

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate February 5, 2025
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ARCH: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the Twentieth Day of the One Hundred Ninth Legislature, First Session. Our chaplain for today is Deacon Brian Thomas, for Saint-- from Saint Columbkille Catholic Church in Papillion, my district.

BRIAN THOMAS: Thank you, Senator Arch. Let us pray. Almighty God, every one of us in this Chamber now, whether senators, staffer or civilian, is first of all, a human being made in your image. And so we pray, give us grace to acknowledge our limitation, admit our faults, and affirm our fellow human beings, despite our many differences. Let us always remember that to you and you alone, we must give account. Those who serve in this Chamber have been given a, given a noble and weighty responsibility, to seek, serve the common good of the great state of Nebraska. And so, as they attend to the work before them this day, grant them the wisdom of Solomon, the courage of Esther, the patience of Jeremiah, and the humility of Mary. May they be guided by your providence and strengthened by your common grace to fulfill your purposes for this great state. Through Jesus Christ our Lord. Amen.

ARCH: I recognize Senator Lippincott for the Pledge of Allegiance.

LIPPINCOTT: I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one Nation under God, indivisible, with liberty and justice for all.

ARCH: Thank you. I call to order the Twentieth Day of the One Hundred Ninth Legislature, First Session. Senators, please record your presence. Roll call.

DeBOER: Mr. Clerk, please record.

CLERK: There's a quorum present, Madam President.

DeBOER: Thank you, Mr. Clerk. Are there any corrections for the Journal?

CLERK: I have no corrections this morning, ma'am.

DeBOER: Thank you. Are there any messages, reports or announcements?

CLERK: There are. Madam President, your Committee on Transportation and Telecommunications, chaired by Senator Moser, reports LB98 and LB196 to General File, LB196 having-- no, I'm sorry-- LB98 and LB196

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to General File. Senator Dorn, a motion to withdraw LB577. That will be printed in the Journal. Notice of committee hearing from the Revenue Committee and the Appropriations Committee. That's all I have at this time.

DeBOER: Thank you, Mr. Clerk. We will now proceed to the first item on the agenda. Mr. Clerk.

CLERK: Madam President, first item, General File, LB42, introduced by Senator Riepe. It's a bill for an act relating to public health and welfare; amends sections 71-6038 and 71-6039; provides for employment of nurse aides in intellectual and developmental disability facilities; and repeals the original section. The bill was read for the first time on January 9 of this year and referred to the Health and Human Services Committee. That committee placed the bill on General File. There's currently nothing pending on the bill, Madam President.

DeBOER: Senator Riepe, you are recognized to open on LB42.

RIEPE: Thank you, Madam President, and good morning, colleagues. I rise today to introduce LB42, a bill that makes a minor but meaningful adjustment to nurse aide registration eligibility. This legislation is a reintroduction of last year's LB982, incorporating amendments requested by the Department of Health and Human Services. Under current law, certified nurse aides are-- can maintain their active status on nurse aide registry while working in various healthcare settings, including assisted living facilities, home health agencies, hospitals, skilled nursing facilities, and intermediate care facilities. However, those employed at intellectual and developmentally disa-- disability provider facilities do not have the same option. As a result, CNAs who take positions at these facilities risk losing their active status, limiting their career flexibility, and discouraging them from accepting or remaining on those specific jobs. LB42 addresses this by adding intellectually development disability provider facilities to the list of eligible employment settings where CNAs may work while maintaining their registration status. This small but important change will help intellectually development disability providers who face ongoing workforce shortages retain qualified staff. It also ensures CNAs working in these facilities are not forced to choose between serving this vulnerable population and maintaining their professional certification. This issue came to my attention during a visit to an intellectual development disability facility in the summer of 2023. Staff there

reported losing qualified employees simply because of the technical restrictions. Given the demand for healthcare workers across the state, we should be doing everything we can to eliminate unnecessary barriers to employment. LB42 is a simple solution that will strengthen Nebraska's healthcare workforce, supporting intellectually developmentally disabled providers and create more stability for employees and the individuals they serve. LB42 advanced from the HHS Committee with a 7-0 vote and has no fiscal note on it. Last year, it did not move forward because DHHS had put a fiscal note on it [INAUDIBLE] and they came back this year and said that was not a necessity. So again, no fiscal note. I urge your support to advance LB42 to Select File. Thank you, Madam Chairman.

