** Well, I got to tell you that I am a little concerned. It does us no good in this body to make laws like 81-2130 here that says: No political subdivision shall require any individual, partnership, limited liability company, corporation, or other business associated

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holding a license from the board to pay any license fees. Now, if the way that the, the towns, cities, municipalities are getting around that by simply calling it registration, well, it doesn't matter what we've put here, they just changed the name and still charge you.

**SEAN GITT:** Right.

**BREWER:** What the heck? I mean, you've just invalidated the reason for us to have a job. So, yeah, we're gonna get into this and talk in more detail. But thank you for your testimony. Any additional questions? All right, thank you.

**SEAN GITT:** Thank you, Senators.

**BREWER:** You are a proponent?

**TOM NEWELL:** Yes, sir.

**BREWER:** All right, thank you. Welcome to Government, Military and Veterans Affairs.

**TOM NEWELL:** Thank you, Mr. Chairman, members of the committee. Thank you for allowing me to be here today. My name is Tom Newell, N-e-w-e-l-l. I am with the Foundation for Government Accountability, and we are active in dozens of states at the federal level primarily because we want as many people as possible to experience the power and the dignity and the freedom of work. And we realize that occupational licenses fees are actually barriers to work. And I'm actually going to deviate from my written testimony here to try to respond to some of the things. I think, Mr. Chairman, one of things that you pointed out just now is the problem. The lines are already blurred because municipalities do just change the name and call it something else. And so it is not really a public safety factor if all they're doing is changing the name to something else. And even the case of arborists, well, if several communities throughout the state are safe with arborists who don't license them, then why does another city have to license them if they're, the other community is perfectly safe without the license? I mean, that, that's part of the problem. And even at the state level now we're getting into lots of governors and lots of states tackling this tough issue, as you did last year in LB299, but going a step further now and saying we want to have reciprocity among the states when it comes to this licensing thing. And yet, within this state, as was just testified, you don't technically have reciprocity because an electrician has to pay this fee multiple times, over and

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over again to be able to operate in different communities. I would, just to respond to one thing that I think the bill does clarify, and that is that if there is a legitimate reason to register someone then this has a \$25 fee. Whether it should be \$25 or \$30, the point is that there shouldn't be a de minimis fee that it costs to register. I mean, it only takes so much administrative power to take a piece of paperwork and then file it and register that person. So that should be a standard registration fee even among the cities as well. So we just believe, whether you call it a tax, whether you call it a fee, whether you call it a license, permit, those are still all barriers to work regardless of what you call it. And we believe the state needs to tackle that issue so that more people can have the freedom to work. And it, you know, a cost of doing business, this is also it's easy for a large company to have multiple costs of doing business, but these multiple costs make it especially difficult for small entrepreneurs and people just starting their jobs as well. And I think as legislators that you want more and more people to start businesses in Nebraska. And so this issue needs to be addressed in my opinion. Be happy to answer any questions, Mr. Chairman.

**BREWER:** All right, thank you. Senator Blood.

**BLOOD:** Thank you, Chairman Brewer. And thank you for your testimony. So the bill, the bill says though that after January 2020 there's a halt to licensing requirements. Isn't that correct?

**TOM NEWELL:** The way the currently bill is written, I do believe that so. But, but it would be everything that's already licensed is being licensed. And, again, I kind of testify on this--

**BLOOD:** I'm sorry, what did you just say? Everything that's being licensed is being licensed?

**TOM NEWELL:** Everything that's already being licensed would continue to go on. I mean, this is just halt, halting new licenses after 2020, the way I read the bill.

**BLOOD:** So just hearing that sentence you don't see a concern that the bill might have some more wonky language?

**TOM NEWELL:** I would agree that the bill needs some clarification and, yes, I would agree with that.

**BLOOD:** And so--

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**TOM NEWELL:** But if I might add to that--

**BLOOD:** So when a person opens a business, and say they're on Main Street, so you're saying no BIDs, no occupation taxes, because, even though they may not live in that community, since they have a store front they deserve the same services that people that live in that community and pay taxes do?

**TOM NEWELL:** Well, I would argue they are paying taxes. If they're in a storefront, they're either leasing that spot and the owner is paying business taxes which is represented in that lease they're paying.

