

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

BREWER: Hi. Welcome to the Government, Military and Veterans Affairs Committee. I'm Senator Tom Brewer, representing Gordon in the 43rd District of Nebraska. I represent-- or I serve as the Chairman of this committee. For the safety of our committee members, staff, pages and the public, we ask those attending these hearings to abide by the following rules. First, due to social distancing requirement, seating in the hearing room is limited. Should not be a factor today. We ask that those that are having a testimony today on the bill up have the priority receding in the room. We'll have the pages, when we complete one bill, pause to set out the numbers so everybody knows what bill is actually being discussed. Request that everyone utilize the correct entrance to my left, exit to my right. We request that you wear a face covering. While in the hearing room, testifiers may remove, and in many cases we prefer it because we can understand you, their face covering. Just be sure that you speak clearly and loud enough for the testimony to be recorded. For committee members, I leave it up to your discretion on face coverings. Again, the plexiglass divider, some distance, are set up for the senators for spacing and protection. If you choose, they may or may not wear face covering. Public hearings for which attendance reach a seating capacity or near capacity, the doors will be monitored by the Sergeant at Arms. Again, that should not be a problem today. The Legislature does not have the availability due to the HVAC for overflow hearing room-- rooms, and so those waiting will need to wait in the hallway. Again, we ask because of COVID to limit the handouts. Our committee will take up the bills in the order posted on the agenda. Our hearing today is your public part of the legislative process. This is your opportunity to express your opinion on proposed legislation coming before us today. The committee members may come and go during the hearing, just as part of the process. We have bills to introduce in other committees. I ask that you abide by the following procedures to better facilitate today's proceedings. Please silence your phones or any other electronic devices. No food or drink in the hearing room. Please move to the reserved chair when you are ready to testify. These will be the-- the chairs are designated with the white notes. Introducers will make their initial statement, followed by proponents, opponents, and those in the neutral testimony. Closing remarks will be reserved for the introducing senator. If you're planning to testify, please pick up a green testifier sheet at the table at the back the room. Please fill out the green sheet and turn it in before you testify. Please print clearly so that it is recorded properly. Let's see. Letters for the

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

record must be posted before midnight-- or 12:00 noon Central Standard Time, the day before the hearing. If you have handouts, we're asking you provide 12 copies of those handouts to pages for distribution. Each letter must have the bill number, whether you're proponent, opponent, or in the neutral. Only the number of letters received will be announced at the end of the hearing. No mass mailings will be utilized. When you come up to testify, please speak clearly into the microphone, state your name, and then spell both your first and last name so we have an accurate record. We will using the light system for all testifiers. You will have five minutes to make your initial remarks to the committee. You will get a yellow light at one minute and a red light when you need to terminate your presentation. There also be an audible alarm besides a red light in case you happen to not be looking. No displays of support or opposition to bills, local or otherwise, will be allowed during the hearing. Committee members with us today will introduce themselves. And Senator Sanders, since you're present, why don't you go ahead and start and we'll let you do your introduction of yourself.

SANDERS: Do I come up for my--

BREWER: Nah, you can just do it from there. I think we got enough people we can hear it.

SANDERS: Senator Sanders, Rita Sanders from District 45 representing the Bellevue/Offutt community.

McCOLLISTER: John McCollister, District 20.

LOWE: John Lowe, District 37.

BREWER: All right, and I have my legal counsel, Dick Clark, on my right and on my left is committee clerk, Julie Condon. And Senator Blood has two bills in Revenue today, so she will be preoccupied with that. So with that said, what we will do is have our first presenter, which will be Senator Sanders, LB368. Welcome to your Government Committee.

SANDERS: Thank you. Good morning, Chairman Brewer, and good morning to the members of the Government, Military and Veterans Affairs Committee. For the record, my name is Rita Sanders, R-i-t-a S-a-n-d-e-r-s, and I represent District 45, which includes much of the Bellevue/Offutt community in Sarpy County. I would like to thank the