DeBOER: Thank you, Senator Riepe. Turning to the queue, Senator McKinney, you're recognized.

McKINNEY: Thank you, Madam President. I don't think I oppose this bill. I do have a couple questions. First, I would like to say happy birthday to Trayvon Martin, who was killed by a vigilante in Florida while walking home. I guess my first question, if Senator Riepe would yield to a question.

DeBOER: Senator Riepe, will you yield?

RIEPE: Yes, sir, I will-- or yes, ma'am.

McKINNEY: Senator Riepe, if somebody is suspended, what is the process of getting back reinstated?

RIEPE: Well, they would have to go through certain-- repeat certain training, and then they would have to sit for an exam. So it's an unnecessary burden on them to have to do that.

McKINNEY: How long does that take?

RIEPE: That I don't know, but I could find out for you.

McKINNEY: OK. And you said last year, there was a fiscal note. How much was that?

RIEPE: It was for one full-time employee within DHHS, and I think it was about \$67,000.

McKINNEY: And this year, they don't need an employee?

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RIEPE: That's correct.

McKINNEY: What's their explanation?

RIEPE: Well, I think they just looked at it and figured out that they could build it into an existing-- it's fundamentally just a paper move. So it's not an ongoing administrative responsibility. I think they realized that and came to that conclusion. And I appreciate that very much.

McKINNEY: I bet. Thank you.

RIEPE: Thank you, sir.

McKINNEY: All right. And I'll finish with a quote. This quote is from Malcolm X, whose statue is outside this room that I think everybody should go look at. The quote is, I believe that there will be ultimately-- there ultimately will be a clash between the oppressed and those that do the oppressing. I believe that there will be a clash between those who want freedom, justice, and equality for everyone and those who want to continue the systems of exploitation. And I'm going to continue quotes every day, probably, but this one stuck out. First, I wanted to do one for Malcolm X because he's from the state of Nebraska, but also because a lot of the things I'm hearing that's going on around this place, especially with the budget, this will ring clear later into the session when we get into the budget conversation about people who want to continue to oppress and continue systems of exploitation, but neither here or there. I think this is a good bill, so support it. Thank you.

DeBOER: Thank you, Senators Riepe and McKinney Senator Machaela Cavanaugh, you're recognized.

M. CAVANAUGH: Thank you, Madam President, I rise in support of LB42. Thank you to Senator Riepe for bringing this bill. I also wanted to acknowledge some of the things that Senator McKinney brought up. We had the opportunity to discuss the Hall of Fame Statue Fund yesterday in Appropriations, and I knew that the most recent one that had been utilized was for Malcolm X. There was a big unveiling ceremony this summer and it was quite lovely. And the governor was there and talked about the importance and significance of the state doing this, but now is seeking to take funds out of that for future-- for General Fund use. It's only \$10,000 a year that we put into that fund at-- to a maximum of \$50,000 that we put towards a statue. And once we reach

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that \$50,000 mark, we don't invest until that money has been drawn down. But now we are taking \$10,000 this year because we are nickel and diming every program, so I just wanted to acknowledge that. And also, happy birthday to Trayvon Martin. I looked it up. He would have been 30 today. So that's a, a huge loss for his family and a black stain on American history. Thank you, Mr. President.

DeBOER: Thank you, Senator Machaela Cavanaugh. Senator Arch, you're recognized.

ARCH: Thank you, Madam President. I just wanted to also say thanks to Senator Riepe for bringing this. Several-- a couple of summers ago, I also took a tour of a developmentally disabled facility for the-- for adults, and it became very apparent the dependency upon nurse aides in those facilities. If any of you have had your parents or elderly in a nursing home or skilled assisted, assisted living, you, you would see immediately the, the role of that nurse aide. Given the number of nurses that are needed in a, in a, in a facility, these extenders of nurse aides are, are critical to the work that is being done there and the care that is being provided. So it has been a problem that they've not been able to get the credit for, for working there and maintain their, maintain their certification. So I'm very much in support of this bill. Thank you, Madam President.

DeBOER: Thank you, Senator Arch. Seeing no one else in the queue, Senator Riepe, you're recognized to close. Senator Riepe waives closing. The question before the body is the advancement of LB42 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Have you all voted who care to? Record, Mr. Clerk.