**BLOOD:** The owners' business, yes?

**TOM NEWELL:** Yeah, so, so they're already paying taxes, property taxes, whether directly or indirectly. If they're transacting business then there is sales tax that is being generated by that person as well. So I would argue they are paying taxes. And I think the last thing you want to do is to make it more difficult for people who are going to generate taxes to come do business there by just charging another tax on top of that.

**BLOOD:** I can tell you that I have helped hundreds of businesses start in Nebraska and I, I only work with them the first year. I've not had a single client, not once when we put that occupation tax into their feasibility assessment and their business plan and I explained what the occupation tax is, not one of them said, I don't, I don't want to pay that. And I just want you to know that to be very honest. I do hear what you're saying, I'm on your team when it comes to eliminating hurdles. My track record shows that. You are lumping all three into one bucket. They are not the same, they do not serve the same purpose. And, you know, I'm, I'm not the senator says that all taxation is theft because I think people like to have good roads to drive on and they like it when their fires are put out and there's snow, lots and lots of snow is moved out of the way. And, you know, I think we have to be really careful when we do these grandiose bills, especially since I, I have not heard that you've met with municipalities to discuss it. When I have a bill that I think there might be objection to, the first thing I do is I call the person who I think is going to come out or the organization who is going to come out the strongest against it so I can know where they're coming from. And I haven't heard that on this bill. I hear what your intent is. I have grave concerns about you lumping it all together. You and I are not going to agree on that particular issue. But I, I do that with respect. And I'm

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sorry, but I do think that you have a long ways to go because you guys seem to be missing the role that this plays in municipalities. And eventually you're going to have to come to the point of how, how do they pay for these services. And, and I'm sorry, but the, the person they're renting from, that's their business, right?

**TOM NEWELL:** Right. If I could just say a couple of things. First of all, I am the son of a career law enforcement officer who rose to be the chief of police of a local municipality, former state legislator, also former professor of economics.

**BLOOD:** What state?

**TOM NEWELL:** Oklahoma.

**BLOOD:** Did you come in from Oklahoma for this?

**TOM NEWELL:** Yes, ma'am. Actually, I was in Texas right before this. Quick stop in Oklahoma to change clothes and then up here.

**BLOOD:** And what organization, I'm sorry?

**TOM NEWELL:** The Foundation for Government Accountability. And Senator, while I agree that the language needs to be worked on, I would also agree with the Chairman to say that while they're not all through the same thing they oftentimes become the same thing, as the person in front of me just testified. It was a license and then to get around that state law they simply change the name. Now, whether there was a council meeting and all of that, they still blurred the lines by changing the name and charging the exact same amount of money so I think--

**BLOOD:** But there would have been a public hearing for that and there would have been public notification and it would have gone to city council, would have had three hearings and a vote and a public hearing, right?

**TOM NEWELL:** Correct. And that which is the same thing that happens at the state level as well as what we're doing right now.

**BLOOD:** More or less, yeah. All right, thank you.

**TOM NEWELL:** Thank you.

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**BREWER:** Thank you for your question. Any additional questions? Thank you.

**TOM NEWELL:** Thank you, Mr. Chairman.

**BREWER:** All right, additional proponents? Welcome to Government, Military and Veterans Affairs.

**GREGORY C. LAUBY:** Thank you very much, Senator Brewer. Members of the committee, good afternoon. My name is Gregory, Gregory C. Lauby, G-r-e-g-o-r-y C. L-a-u-b-y. My brother Roy Lauby owns and operates Lauby Plumbing, Heating and Air in Wymore in Gage County, Nebraska. That's in the southeast corner of Nebraska. He started as the sole proprietor 20 years ago but his business now employs 7, and was named Gage County's favorite plumber in 2016 and the favorite HVAC business in 2018 by readers of the local newspaper, the Beatrice Daily Sun. He has built his business up to where it now serves residential and commercial customers located north to the Lancaster County line and down into Kansas itself, as well as counties both to the east and west of Gage County. He has provided a list of 22 cities and vil-- villages where his company has worked in the recent couple of years. It may not be a total list but it's one that he can remember right off the top of his head and it's attached to the statement that's being passed out. He's also served rural residents outside city limits. He told me that many of the communities he goes into do not have any licensing fee at all. Others have only a minimum licensing fee. He has not been subject to an occupation tax at this time and he certainly would not anticipate or look forward to having licensing fees limited and then spring up with occupation taxes throughout the community. If all 22 cities and villages and counties were to impose annual fees on all his employees, which might seem an insignificant amount to their budget, the total would be a major expense in his business. And in communities with only one or two customers, the increase in their bill could be noticeable, even prohibited. The city of Beatrice has proposed LB107 to change the state statute to allow the city unlimited discretion in setting a licensing fee, and an HVAC licensing fee has also been discussed already. I see my yellow light is on. I would just make a couple of comments. One is that the plumbing code right now requires the licensing fee for a plumber to be transferred over into the school district in the city. And that might be one way to minimize a local jurisdiction's motivation to set an exorbitant fee. Also, I think he already has to comply with the international codes to avoid civil liability arising from negligent service to his customer, even if