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

Nebraska Auditor of Public Accounts for bringing me this bill. LB368 would allow the Auditor's Office to assess a political subdivision with a late fee of \$20 per day for each calendar day that a required report, audit, or budget from the subdivision remains unfiled. This fee would not exceed \$2,000. This fee would be remitted to the State Treasurer, who would then reimburse the Auditor's Office a sufficient amount to reimburse the counts of enforcement. This re-- reimbursement would be no larger than \$100. The remaining fee money, if any, shall be distributed by the State Treasurer in accordance with Article IV-- Article VII, Section V of the Constitution of Nebraska. This bill is designed to ensure that political subdivisions file the appropriate reports with the Auditor of Public Accounts in a timely manner. The Auditor's Office monitors the financial records of over 2,800 political subdivisions in the state. For the fiscal year, 2019, there were 309 audit reports filed late. Nineteen entities have still not filed audit reports from fiscal year 2019, as of today making them late by anywhere from 120 to 394 days. Chasing these reports down can be frustrating and expensive for the Auditor's Office and prevents the public from seeing the results of the audit in a timely manner. I hope that assessing a penalty will help make this happen. Many smaller subdivisions can file an audit waiver and most cities and counties file their reports in a timely manner. However, there is currently no enforcement mechanism for those that choose to ignore the set deadline. I would like to note that this bill does not-- this bill does say-- I would like to note that this bill does say, may assess, on page 2, line 17. This would give the Auditor's Office the ability to forgo the penalty if they determine the cause of the delay to be justified, such as, but not limited to, in relation to the COVID-19 pandemic. Finally, I would like to propose a committee amendment for your consideration, I have provided a copy for you. This amendment would strike out Section 1, subsection 2(b). This section names the auditor's right to respond to late submissions by auditing the respective political subdivision paid for by the subdivision. However, the auditor already has the state-- has stated ability in statute to audit any given political subdivision at any given time. Subsection 2(b) is repetitive and unnecessary for that reason. There are representatives from the Auditor's Office that will testify following me, but I thank you for your time and I'm willing to answer any questions if you have any.

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

BREWER: All right. Thank you for that opening. Just as double-checking, so we're talking about for the amendment is AM66, correct, the one that was distributed.

SANDERS: What's the name of that, it is, yes.

BREWER: Just-- just making sure. All right. Questions? All right, seeing none. Yeah, you'll be sticking around because you're up right after this too, so.

SANDERS: Yep.

BREWER: Thank you. All right. First proponent for LB368. Oh, and while he's cleaning up, I-- I missed one of my requirements in the opening. Our pages today are Jon Laska. Jon, raise your hand over here. He's a senior from UNO, from Genoa, and Ryan Koch. Ryan is a senior also and he resides from Hebron. Sorry about skipping over you guys. Got in a hurry. Russ, welcome to the Government Committee.

RUSS KARPISEK: Thank you, Senator Brewer, and members of the Government Committee. For the record my name is Russ Karpisek, R-u-s-s K-a-r-p-i-s-e-k, and I am the legislative liaison for the Auditor of Public Accounts, Charlie Janssen. I'd like to thank Senator Sanders and her staff for introducing this bill for us. And I have to say, working with them, Kenny has been really spot on, catching things, asking a lot of questions, good questions, and I really appreciate that. First of all with the amendment, we are fine with the amendment. When the bill's been-- it'll be on both bills, but when it's drawn up, I guess my feeling is that if someone looks at a statute and they look at their part of the statute and see what everything's in there, what they need to do and what will happen. As Senator Sanders said, the ability for the Auditor's Office to audit anyone at their expense is already in statute. It's in 84-304, which is the overlying statute for the auditor's authority. Again, I just thought that it should be in each one when people look at it. There was some-- some people that didn't care for that and it's fine, it changes nothing. We can still go in at any time that the auditor would like. Again, as the senator said, the main thing about this, we can-- this is already in statute, but there is no teeth to make people get their-- their audits and budgets and things in on time. And as she also said, there were 309 filed late this-- or last year for '19. Our auditors-- I should say also, I have Craig Kubicek with me, who is the deputy auditor, and he's here to back-- clean up in case I don't get everything just

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

right. Trying to find these-- get people to send these in, of course, is time consuming and just a waste of time and money. And again, the transparency, people should be able to see these and they should be turned in on time. Again, there's just no-- nothing we can really do right now other than say we're going to come audit them. The auditor does not like to do that because it's expensive to go in and audit. And a lot of these are small subdivisions, again, with 2,800 of them in the state, you can only imagine that some are very small and we're not trying to run them out of business or fine them excessively. We just want them to turn their things in on time. Again, the senator said that it is a may, not a shall, on assessing this penalty. I think especially with COVID, we all understand that things may be missed. Again, a lot of them are small and they may only have one or two people that work on this. If someone gets really sick, has a heart attack, any other thing, we understand that they may miss it by a ways. But again, we just need something to get people to turn it in. I'd be willing to take any questions.