CLERK: 40 ayes, 0 nays on advancement of the bill, Madam President.

DeBOER: The bill advances, Mr. Clerk, for the next item.

CLERK: Madam President, next item, LB10, introduced by Senator Hughes. It's a bill for an act relating to prescription drugs; amends section 71-7455; changes the records requirement for wholesale drug distributors; provides for dispensing of prescription drugs through, through the prescription drug donation program in a state of emergency; and repeals original sections. The bill was read for the first time on January 9 of this year and referred to the Health and Human Services Committee. That committee placed the bill on General File. There is a committee amendment, Madam President.

DeBOER: Thank you, Mr. Clerk. Senator Hughes, to open.

HUGHES: So I have a question. Senator Hardin has the amendment. Would he open first? No. OK. I'm going to open. Thank you, Madam President. So I will talk about both the amendment and the bill. AM12 is the amendment to LB10. So last year I introduced LB1035, which was passed by the Legislature without opposition to create the Nebraska prescription drug donation program. I'll explain more about that when I talk about LB10. DHHS, in consultation with the governor's staff, brought a late change to my attention after I had introduced LB10. The term victim included in the language of LB10, which would allow the governor to access the prescription drug donation in times of any of emergencies is problematic. This term is referenced elsewhere in statute. This term is used in relation to victims of crime. LB12 [SIC] replaces the term victim with any individual who is impacted as a result of the state of emergency declared by the govern-- governor. This amendment also adds an e clause to LB10 so we can get this passed quickly and fix the issue that was created by the federal government after we passed LB1035 last year. So now I'm going to talk about LB10. LB10 is a cleanup bill. We are cleaning up an issue created by the federal government last year, after we passed LB1035, the prescription drug donation program. LB1035 was a bill I brought after hearing from a constituent about what Iowa had been doing. Rather than throwing away perfectly good prescriptions, Iowa had built a system to safely collect and redistribute medications to under-insured and uninsured citizens. These medications are unexpired and in tamper-proof packaging. Think blister packs. The program does not accept medicine in bottles, medicine that needs to be refrigerated, expired prescriptions or controlled substances like opioids. Rather than reinventing the wheel, 10-- LB1035 required DHHS to contract with Iowa's program and allow people in Nebraska to donate their unneeded medications and for eligible citizens in Nebraska to receive them. Today, Nebraska currently disposes around 30,000 pounds of prescriptions annually at a cost of \$25 a pound. We thought rather than pay a place down in Texas to incinerate them, we could pay Iowa to help us recycle them by prescribing them back again to folks that need them. LB1035 passed in April and was signed into law by Governor Pillen. In June, the federal government issued a rule that continued the decade-long efforts to implement a law passed in 2013, the Drug Security Supply Chain Act. I know that you're thinking a decade? But, it's the federal government. The federal bill was intended to track prescriptions to ensure they weren't counterfeit for the safety of all those receiving them. And that is a great thing. However, the feds

didn't do their homework and-- when they wrote the rule, and it ultimately disrupted drug donation programs across, across the country because, of course, once a drug has been donated to the system, that tracking is lost. Iowa has a waiver process in place that allows them to continue programs like their drug donation program if it's impacted by a federal rule or regulation, giving them time to implement a legislative fix. Since we don't have that in Nebraska, we have the bill in front of you today. You may have also noticed in the governor's budget request and now in Speaker Arch's budget bill, LB264 that the funds to implement LB1035 have been zeroed out. The reason that the funds for our donation program were sitting out there unspent was because of the federal rule. This was not effectively communicated-- communicated to the governor's team and it was put on the chopping block. I've been hard at work trying to undo that miscommunication and get the funds for the upcoming budget years restored. In the meantime, we need LB10 because that would allow Nebraska to implement the program now as intended-- as intended, once we get things worked out for the financing. We appropriated funds last session to get the donation program running and we can do that if we advance LB10. The federal rule on the DSSCA was vague and did not clarify whether or not it applies to state prescription drug donation programs. LB10 clarifies that, that the federal rule to implement the DSSCA does not apply to our prescription drug donation program. also makes the one additional change to the donation program brought to the attention by our governor's team to allow the governor to access this. Program directly to provide citizens if they're impacted by emergencies such as a natural disaster. The prescription drug donation program is an opportunity to spend our tax dollars more wisely. Rather than throw everything away and pay to have it incinerated, we can reclaim a large portion of our unneeded prescriptions and allow underinsured and uninsured Nebraska residents to access them. We will still need our drug disposal program for expired medication and controlled substances. But we can-- and we can save additional state dollars by reducing the costs of our Medicaid dollars paying for emergency room visits, due to the lack of access to many preventative medications for things like high blood pressure, diabetes, stroke and heart conditions. By recycling this medication and directing it to those who would una-- un-- who would be unable to otherwise get them. In Iowa, their donation program is in their 18th year. They've extended access to donated medications to those existing in the criminal justice system and who are not allowed to take their prescriptions with them when they finish their sentences. Iowa is dropping its recidivism rate by providing this access. It makes no sense why we cannot do the same