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there aren't standards set specifically by the communities that he enters into. If there are no questions, I thank you for your attention.

**BREWER:** All right, thank you for her testimony, Greg. All right, questions? Questions? All right, thank you for your--

**GREGORY C. LAUBY:** Thank you.

**BREWER:** --testimony. OK, next proponent. All right, seeing none, we'll go to the first opponent. Welcome to Government, Military and Veterans Affairs.

**SHERRY WOLF:** Good afternoon, Senator Brewer and members of the Government Committee. My name is Sherry Wolf, S-h-e-r-r-y W-o-l-f, and I'm the budget director for the city of Lincoln. I'm here to testify in opposition to LB736 as we understand it. But just as I've sat and listened to the testimony so far, I need to clarify that my testimony doesn't address license fees, which would broaden the impact to the city of Lincoln. But we sort of zeroed in on our alarm over what consequences the bill might have on our occupation taxes. They're the third-largest source of revenue for the general fund and they generate over \$6 million for the general fund. The majority of occupation taxes are paid by telecommunications companies. They pay 6 percent of their gross receipts. Another significant general fund occupation tax that we collect in Lincoln is liquor licenses, and nearly all of Lincoln's occupation taxes are greater than \$25. As we understand the bill, it would eliminate roughly \$6 million of general fund revenue. And in addition to the general fund, occupation tax revenue provides about \$3.6 million of revenue for our landfill operation. But a much greater impact for Lincoln is that occupation tax revenue on hotels, car rentals, and food and beverages generates \$17 million annually to pay off the \$326 million of debt issued by the West Haymarket JPA for the Pinnacle Bank Arena and other infrastructure for development in the West Haymarket. LB736 would shift the funding to pay off these bonds to property taxes per language in the bond documents. In addition, a 1 percent occupation tax on purchases in the South Point mall area generated \$1.3 million last fiscal year. This revenue is being used to fund a parking garage near the new Scheels store, and these bonds are held by a private developer. This legislation would preempt city ordinances that are intended to regulate in the best interests of our community in addition to the revenue-generating provisions. And each of these ordinances has been carefully researched by staff and reviewed by citizens and elected officials in a public adoption

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process. So we urge the committee to oppose LB736 and allow local governing bodies to manage the revenues to meet the unique circumstances of our different communities. Thank you.

**BREWER:** Thank you for your testimony. The testimony you just read, is it possible to get a copy of that.

**SHERRY WOLF:** It is. I've edited it a little bit while I'm sitting here, so it all, it's slightly different. But, yes, I'd be happy to forward a corrected copy.