BREWER: All right. Thank you for your testimony. Senator McCollister.

McCOLLISTER: Yeah, this bill gives the auditor the discretionary authority to levy a fine.

RUSS KARPISEK: Correct.

McCOLLISTER: What will be the determinants of whether you levy a fine or not?

RUSS KARPISEK: I would say if they don't have a good excuse as to why they're late, we would start applying the \$20 a day.

McCOLLISTER: No excuse, they just simply fail to respond, what we do then?

RUSS KARPISEK: Start assessing the \$20 a day. And again, then that comes into the-- we give it to the Treasurer's Office, they would-- the most that the Auditor's Office could get would be a \$100 off the-- off the penalty just for fees accrued, and the rest would go out just like every other penalty does through the Treasurer's Office.

McCOLLISTER: So there's a limit to the amount of fees you can obtain?

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

RUSS KARPISEK: \$2,000 is the most that could be levied and only \$100
of that would come back to the Auditor's Office. So it is not a
moneymaking exercise for our office.

McCOLLISTER: Where would the balance of the money go?

RUSS KARPISEK: It goes to the Treasurer and in accordance with Article
VII, Section V of the Constitution, then they dole it out like any
other fines. And as I looked at that, that usually goes to public
schools unless it's a few other things, road related.

McCOLLISTER: Good deal. Thank you very much.

RUSS KARPISEK: Thank you.

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

RUSS KARPISEK: Thank you, Senators.

BREWER: All right. One of our crew get in here and we will take any
additional proponents. OK, any additional proponents? Any opponents?
Any in the neutral position? All right. Senator Sanders, would you
like to close?

SANDERS: Yes. I would like to thank the committee for their time and
attentiveness. I would also like to thank the Auditor's Office for
working so diligently-- diligently as we worked on this bill,
including Russ Karpisek and his team. If you have any closing
questions for me, be happy to answer them.

BREWER: No closing questions. This will probably one if you feel
everything is in order, we're going to do-- be doing Exec next
Wednesday. We'll probably go ahead and put it on the list and get a--
get a vote on it for you, because it seems fairly noncontroversial and
logical. So anyway, that's kind of a heads-up on some possible windows
for-- in Exec on it.

SANDERS: Appreciate it. Thank you.

BREWER: It's easy when we have no opposition. All right, any other
questions? All right. Thank you. And you're up next so why don't you
just hold that position while the pages change up the numbers. We did
have letters, LB368 position letters. We had proponents, the Platte
Institute. There was no opponents and there was none in the neutral

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

position. So with that, we will transition to LB369. Wow, it's like you turned them all in on the same day. OK, we got the sign swapped down the hall-- or with Jon. Jon, we're good to go?

JONATHAN LASKA: Good to go.

BREWER: All right. We are now going to open our public hearing on LB369. Senator Sanders, welcome back to the Government Committee.

SANDERS: Good morning once again, Chairman Brewer, and greetings to the members of the Government, Military and Veterans Affairs Committee. For the record, my name is Rita Sanders, R-i-t-a S-a-n-d-e-r-s. I represent District 45, which includes much of the Bellevue/Offutt community in Sarpy County. I would like to thank the Nebraska Auditor for Public Accounts for bringing me this bill. LB369 would assess a penalty for auditors of political subdivisions who do not grant unrestricted access to the working papers and audit files for any audit report filed with the Auditor of Public Accounts. When a public subdivision is subject to an audit, they can either ask the state to carry out the audit or hire a private auditor or auditing firm. Currently, under the auditor's rules and regulations, these auditors are required to grant access to the "revelant" working papers and audit files. However, there is no penalty for those who choose to ignore this rule. Under this bill, the Auditor of Public Accounts, known also as APA, submits a written request to the auditor or firm to gain access to working papers and audit files. Within three days, that auditor or firm must either provide access to all requested materials or provide a written explanation of the earliest practical date that the material will be provided and the explanations of why. However, the earliest practicable date must be within three weeks of the request. If the auditor or auditing firm fails to comply timely and fully, the APA may assess a late fee of \$20 per day that the material-- material remains inaccessible, not to exceed \$2,000. This fee would be remitted to the State Treasurer, who would then reimburse the APA's office a sufficient amount to reimburse the cost of enforcement. This reimbursement would no longer-- this reimbursement would be no larger than \$100. The remaining fee money, if any, shall be distributed by the Treasurer's Office in accordance with Article VII, Section V of the Constitution of Nebraska. The APA may also audit the entity that filed the audit report at the expense of the entity and refuse to accept any audit report prepared by the auditor or auditing firm for a period of three calendar years. Any deficiencies noted, the APA may-- may be forwarded to the state-- Nebraska State