thing here. LB10 was reported out by the HHS Committee 7-0, and it has-- it had no online opposition and there is no fiscal impact. Colleagues, I urge you to advance LB10 with the amendment, AM12. Thank you.

DeBOER: Thank you, Senator Hughes. As the Clerk stated, there are amendments from the Health and Human Services Committee. Senator Hardin, as chair of the committee, you are recognized to open on the amendments.

HARDIN: Thank you, Madam President. Committee AM12 makes 2 technical changes. First, the term "victim" is replaced with the phrase "impacted" in subsection (7)(b) of Section 1. Second, the emergency clause is added. The HHS committee advanced LB10 with AM12 by a 7-0 vote. I would appreciate your green vote on AM12 to LB10. Thank you.

DeBOER: Thank you, Senator Hardin, Hardin. Turning to the queue, Senator Fredrickson, you're recognized.

FREDRICKSON: Thank you, Madam President. Good morning, colleagues. Good morning, Nebraskans. I rise in support of LB10. I think Senator Hughes did a great job of outlining the bill, but I just wanted to underscore a couple of things that I, I found out during the hearing this year, which I thought were pretty fascinating. One is this, this is overall, I think, just a really incredible, incredible program, when you think about what we're doing here, especially when you think about the issues we have with access to healthcare, affordability of healthcare, affordability of prescription drugs. I think there's kind of general consensus that this is a no-brainer. I also want to just highlight, as we're considering our state's budget in Appropriations in the coming weeks, the funding for this bill I think is incredibly important. So I don't know if folks heard when Senator Hughes said about currently as a state-- this is what I learned in the hearing that really surprised me-- we are paying money to destroy this medication currently. So perfectly good medication that could be used that can help people with management of symptoms we are currently paying-- I want to say it was around-- if we did the math, around \$750,000 a year to destroy this medication. So that is a significant amount of money that we're paying to destroy this. Funding this actual program is cheaper than that. So it's cheaper than what we're paying to destroy the medication. And it will get medication to Nebraskans who need it, who might not otherwise be able to afford it. So there is something to be said about funding this. There is a cost-saving mechanism with this, and I think that we should really consider that

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as we debate the budget in the coming weeks. So with that, I rise in strong support of both LB10 and the underlying amendment. Thank you, Madam President.

DeBOER: Thank you, Senator Fredrickson. Senator Machaela Cavanaugh, you're recognized.

M. CAVANAUGH: Thank you, Madam President, I rise in support of LB10. Thank you to Senator Hughes for bringing this critical cleanup to her bill from last year. I remember her bill, and I think it's-- it was a really great idea, a great program, and I look forward to seeing it being implemented in the state. It's going to save us money and it's going to help a lot of people. So I appreciate her bringing that. I, I also want to highlight that this was, as Senator Fredrickson said, an item in the governor's adjustment to cut the funding for this program, to bring that towards the general funds. And this is going to be a pattern that you'll see throughout this session that things that we have implemented, ideas that have come to fruition, that have gone through the public hearing process, we've had robust debate on, and this legis-- the last Legislature enacted into law, and now it is being defunded to pay for the governor's own agenda. So I just want to make sure that we all are on the same page about what's going on when it comes to the budget. Thank you, Madam President.

DeBOER: Thank you, Senator Machaela Cavanaugh. Senator Riepe, you're next in the queue.