**BREWER:** All right, thank you. Questions? All right, seeing none. Thank you. Next opponent.

**KEVIN ANDERSEN:** Thank you, Mr. Chair. Members of the committee, my name is Kevin Andersen Kevin Andersen, I am here representing the city of Omaha where I serve as deputy chief of staff for economic development and development services within the mayor's office. Much like city of Lincoln, we really kind of zeroed in on the occupation tax side of things. Given that's my wheelhouse, that's what my testimony is prepared for. But I would say that we share some of the concerns over local control of licensing because of the unique situations that some of our larger cities face as it relates to health and safety codes, whether it's food or some of the building trades and some of those natures. But I'll kind of kick off my testimony. The city of Omaha largely utilizes occupation taxation to complement general fund and property tax revenues. Its careful and strategic utilization of these taxes enable the city to broaden its tax base by applying the taxation towards out-of-town guests and residents of the metropolitan area but not necessarily residing within the city's corporate limits. These are individuals that may utilize city infrastructure, purchase goods and services sold within the city, without necessarily paying towards the city's property tax levy. In other words, the marginal taxes imposed by occupation taxes taxation provide great benefit to the city's receipts because we're able to apply them to a much larger base. Some of the city's most notable occupation taxes to restaurants and hotel stays, specifically, were utilized specifically to avoid a property tax increase and provide funding for significant city, civic projects like the now CSI-- CHI Health Center Arena and Convention Center, TD Ameritrade ballpark, and improvements to serve the Henry Doorly Zoo. These are projects that are fantastic city amenities enjoyed by residents and visitors alike that provide a tremendous economic benefit to both the city and the state. Occupation taxes provided a funding stream paid almost entirely

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by out-of-town guests in these examples. All the while in the time these taxes have been levied there's been no impact on consumption of these services in Omaha. In 2007, the Legislature enabled the use of occupation taxes in designated enhanced employment areas. The EEA occupation tax, as we call it, has proved to be an effective tool for economic development in Omaha. Since its enabling legislation, five districts have been approved by city council providing a funding stream for public improvements associated with significant projects who would not otherwise have been completed if not for EEA occupation taxes. In doing so, this funding stream is able to reduce or replace the dependence on tax increment financing as a redevelopment tool. This allows tax revenues for all levying bodies to be realized sooner in the development process. The creation of the enhanced employment areas are market driven and allows residents and consumers to vote with their feet. These are, these designated areas and imposition of its taxes are at developer's request. They truly are market driven. So I'll be short in summation, LB736 limits the city's ability to relieve property tax and provide for crucial city services and development opportunities. For this reason, we're here in opposition.

**BREWER:** OK, thank you for your testimony. Senator Blood.

**BLOOD:** Thank you, Chairman Brewer. And thank you for your testimony. So you've piqued my curiosity. What are the five projects?

**KEVIN ANDERSEN:** See if I can go off memory. Our first was the Capitol District downtown; the Topgolf project, which is now getting underway; a Logan hotel redevelopment that's currently in the approval process; Blackstone Hotel; and the Landmark building. Those are our five districts.

**BLOOD:** And so everything that you do when it comes to this occupation tax is transparent, it sounds like. It goes in front of the city council, you have three hearings.

**KEVIN ANDERSEN:** Correct.

**BLOOD:** You have public comment on the second hearing.

**KEVIN ANDERSEN:** Correct.

**BLOOD:** Your meetings are televised.

**KEVIN ANDERSEN:** Correct.

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**BLOOD:** You're covered in the paper because the Omaha World-Herald is about Omaha.

**KEVIN ANDERSEN:** Yes.

**BLOOD:** Bellevue's lucky if they can get in there once in a while. Usually we have to do something stupid like a chickens or something to get in the paper. It's the sad truth. So occupation tax, cost of doing business that allows the community around them to grow and improve its economic development, is that what I hear you saying?

**KEVIN ANDERSEN:** Yes, it has provided a very positive economic impact for the city.

**BLOOD:** And how are you paying for the new additions in downtown as part of the Conagra camp, campus since they abandoned us? Is that also going to be paid for with occupation tax?

**KEVIN ANDERSEN:** No, that that piece will not be.

**BLOOD:** Thank you.

**BREWER:** OK.

**KEVIN ANDERSEN:** As, as proposed, sorry, to be transparent.

**BREWER:** Let's go back to Senator Blood's earlier question. If someone shows up in Omaha and you get a big truck and ladders and chainsaws and you want to go trim trees, they need a license, right?

**KEVIN ANDERSEN:** Correct.

**BREWER:** OK, so they go and they get this license. How does the city of Omaha determine whether or not they have a clue on how to use that chainsaw or not?

**KEVIN ANDERSEN:** The city will look at state licensure for, in any profession--

**BREWER:** So they go to the state license, interesting. OK.

**KEVIN ANDERSEN:** Well, and there is an application process. I can't tell you I'm familiar with the arborist application process but, you know, say for electrician and plumbing and things of that nature, they

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do go in front of a board and kind of testify and attest to their, their qualifications.