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

Board Public Accounting-- accounting-- accounting-- accounting. The bill is designed to address a problem that the APA encountered with an auditor who had his license revoked after he was found guilty of theft. The auditor was then hired by another CPA and an audit was conducted by the two auditors. The audit was then filed with the APA under the new CPA's firm name. The firm was extremely difficult to work with, and they would not comply with the APA's numerous requests to gain access to the audit working papers. The Auditor of the Public Accounts felt that in order to ensure that the filed audit was completed in accordance with the government auditing standards, they needed to access-- access the audit work papers and files for audit. In the end, the APA found the audit report did not meet the government auditing standards, and he referred all the information to the Nebraska Board of Account-- Accountancy for action they deemed appropriate. This is ongoing. While this does not happen on a regular basis, adding a penalty would help eliminate issues that arise in the future. Finally, I would like to propose a committee amendment for your consideration. I have provided a copy for you. The amendment would strike out Section 1, subsection 3(b). Like in 3(b), LB368, the section names the auditors right to respond to late submissions by auditing the respective political subdivision paid for by that subdivision. However, the auditor already has stated the ability in statute to audit any given political subdivision at any given time. Subsection 3(b) is repetitive and unnecessary for that reason. There are representatives from the Auditor's Office that will testify following me. Thank you for your time. Willing to answer any questions that you might have.

BREWER: All right. Thanks for your opening on LB369, and just double-checking the amendment, AM67 that goes with that, correct?

SANDERS: Yes, sir.

BREWER: OK, I'm just getting everything in the record here. All right. Any questions for Senator Sanders? All right. And again, I assume you're going to stick around for closing. Good. All right. We will take our first proponent. Russ, welcome back to the Government Committee.

RUSS KARPISSEK: Thank you, Senator Brewer, and members of the Government Committee. Again for the record, my name is Russ Karpisek, R-u-s-s K-a-r-p-i-s-e-k, and I am the legislative liaison for the Auditor of Public Accounts, Charlie Janssen. Again, I have Deputy

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

Auditor Craig Kubicek with me today who will back clean up if there's any other questions. He's more versed in doing the audits than I. Again, also, I'd like to thank Senator Sanders and her staff for helping us on this. We all understand a brand new senator coming in and someone coming in with some bills and took a huge leap of faith and I appreciate it. As Senator Sanders brought the amendment it's the same amendment from the last bill, just saying that taking out that the auditor can at any time audit the political subdivision at their expense. Again, that's already in 84-304 so it is repetitive. It changes nothing. The whole bill, again, is much the same as the last one, assessing a fee for people who don't turn in things that-- that they're supposed to. As the senator said, in our rules and regulations, auditors are already required to grant access to the working papers, audit paper files. However, there are no-- there's no penalty for not doing so. So when any of these subdivisions have to file an audit, they can ask the Auditor's Office to do so, or they can get a private firm, which obviously many do, because we have roughly 45 auditors in our office to do all city, county and state agencies. So there's no way that the APA could do all of those. So there are a great many of them that-- that do this. And as the senator said, this has not come up many times, but in this situation, a-- an auditor was found guilty of stealing money. I think it was from his church and his license was revoked. So another auditor hired him because without a license, you can't be turning things in. So another auditor hired him and they turned in the audit. And, of course, our office knew somehow that he had been working on it because it was the same entity that he'd been working on. Again, very hard to work with these people. The auditor was concerned that if things weren't done right, even though we trust the auditors that turn things into us because it's their license, if things aren't done right, we want to make sure that what they're turning in is, in fact, correct. Had a terrible time trying to get with them. I don't think that we ever did find an actual office, physical office for this other CPA firm. So again, we would like to put the \$20 a day fee on, same thing. We would only be able to get \$100 up to \$2,000. The rest would go to the Treasurer to be paid out as other fines are. And also not accept anything from these auditors for three years if they will not work with us. I think that's pretty much the whole bill. Again, it's not a real frequent thing, but if this firm were to do a lot of, say, cities, counties, agencies, it could be a problem because many of the auditing firms do-- do a lot of them in their area. So, if you have any questions, I'd be glad to try to answer them.