RIEPE: Thank you, Madam Chairman. I would, too, want to stand in support of LB10. I did have the good fortune of going with Senator Hughes to Des Moines, Iowa, which is where this program is based. It's a very clean operation. It's a very efficient operation. They have pharmacists there. We met with their board and we met with one of the legislature-- legislators from the rep-- House of Representatives in Iowa who happened to be a pharmacist. And the one day that we were there, he said recently, he had recaptured some \$12,000 worth of medications that could no longer be used by a patient that they were going to redistribute. And it's such a wonderful program. And quite frankly, to Senator Hughes's credit, she was very instrumental in making sure that we didn't do redundancy on this thing. We will play with the Iowa players. And I, I, I cannot applaud this program more. And thank you very much for the opportunity to say how much I admire Senator Hughes for doing this, and also for the program. Thank you, Madam Chairman.

DeBOER: Thank you, Senator Riepe. Senator Hallstrom, you're recognized.

HALLSTROM: Thank you, Madam President, colleagues. I rise also in support of LB10. I would echo Senator Fredrickson's comments regarding the importance of the prescription drug donation program, and also note in accord with Senator Cavanaugh's comments, regarding the placing of funding at risk. She and I didn't agree on much of anything yesterday, but we're on the same page on this particular issue. And I just caution the, the body not to be pennywise and pound foolish in looking at the continued funding of this important program. Thank you.

DeBOER: Thank you, Senator Hallstrom. Seeing no one else in the queue, Senator Hardin, you are recognized to close on the committee amendments, and waives. The question before the body is shall the committee amendments to LB10 be adopted? All those in favor vote aye; all those opposed vote nay.

ARCH: Mr. Clerk, please record.

CLERK: 39 ayes, 0 nays on adoption of the committee amendment, Mr. President.

ARCH: The amendment is adopted. Senator Hughes, you're welcome to close on LB10.

HUGHES: Thank you, Chairman. I was just going to mention one thing. Thank you for everybody for speaking to the program. And I wanted to mention, yes, Senator Riepe and I did a visit to Des Moines to the SafeNetRx facility. And I want to just mention this. When we were at that facility, that inventory was worth \$20 million. They had \$20 million worth of medication in their facility. And it wasn't much bigger than this legislative floor. And that is medication that, you know, we can add to. But like right now in the state of Nebraska, we're destroying that. And so I just want to reiterate how important this is and how good this can be for Nebraskans. And it's just the responsible thing to do. I think it's the fiscally conservative thing to do. It costs some money up front. We have to partner with them. But as this gets going, we will have less drugs that have to go in the takeaway to be incinerated. We'll always have to have some, but we will have less. And, and that will weigh itself out financially down the road. So I appreciate your yes vote on this, and, and thank you, Mr. President.

ARCH: Colleagues, the question before the body is the advancement of LB10 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

CLERK: 39 ayes, 0 nays, Mr. President, on advancement of the bill.

ARCH: LB10 is advanced. Mr. Clerk, next item.

CLERK: Mr. President, General File, LB362, introduced by Senator DeBoer. It's a bill for an act relating to 911 services; defines redefines, and eliminates terms; eliminates provisions of and renames the Emergency Telephone Communications Systems Act and the Enhanced Wireless 911 Services Act; changes provisions of the 911 Service System Act; changes provisions relating to powers and duties of the Public Service Commission, the 911 Service System Advisory Committee, the 911 Service System Fund, the 911 service surcharges, duties and compensation of wireless carriers, public safety answering points and county implementation of next-generation 911 service; eliminates the Enhanced Wireless 911 Advisory Board; harmonizes provisions; repeals the original section; outright repeals several sections. The bill was read for the first time on January 16 of this year and referred to the Transportation and Telecommunications Committee. That committee placed the bill on General File. There are no committee amendments. There is an amendment, Mr. President.

ARCH: Senator DeBoer, you're recognized to open.