**BREWER:** All right, one of the things that's kind of come out of this discussion is we're, we're looking at two specific areas in this: occupation tax and the licensing.

**KEVIN ANDERSEN:** Absolutely.

**BREWER:** If you were to put a percentage of where your concern is, is it with the licensing or is it with occupational tax? And is it 50-50 or 40-30 or--

**KEVIN ANDERSEN:** I'd say the vast majority of our concern would be for the taxation side of it.

**BREWER:** And this is probably not a fair question when you're just cold turkey here, but when it comes to the actual revenue that the city's getting for the two, the vast majority would be the occupational tax not the licensing?

**KEVIN ANDERSEN:** Correct.

**BREWER:** Thank you. Senator Kolowski.

**KOLOWSKI:** Thank you, Mr. Chairman. What percentage would be union organized and how many would be nonunion? Any idea of the percentage?

**KEVIN ANDERSEN:** I couldn't off the top my head, I apologize.

**KOLOWSKI:** With all five of those projects going on, who you're hiring, who you're bringing in no, no idea right now?

**KEVIN ANDERSEN:** In terms of who's being contracted for that type of work?

**KOLOWSKI:** Right.

**KEVIN ANDERSEN:** We could certainly look into, into some of that. But again, that would be beyond the city's kind of control because these are truly developer driven.

**KOLOWSKI:** Thank you.

**BREWER:** All right, any additional questions? Seeing none, thank you.

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**KEVIN ANDERSEN:** Thank you.

**BREWER:** Wow, you're just so peppy and moving out smartly. I like it.

**CHRISTY ABRAHAM:** I don't want to repeat that mistake again, so thank you. Thank you, Senator Brewer and members of the Government Committee. My name is Christy Abraham, C-h-r-i-s-t-y A-b-r-a-h-a-m, and I, I again, I think want to repeat what you've already heard. You heard from Lincoln and Omaha there was mass concern when we read this bill green copy, that they were living-- limiting occupation taxes to \$25. So our apologies that all of our focus has really been on that and the great concern that cities have about how that would devastate our, our budgets. We understand from Senator Murman there's more to this bill. It seems that his interest is more in the licensing issue than the occupation taxes. The League would like to offer our support to this committee and to Senator Murman to help on that issue. We do think the bill as written right now is not clear on that. And so we certainly would like to be part of the team to help work on that language. So, and my only other final thought is if occupation taxes do reach a certain threshold, they do require a vote of the people. So in a lot of these communities they're, they're affirmatively saying: We want this tax, we want this to happen. So that's my final thought. Thank you, Senator Brewer.

**BREWER:** Thank you. And thanks for kind of bringing this together so we're better able to understand where we're at with the bill and the issues. Ques-- I don't mean to always look right. OK.

**CHRISTY ABRAHAM:** Thank you so much, Senator.

**BREWER:** Thanks for your testimony.

**BLOOD:** And I do appreciate that you do.

**BREWER:** That's all right. You are really familiar face today.

**JON CANNON:** Yes, sir.

**BREWER:** Welcome back--

**JON CANNON:** Thank you.

**BREWER:** --to military, government-- Government, Military and Veterans Affairs. Seems like a Friday.

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**JON CANNON:** It feels like Friday, doesn't it?