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

BREWER: All right. Thank you for that testimony. Questions? Yes,
Senator--

McCOLLISTER: Yeah. Thank you. Chairman Brewer.

BREWER: --McCollister.

McCOLLISTER: When a CPA loses his license, is that a judicial event?

RUSS KARPISEK: That goes in-- Auditor Kubicek can help me if I'm
wrong-- come up. But it goes to the Nebraska Board of Accountancy and
they are the ones that would revoke the license.

McCOLLISTER: And so after a period of time, a person whose license has
been revoked can reapply and get reinstated.

RUSS KARPISEK: Mr. Kubicek says yes, he thinks so, maybe.

McCOLLISTER: OK, thanks.

RUSS KARPISEK: Again, that would be a question for the board and I'm
sorry, I don't know that, but I can find out.

McCOLLISTER: I think he answered.

RUSS KARPISEK: OK. Thank you.

BREWER: All right. Additional questions? All right. And is-- this been
attempted before? I mean, it seems like fairly noncontroversial.

RUSS KARPISEK: It has not. I kind of personally felt that the CPA's
would maybe--

BREWER: Police themselves?

RUSS KARPISEK: Well, be upset about this because it's not a very
normal thing to happen, but it needs to-- they need to turn it in, and
without any penalty, I mean, to me, a lot of these things are just
like having a speed limit, but there is no penalty for speeding. So
what keeps you from doing it? And again, we just want to go back to
the transparency of all of these things. If they need to be turned in,
they need to be turned in. They need to be turned in on time and the
Auditor's Office needs to make sure that it's done right.

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

BREWER: Well, since there is no opponents and none in the neutral, it seems like you may have an item here that they don't seem opposed to. Maybe it's just something that's been overlooked.

RUSS KARPISEK: We have not heard any opposition. I don't think the senator's office had-- heard any opposition. I know Mr. Kubicek did have an associate reach out or friend of his that is a CPA and just kind of asked, what's this about?

BREWER: All right. Well, again, thank you for your testimony.

RUSS KARPISEK: Thank you, Senators, and thank you, Senator Sanders.

BREWER: All right. Let me double-check here. Any additional proponents? Anyone that's an opponent? Anyone in the neutral? Senator Sanders, come on up as soon as we're done.

SANDERS: Chairman Brewer, Committee, thank you for your time and attentiveness. I'd also like to thank the Auditor's Office for working so diligently-- diligently with us on this bill and the entire team. If you have any closing questions for me, be happy to answer them.

BREWER: Are there any questions for Senator Sanders? Again, because we've got no written testimony and no letters in opposition or in the neutral, if you want to add that to a Wednesday Exec it seems like an easy fit. So just let me know later if that's your desire. But looks like we have no questions so we'll go ahead and close on LB369. And the one letter that we have as a proponent is of Platte Institute. So with that, we will close our hearing on LB369 and close our morning Government hearings. Thank you.

[BREAK]

BREWER: All right. Welcome to Government, Military and Veterans Affairs Committee. I am Senator Tom Brewer from Gordon, representing the 43rd Legislative District. I serve as the Chair of this committee. For safety-- for the safety of this committee, the staff, pages and the public, we ask that those attending these hearings abide by the following rules. Due to social distancing requirements, seating in this room will be limited, but today I think we're going to be fine. The pages will take a break between bills to reset the numbers. We request that everyone utilize the correct entrance and exits. Entrance to my left, exit to my right. I request that you wear face coverings while in the hearing room. Testifiers may remove their face covering

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee January 29, 2021

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

during testimony so we can accurately transcribe the information. For committee members, I leave it to your discretion on face coverings because of the plexiglas and the separation. We will allow you to make the decision on mask or not. We just make sure that you speak clearly enough so that can be recorded. Public hearings for-- for which attendance reaches seating capacity, the Sergeant at Arms will control those entering and exiting. Shouldn't be a problem today. The Legislature does not have available due to HVAC, overflow room, so they must stay in the hallway. We ask that you please limit handouts. Our committee will be taking up bills today in the order posted on the agenda with LB35 being the first. Our hearing today is your public part of the legislative process. This is your option-- your opportunity to express your position on the legislation before us. The committee members might come and go as needed to attend hearings. It is part of our process here, so understand that. We have a few procedural things that we ask for your support with. Please silence or turn off electronic devices. No food or drink in the room. Please move to the designated chair when it's time to testify. The chairs are on the right and left, first row. If you are planning to testify, please fill out a green sheet at the table in the rear. Please fill out the green sheet and print so it's legible. Complete the form and hand it in prior to coming up to testify. For those-- letters for the record, they need to be posted before 12:00 noon Central Standard Time the day before. If you have handouts, we'd ask for at least 12 copies of those handouts. Each letter must include the bill number, proponent, opponent, neutral. No mass mailings will be included in the record. When you come and testify, please-- please speak clearly into the microphone. Tell us your name. Spell your first and last names for the record. We will use the light system here today. Five minutes and we will have a yellow one-minute warning light and a red warning when you have completed and there'll be an audible alarm. Questions will follow the opening. No displays of support or opposition for bills, vocal or otherwise, are allowed. Committee members with us today, we will start on my right with Senator Blood.