DeBOER: Thank you, Mr. President. Good morning, colleagues. Today, I stand before you to introduce LB362, which is a cleanup bill for our 911 statutes. Last session, you may recall, some of you, that Senator John Fredrickson and I both introduced and passed legislation in response to the multiple 911 service outages in the fall of 2023. While working on these solutions, we discovered that these statutes might need a little bit of tending. We worked with the Public Service Commission, the state entity in charge of ensuring our 911 services-- 911 services are operational, on this bill. And LB362 is the result of that work. I want to thank the Public Service Commission with their help-- for their help with this bill, and to Senator Fredrickson for letting me be the one to introduce the bill. LB362 updates our 911 statutes under the newly-named 911 Service System Act. It updates references to the previous acts accordingly, transfers sections to the new act, updates technology references from wireless E911 to next-generation 911, and updates the definition of next-generation 911 to reflect our current technology, updates terms and membership to the

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911 Service System Advisory Committee, and harmonizes other provisions according to those changes. LB362, through 53 pages-- even though it's 53 pages, it's a simple bill, and it continues my record of bringing some form of cleanup bill at least once every biennium. You may recall that I've done this for our adoption statute and last year for our juvenile code, where we just get all the stuff that belongs together and put it together in statute and make sure that all of our terms are consistent throughout, just to try and make our statute books a little more accessible for those who read them. Colleagues, the amendment that is coming up is an oversight that we had. It just reinstates a line that was errantly stricken. Ironically, it was stricken from a portion of the 91 [SIC] bill I introduced and passed last year. So I did not intend this bill to have-- to strike that material. And as such, I'm asking for green light on AM140, as well. So thank you to those who brought this to my attention. I'm happy to answer any questions anyone might have about the bill or the amendment, which I should open on in just a second. Thank you, Mr. President.

ARCH: Mr. Clerk, for an amendment.

CLERK: Mr. President, Senator DeBoer would move to amend with AM140.

ARCH: Senator DeBoer, you're welcome to open on your amendment.

DeBOER: Colleagues, I've already given my opening on this. This will-- this amendment will undo the inadvertent strikethrough of a portion of my bill from last year. So I ask for your green light on AM140.

ARCH: Senator McKinney, you are recognized to speak.

McKINNEY: Thank you, Mr. President. Would Senator DeBoer yield to a question?

ARCH: Senator DeBoer, will you yield?

DeBOER: Absolutely.

McKINNEY: Thank you, Senator DeBoer. I am not on TNT, and so I have a quick question. What does the Service System Advisory Committee do?

DeBOER: I think they provide help to try and figure out what the next steps, what the technology is that we're dealing with, since 911 technology is changing over time. So they are an advisory board that helps us to keep on top of that, as well as talking through when we

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have these kinds of outages like we did, making sure that the public is getting communicated to and that sort of thing.

McKINNEY: Does the governor appoint or the PSC?

DeBOER: You know, I'm not sure. I am sorry about that. I do not know for sure. I will find that out for you and let you know.

McKINNEY: OK. Thank you.

ARCH: Seeing no one in the queue, Senator DeBoer, you are recognized to close on AM140. Senator DeBoer waives close. Colleagues, the question before the body is the adoption of AM140 to LB362. All those in favor vote aye; all those opposed vote nay. Mr. Clerk.

CLERK: 38 ayes, 0 nays, Mr. President, on adoption of the amendment.

ARCH: The amendment is adopted. Senator DeBoer, you're recognized to close on LB362.

DeBOER: Thank you, Mr. President. Thank you to my very efficient staff. Senator McKinney, it's the Public Service Commission that appoints this board, so they have informed me of that. Colleagues, I would appreciate a green light on this cleanup bill. Thank you.

ARCH: Colleagues, the question before the body is the advancement of LB362 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Mr. Clerk.

CLERK: 39 ayes, 0 nays on advancement of the bill, Mr. President.

ARCH: LB362 does advance. Mr. Clerk, next item.

CLERK: Mr. President, the next item, LB139, General File, introduced by Senator Dungan. It's a bill for an act relating to real property; amends section 76-2239, 76-3207, and 76-3216; changes provis-- provisions relating to disciplinary actions against credential holders under the Real Property Appraiser Act and restrictions on ownership of appraisal management companies and violations by appraisal management companies under the Nebraska Appraisal Management Company Registration Act; and repeals the original regional section. The bill was read for the first time on January 13 of this year and referred to the Banking, Commerce and Insurance Committee. That committee placed the bill on General File. There's currently nothing on the bill, Mr. President.

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ARCH: Senator Dungan, you are recognized to open on LB139.