**BREWER:** Yeah, it does.

**JON CANNON:** Chairman Brewer, distinguished members of the Government, Military and Veterans Affairs Committee, my name is Jon Cannon, J-o-n C-a-n-n-o-n, I am the deputy director of the Nebraska Association of County Officials. And when I first looked through this bill, I started going along, I said, well, this doesn't seem to really affect counties until I've got near the end and I said, oh, this affects counties. I can tell you that in my past life, working on property taxes at the department revenue, and my current position as the deputy director of the Nebraska Association of County Officials, and also during this debate today I have not once heard anyone say what, you know, those villains from Sheridan or Buffalo or Douglas or Sarpy Counties they're just, they're charging us too much in occupation taxes. By golly, I'd rather pay property tax. I've not heard that that the counties are abusing this. And so certainly I think that, you know, it's, it's not an issue as far as the counties are concerned. However, I would like to point out that to the extent that we do seem to be preoccupied with property tax relief for the good people of our great state, it seems to me that if you're going to shut off one of the only other revenue sources that the counties have, that doesn't exactly get us to property tax relief. And so I would certainly encourage this committee to think about its effect on county revenues. You know, the other thing I'd like to mention is that any time that you put a limitation upon the ability to raise revenue, whether it's through a fee or a license or an occupation tax, it is the devil's work to actually raise that. Counties are creatures of state government, so we cannot raise anything without the explicit permission of the Legislature. I will note that in 2015 this Legislature wanted to raise the cost of a marriage license from \$15 to \$25, and that was a 14-hour fight before we got there. If we ever wanted to exceed \$25 for a permit, an occupation tax, or a licensing fee, I suspect that it would, well, under the current rules it would be 10 hours. I don't, I certainly don't relish that. I can't imagine anyone else in the room does either. And then finally I would just say that it is a matter of local control. And to that extent, we're arm in arm with, with our friends at the League of Municipalities. And I'd be happy to take any questions you might have.

**BREWER:** Wow, nothing like just making it crystal clear. I think I got a better handle on it now.

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**KOLOWSKI:** Thank you, Mr. Chairman. You had a marriage tax. Do you have a divorce tax too?

**BLOOD:** It's called alimony.

**JON CANNON:** As a divorcee, sir, I'd say that I'm paying that tax nearly every day.

**KOLOWSKI:** I didn't mean to probe.

**BREWER:** Well said. OK, any other questions? All right, thank you for your testimony.

**JON CANNON:** Thank you.

**BREWER:** All right, come on up. Welcome back to Government, Military and Veterans Affairs.

**JOE KOHOUT:** Chairman Brewer, members of the Government, Military and Veterans Affairs Committee, my name is Joe Kohout, K-o-h-o-u-t. I'm a registered lobbyist appearing today on behalf of our client, the United Cities of Sarpy County, a coalition of the cities of Bellevue, Gretna, Springfield, La Vista, and Papillion in opposition to LB736. Combined, the cities represent 90,000 citizens. I am passing out a chart which I believe the committee may have received electronically late yesterday. We did update that with some information we received from the city of Bellevue just this morning. So I wanted to provide the committee with it updated, in case you didn't catch that in your email before you came into the hearing. The United Cities of Sarpy County has serious concerns about LB736's intent to prohibit an occupation tax or license fee from exceeding \$25 annually. The purpose of the occupation tax is to generate revenue that funds essential municipal services. The significance of the revenue created through this tax cannot be understated. Considering that the Legislature is currently emphasizing property tax relief, the United Cities of Sarpy County believes that limiting the occupation tax revenues appears to be counterproductive to this important task. It is evident that this revenue source would be needed to be compensated elsewhere. In addition to the \$25 cap, the United Cities have additional concerns about the bill which require clarification. First, there is no adequate definition of license fee included in the bill. Also the bills appears to indicate that there would be no new occupation tax or license fees that could be imposed by a city after January 1, 2020. Could fees be imposed on new categories of businesses or professions

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that emerge after that date? Additionally, the new Section 2(c) on page 6, line 1, states that no licensing requirements shall be imposed by the city the first class on any profession or business which is subject to state licensing requirements. The problem with this section is that it does not give a definition of what "subject to state licensing requirements" means and there are no exceptions provided. It is not clear if this success-- that this section prohibits a city from collecting a \$25 fee annually from professions or businesses because the \$25 would be part of a licensing requirement. Lastly, exclude, excluding the exceptions for telecommunications companies on page 8, lines 26 to 27, there's not be-- not appear to be any business clarifications that are exempt from the \$25 cap. In summary, the United Cities of Sarpy County are in opposition to LB736 because the changes it would enact would hurt the abilities to get-- the cities to generate revenue for vital municipal services. The ambiguous language of the bill requires clarification and analysis. Thank you, Chairman Brewer. I'd be try to-- I'd be happy to try to answer any questions.

**BREWER:** Thank you for your testimony. Senator Blood.

**BLOOD:** Thank you, Chairman Brewer. Take a breath, Joe, you talked really fast there. So, if I hear you correctly, I mean, what I'm seeing when I read this bill is the language is kind of wonky in there's parts that don't make sense. Is that what I heard you saying?