BLOOD: Good afternoon. My name is Senator Carol Blood and I represent District 3, which is western Bellevue and southeastern Papillion, Nebraska.

McCOLLISTER: Senator John McCollister, District 20, central Omaha.

SANDERS: Rita Sanders representing District 45, the Bellevue/Offutt community.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee January 29, 2021

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

M. HANSEN: Matt Hansen, District 26, in northeast Lincoln.

LOWE: John Lowe, District 37.

BREWER: To my right is the legal counsel, Dick Clark. To my left on the end of the table is the committee clerk, Julie Condon. Our pages for this afternoon, I have both Caroline Hilgert. Where is she-- oh, she was here earlier.

JULIE CONDON: She went to go make copies.

BREWER: Oh, OK. You'll know her. She's the taller one of the two. She's a junior at UNL. Peyton Larson, raise your hand back there, Peyton. She's a sophomore from UNL. So with that said, I'm going to quickly do a handover of the gavel so I can go do a presentation. Patty, welcome to the Government Committee--

PANSING BROOKS: Thank you.

BREWER: --and I'm going to just step away, and you're in the kind and gentle hands of Senator Sanders here. Oh, there you go.

SANDERS: Thank you.

BREWER: I'm going to-- well, OK, got my glasses, got my speech, I'm good.

SANDERS: All right, good afternoon. We have LB35 and Senator Pansing Brooks to open.

PANSING BROOKS: Thank you, Vice Chair Sanders. Good afternoon, members of the Government-- thank you --Government, and excuse me, can I just have you give this to Senator McCollister.

CAROLINE HILGERT: Oh, sure.

PANSING BROOKS: Thank you. I'm Patty Pansing Brooks, P-a-t-t-y P-a-n-s-i-n-g B-r-o-o-k-s, and I'm-- I represent Legislative District 28 right here in the heart of Lincoln. I'm here today to introduce LB35, a statutory cleanup that establishes that the chairperson of the Government, Military and Veterans Affairs Committee of the Legislature, or his or her designee, shall be a nonvoting ex officio member of the First Regiment Nebraska Volunteer Infantry at Fort Donelson Committee. We established this Fort Donelson Committee

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

through LB850 last year, as you-- most of you may remember. But after that-- after we established that, it authorized the placement of the monument at Fort Donelson National Battlefield celebrating the heroic success of the First Regiment Nebraska Volunteer Infantry during the Civil War. I passed out and I'm not going to recount that wonderful Nebraska story, but I have passed out a summary from last year's legislation on the historic battle to Senators McCollister and Senator Sanders because they are new to this. Was Senator Hansen here last year? You were on this committee. OK.

M. HANSEN: Of course.

PANSING BROOKS: I couldn't remember which committee.

M. HANSEN: Of course, I sponsored the bill.

PANSING BROOKS: OK. So anyway, I think all the rest of you know the story and have been very supportive about it. So after the-- after the Governor signed LB850 last year, we were told that we needed to clarify that the legislative member of the committee would be an ex officio member. And so that was a glitch in the bill as created last year. So I agreed at that time to bring legislation this year to clarify and fix the error. LB-- LB35 does that. And as a reminder, the committee is charged with establishing-- the Fort Donelson Committee is charged with establishing a monument to the first Nebraska Regiment at Fort Donelson National Battlefield in western Tennessee, which will call attention to the significant contributions that Nebraska made to the Union's success in the Civil War. I want to thank Chairman Brewer, Vice Chair Sanders and fabulous members of this committee for playing an important role in helping to establish this monument. I also want to thank everyone who worked on the initial legislation last year. And with that, I ask you to advance LB35 to General File so we can make the necessary cleanup in statute. Happy to take any questions, if you would like.