**JOE KOHOUT:** That's exactly the case. I will tell you, if I could, Senator Blood, with our membership we had two or three separate conversations about this particular, what the language means in this section. And I think--

**BLOOD:** It's confusing.

**JOE KOHOUT:** --it would go both ends. I mean, we'd-- there would be some who would say, well, I think this is what this means and others who would say that. So I think that ambiguity is, is disconcerting for the cities I represent.

**BLOOD:** So clarification. And then one of the other things that I noted, and maybe I'm reading it wrong, so I look to you guys because I represent you guys. And all Nebraskans, but especially you guys. It seems that they're blurring the line between occupation, tax licensing fees. Is that interpretation of the communities of Sarpy when they see this bill?

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**JOE KOHOUT:** That's exactly right, Senator.

**BLOOD:** Has anybody reached out to any of the community, any of the municipalities within Sarpy County to maybe discuss this bill and try and filter through all the confusion?

**JOE KOHOUT:** No, we didn't. I haven't, we haven't received anything.

**BLOOD:** OK, thank you very much.

**BREWER:** Additional questions? I got one for you. If you look under the-- and if you're going to hand these out, I just figured might as well use it. City of Bellevue, peddler's license, '14 it was a \$1,705. If you jump to '17 it's \$4,815. And then it jumps from \$4,815 to \$11,705.

**JOE KOHOUT:** Peddler's license.

**BREWER:** Peddler's license. What exactly is a peddler's license and why would you jump times three in one year?

**JOE KOHOUT:** Yeah, and I don't know the answer that question either. I am happy to get an answer from, from the city.

**BLOOD:** I do.

**JOE KOHOUT:** Oh, ok. Well, I'd be happy to, to let Senator Blood perhaps answer that question for me.

**BREWER:** I will ask her a question indirectly through you. Senator Blood, help me with that one.

**BLOOD:** So, Joe, would it be your opinion that peddlers' licenses pertains to things such as when we have Arrows to Aerospace parades and somebody wants to sell popcorn and balloons or they want to be in the park after the parade and sell beef jerky, or perhaps they want to have a food truck in Bellevue and peddle waffles? Would that be your opinion?

**JOE KOHOUT:** That would be my opinion, Senator.

**BLOOD:** As Bellevue has grown and offered more and more amenities and things have come into the community, that there has been a jump due to that it's such an awesome community?

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**JOE KOHOUT:** I would agree.

**BREWER:** And so, Joe, I'm assuming that you're saying this has jumped times three in one year?

**JOE KOHOUT:** Well, and again, I'll get an answer to the question about what maybe there may have been a situation where transpired with there was more an event of more--

**BLOOD:** Food trucks have really increased in Bellevue like overnight.

**JOE KOHOUT:** And kind of I would argue too, Senator, to some extent that also probably is going to depend on whether or not we have things like the air and space, the air show. And that's going to fluctuate some because that's not every year.

**BREWER:** That's a good point.

**JOE KOHOUT:** I will say just in closing that I know in particular, and it depends city by city, obviously it's a, a local control issue, but I would just note that in some of the discussions we have had, in particular the city of La Vista models a lot of their occupation taxes on Lenexa, Kansas, is who they utilized as their kind of the-- what they were looking at updating their, their code. So it's not like cities are just saying to themselves, oh, we're just going to randomly assigned this stuff. They do the research that's necessary in order to look at these things before they just enact them.

**BREWER:** Well, understand if you're gonna take the time and effort to make stuff like this someone should read it and pay attention.

**JOE KOHOUT:** I understand. And again, I apologize, Senator. I got the numbers this morning.

**BREWER:** I understand. I just wanted you to know that I, I, I used your document. Thank you. And thanks for your testimony.

**JOE KOHOUT:** Thank you.

**BREWER:** OK, additional opponents? Welcome to Government, Military and Veterans Affairs.

**BLAIR MacDONALD:** You know, I really like going last now because I can just say I echo everyone's, all the previous testifiers. Chairman Brewer and members of the Government Committee, good afternoon. My

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name is Blair MacDonald, B-l-a-i-r M-a-c-D-o-n-a-l-d, and I am here today representing the Greater Nebraska Cities, which is an association of municipalities including Aurora, Grand Island, Hastings, Holdrege, Lexington, Kearney, and Minden. Similarly to other opponents, the Greater Nebraska Cities is opposed to Senator Murman's LB736 as written. I'm also speaking largely in regards to the ability to impose and collect occupation taxes, as we feel it is an essential revenue tool for our municipalities. These funds collected by cities are critical to economic development projects, as you've heard, and, and especially in our cities and our communities. Similarly, some of these funds are also infused back into the state's economy to promote growth of our tourism industry. In fiscal year '17-18 Kearney collected just over \$3 million in occupation taxes and license fees. This bill would significantly cut into that number. That revenue-- that year Kearney collected just over \$500 million-- \$500,000, excuse me, in hotel and lodging taxes. That revenue goes to the Kearney Visitors Bureau which in turn is used for the promotion of tourism and events that increase sales tax dollars, which is then, which is then of benefit to that state-- excuse me. Which is then also of benefit to the state who receives the largest percentage of those sales tax revenue. I have more numbers. I don't necessarily need to, know if I need to go through them all. Kearney also collected a little, a little over a million dollars through restaurant taxes. I would say the restaurant tax in Kearney was voted on by its citizens to build specific projects. Patriots Park, which is a state of the art youth baseball and softball complex, which is used all summer long. These are, these are essential tools to our communities. I don't know if I need to go through it all, the rest of it all with you. I think you understand from the previous testifiers that we have an issue with the arbitrary language as well as the ambiguous application of \$25 as a cap.

**BREWER:** I'm a little slow, but I picked up on that. Thank you. Thank you for your testimony. Additional questions? None.

**BLAIR MacDONALD:** Thank you.

**BREWER:** Thank you for your testimony. All right. Slight hesitation to ask this. Are there any other opponents? Is there anyone here in the neutral capacity? Senator Murman, come on up.

**MURMAN:** Chairman Brewer and members of the committee, thank you for your consideration of LB736. I'd like to thank all those that came to testify especially, well, all of them, including the cities,

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especially the electricians. And I would like to say one thing. There is some ambiguous language in the bill and it was not meant to focus on occupation taxes. It's more that it was meant to focus on private contractors, extra licensing fees, that type of thing. I'd like to reiterate that over time licensing and fees have increase, increasingly grown. Ultimately, these fees are taxes to work. Individuals don't have to pay and fill out endless paperwork requesting permission to work, especially at different levels. Again, I will say I do believe in, respect local control. But I think that when it's creating an extra barrier for our work force we have to step back and notice it. The ability to work without stringent and meddlesome licenses and fees will help our state grow. I feel that it's important to open those doors for people to pursue, pursue the occupation of their choice. So thanks a lot. And I know we need to have work on this bill to clean up language and so forth, make it more focused. And appreciate your consideration today. Any questions?

**BREWER:** Well, let's, let's say a comment. In the military we would go on operations and some people had the unique ability to do something we called draw fire. I think it's safe to say you have drawn fire today. You, you are probably gonna need to take it and sit down and really work through this hard. And if you're going to-- which I would recommend-- separate the taxation issue and the licensing issue. Because if you want to see this bill go anywhere it's going to have to be a lot clearer I think. OK, I'm probably not speaking for everyone here, but when I was a freshman the Speaker came up to me and said, I got this bill. It's a really good bill. Someone needs it, you're new, it's all yours. Had to do with E-Verify. It seemed simple enough. They stood in line to get into the room to yell at me for it, OK? So yours is a lot easier than my, my experience there.

**MURMAN:** Now I don't feel so bad.

**BREWER:** No, it's just unfortunately we don't think the consequences completely through. It looks good on the surface, somebody comes to you and needs help. And if you're out in that Rotunda there's some lobbyist that just really needs to have a bill find a home. And if it's a bill that's been thought through it's really good. But when it's one that is really rough around the edges, that's where you get a draw fire. So you got to hear everyone's comments, and I think there was a lot of really valid comments about some of the issues. And you heard my thoughts are there probably needs to be on the licensing side a clear way to figure out where the line is with what the state does

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and the cities do and all that. So for what it's worth, that's kind of how I saw it. Any other questions before we let Senator Murman-- we have two letters in proponents and two letters in opposition, none in neutral. With that said, that will close LB739 and close our hearings today in military, government and veterans affairs.