SANDERS: Thank you for your introduction. Are there any questions? I see none. We'll check for proponents.

PANSING BROOKS: Thank you.

SANDERS: Are there any proponents? You might want to stand right there for a second. Are there any opponents? Anyone-- anyone here for

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

neutral? Seeing none, do you have a closing? You're going to waive
your closing?

PANSING BROOKS: Yeah.

SANDERS: Thank you very much.

PANSING BROOKS: Thank you all. Appreciate it.

SANDERS: Thank you. Want to move on to LB94. Good afternoon.

DICK CLARK: Senator Sanders, members of the Government, Military and Veterans Affairs Committee, my name is Dick Clark, D-i-c-k C-l-a-r-k, and I am the committee legal counsel for this committee. I'm providing the introduction for LB94 due to Senator Brewer's having a bill up for hearing in the Revenue Committee this afternoon. In 2019, the Nebraska Legislature passed Senator Brett Lindstrom's LB186, the Online Notary Public Act. The bill created a new method for notarizing certain legal documents without the notaries having to be in the presence of the party whose signature is being notarized. That bill had a delayed effective date of July 1, 2020, to give the Secretary of State some time for implementation of the new program. As you know, the coronavirus pandemic motivated people to find ways to conduct business while following social distancing recommendations. And to facilitate that, Governor Ricketts accelerated the implementation of Senator Lindstrom's LB186 by issuing his executive order number 20-13 on April 2 of 2020. LB94 would protect anyone who relied on the Online Notary Public Act between April 2 of last year and the original effective date of the bill on July 1. This bill simply says that online notarial acts and legal instruments involving such acts shall not be invalidated just because they occurred during this period in reliance on the Governor's executive order. The need for this bill was brought to the committee's attention by the Nebraska Bankers Association. And I understand that someone from that organization will be testifying after me. I believe the person who steps up to testify next will be able to answer any questions the committee may have. Thank you.

SANDERS: Are there any questions for Dick Clark? Thank you. Do we have any proponents?

ROBERT HALLSTROM: Vice Chairman Sanders, members of the committee, my name is Robert J. Hallstrom, R-o-b-e-r-t H-a-l-l-s-t-r-o-m. I appear before you today as registered lobbyist for the Nebraska Bankers

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

Association to testify in support of LB94. LB94 essentially reflects a belts and suspenders approach to ensuring the validity of instruments such as warranty deeds, deeds of trust and mortgages that are executed between April 2 of 2020, which was the effective date of Governor Ricketts' executive order number 20-13, and July 1, 2020, the operative date of LB186, the Online Notary Public Act that Mr. Clark referenced. I don't think I need to go into too much other detail other than after all of this transpired, obviously, the pandemic set in the interest of realtors and bankers alike, trying to address issues involving social distancing and the need to limit or minimize personal interaction. And so the request was made as to what can we do. One of the things was to accelerate the effective date of using notary publics that don't require them to be in the personal presence of the individual signing any type of instrument. But after that occurred, we had some attorneys who said, well, what happens if someone challenges that the Governor's actions and the emergency order exceeded the bounds of his authority? And just to be safe, rather than sorry, we've put together the bill, which essentially says, number one, online notary acts that are performed and the instruments that utilize, or executed utilizing online notaries during that period of time between the Governor's executive order and the effective date of LB186 may not be invalidated or challenged. So that is simply put. We did have this same issue last year during the infamous final 17 days of the session. It was heard before this committee. It was advanced out. But while we had a jockey, we couldn't saddle up a horse to get it on at the end of the session to get it across the finish line. So I would ask your consideration in moving the bill. Thank you. Be happy to address any questions.

SANDERS: Are there any questions for Mr. Hallstrom? I see none. Thank you very much.

ROBERT HALLSTROM: Thank you, Senator.

SANDERS: Are there any other proponents?

BETH BAZYN FERRELL: Good afternoon, Senator Sanders, members of the committee. For the record, my name is Beth, B-e-t-h, Bazyn, B-a-z-y-n, Ferrell, F-e-r-r-e-l-l. I'm with the Nebraska Association of County Officials and I'm appearing in support of LB94. NACO supported LB186, the online notary bill, and we appreciated the opportunity that the Governor provided with the executive order to allow that online notary

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee January 29, 2021

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

process to take place earlier. So we just wanted to publicly show our
support of that.

***JUSTIN BRADY:** Chairman Brewer and members of the Government, Military
and Veterans Affairs Committee; my name is Justin Brady, I am
testifying as the registered lobbyist for the Nebraska Realtors
Association in support of LB94 and would ask that this testimony and
Support be made part of the committee statement. In 2019, LB186 was
passed and The Nebraska Realtors Association work with the interested
parties and the legislature to help pass the Online Notary Public Act
into law. There were several real-estate transactions that happened
statewide between April 2, 2020 and July 1, 2020. Many utilized an
online notary public due to the pandemic. The Association does believe
these transactions would be upheld because of the Governor's executive
order No. 20-13, however, they support making it absolutely clear that
these transaction were executed correctly and will move forward
without any challenge to the online notary piece of the transaction.
If you have any questions, please do not hesitate to reach out to
myself or the Realtors Association. We respectfully ask for this
committee to advance LB94. Thank you.

***GREG LEMON:** Dear Chairman Brewer and Members of the Government
Committee: I am writing this letter as Director of the Nebraska Real
Estate Commission to express the Commission's support for LB94. LB94
would ratify notarial acts done last year pursuant to Executive Order
20-13, which moved up the operative date of Laws 2019, LB186, the
Online Notary Public Act, to allow remote notary services during the
pandemic. While the need for the legislation may be debated from a
legal standpoint, we always advise real estate agents to try to avoid
anything that could come back and bite them after the transaction is
completed. LB94 would prevent mortgages, deeds, and other legal
instruments validated by notarial acts performed under the executive
order from being called into question and coming back and biting
Nebraska citizens, real estate licensees or financial institutions. We
urge the committee to advance the bill.

SANDERS: Thank you very much. Are there any questions? Seeing none,
thank you for your testimony. Are there any other proponents?
Opponents? Neutral? Seeing none, but we do have written testimony we
received from Justin Brady, registered lobbyist for Nebraska Real
Estate Association, and Greg Lemon, Nebraska Real Estate Commission.
Also received proponent, Nebraska Secretary of State, Nebraska State

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

Bar Association, and the Nebraska Real Estate Commission. With that
said, we'll move on to the next bill, LB93.

DICK CLARK: Good afternoon, Senator Sanders, members of the
Government, Military and Veterans Affairs Committee. My name is Dick
Clark, D-i-c-k C-l-a-r-k. I'm the committee legal counsel for the
committee and I'm giving this introduction due to Senator Brewer's
having a bill up for a hearing in the Revenue Committee this
afternoon. This bill eliminates an obsolete monthly report from
counties to the Department of Health and Human Services. When a
marriage occurs, counties send a copy of the marriage certificate to
DHHS. The law then requires the counties to file a monthly report
notifying DHHS of all marriages recorded. The monthly report served an
important verification purpose when individual marriage certificates
were being filed with DHHS using physical copies of documents. The
monthly report allowed DHHS to verify that no individual marriage
notices were lost in the mail. Now that counties report individual
marriages electronically, this monthly report verification process has
become obsolete. I believe that a representative of the Nebraska
Association of County Officials will follow me to provide more
detailed information. She should be able to answer any questions the
committee may have. Thank you.

SANDERS: Thank you.

BETH BAZYN FERRELL: Good afternoon, Senator Sanders, members of the
committee. For the record, my name is Beth, B-e-t-h, Bazyn, B-a-z-y-n,
Ferrell, F-e-r-r-e-l-l. I'm with the Nebraska Association of County
Officials and I'm appearing in support of LB93. This is an issue that
clerks have looked at for a long time, and I believe it was 2005, the
electronic registry for marriage license was-- marriage licenses was
implemented and the ability to compile the marriage license
information at the state level was made available. The mailed in
reports were obsolete. And in fact, there is a mail in report that's
required to show the number of marriage licenses issued during the
month. And if there are no marriage licenses issued, the county would
have to submit a postcard saying there were no marriage licenses
issued. So this is really an efficiency. Clerks couldn't just stop
submitting the report because there's a \$25 penalty for failing to or
neglecting to submit the report. So we see this really as an
efficiency. Another good government bill. Again, you hear that a lot,
but this really is a cleanup bill. I'd be happy to take questions.

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

SANDERS: Are there any questions? Seeing none, thank you very much.
Are there any other proponents? Opponents? Neutral? Seeing none, and
we have no written testimony or letters. So with that, we'll go ahead
and close. Thank you very much. And we'll also close our hearing.