DUNGAN: Thank you, Mr. President. Good morning, colleagues. I am here today to present to you LB139. LB139 is a bill relating to disciplinary actions against credential holders and appraisal management companies under the Real Property Appraiser Act. Currently, in the case of a violation under the Nebraska Real Estate Appraiser Act, the Real Property Appraiser Board must begin an investigation in the case of a written complaint. They may also start an investigation on their own motion. The board may then revoke or suspend the credential or otherwise discipline a credential holder, revoke or suspend a qualification or continuing education course or activity, deny any application, or issue a cease and desist order. LB139 would allow the board to also choose to enter into a contingent dismissal agreement with remedial measures with a credential holder or a company. If an appraiser or an appraiser management company commits a violation, the board may enter into this agreement with the individual or company to help them better understand the proper standards and procedures. A completed contingent dismissal agreement will not be a disciplinary action. If they do not complete the duties in the agreement, they will then face formal disciplinary action or dismissal. In Nebraska, we have a shortage of appraisers-- across the nation, as well. This bill allows for a more appropriate course of action in lieu of dismissal or suspension. This allows the Real Property Appraiser Board to decide how best to educate and discipline their members. Colleagues, this is a bill that I actually brought on behalf of the appraisers. It addresses both individual credential holders for appraisers, as well as appraisal management companies. Essentially, the crux of the bill is this. Currently, if an appraiser makes a mistake and does something wrong with their appraiser, the board essentially has to start a disciplinary action if somebody makes a complaint. What the appraisers are asking for is an alternative method to address these issues. So this allows for what's called a contingent dismissal agreement, where if the certification board sees it fit, they can enter into one of these agreements with an appraiser and say, if you take these education classes or if you look into these certain things, then we can dismiss the contingent dismissal agreement, essentially with no further penalties, making it so we're not going to see people have their licenses revoked or suspended. This is a bill that is intended to allow for remedial actions that are not a suspension or taking away somebody's license. But if somebody does commit a violation or, or do something that is truly wrong, the board still has disciplinary action available to them. This is not a

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necessary step towards disciplinary action. So really what this does is it gives the appraisal board another tool in the toolbox to address issues, trying to make sure that we continue to support growing the number of appraisers and appraisal management companies in Nebraska. And I would appreciate your green vote. I will note this did come out of the Banking, Commerce and Insurance Committee unanimously and had no opposition. Thank you, Mr. President.

DeBOER: Thank you.

DUNGAN: Madam.

DeBOER: Thank you, Senator Dungan. Senator Jacobson, you're recognized.

JACOBSON: Thank you, Madam President. I rise in support of LB139, and I appreciate Senator Dungan bringing this bill. As he expressed in his open, this bill was brought on behalf of the appraisers. This really fixes an important problem that they have to deal with-- is if they get a complaint on an appraiser who, who, who made a mistake, a significant mistake on appraisal, that can be reported to the appraisal board, and then they had limited alternatives. They could either do nothing or they could strip them of their license. And so this is that middle ground that allows them to rehabilitate them, if you will, have them do additional education. There is a shortage of appraisers across the state. It does take a lot of time to get those appraiser license, with the, the amount of experience and, and educational that you-- education you have to do. And so, this will help appraisers who still need some educational time, still need some work, an opportunity to do that without being stripped of their license. So I would urge my colleagues to support the bill and-- with your green vote. Thank you.

DeBOER: Thank you, Senator Jacobson. Senator McKinney, you're recognized.

McKINNEY: Thank you, Madam President. Would Senator Dungan yield to a question?

DeBOER: Senator Dungan, will you yield?

DUNGAN: Yes.

McKINNEY: Thank you, Senator Dungan. I just have a curious question. When does this board meet?

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DUNGAN: That is a good question, Senator McKinney. I don't entirely know. There's an individual that I work with, with the appraisers, named Tyler Coates. I can reach out to him and get that information to you, but I'm not entirely sure the regularity with which the board meets.

McKINNEY: OK. Thank you.

DeBOER: Thank you, Senators McKinney and Dungan. Senator Moser, you're recognized.

MOSER: Thank you, Madam President. Good morning, colleagues, and good morning, Nebraskans. I had a question I would like to ask Senator Jacobson, if he would respond, please.

DeBOER: Senator Jacobson, will you yield?

JACOBSON: Yes, I will.

MOSER: So in your comments a few minutes ago, you said an appraiser that makes a mistake and that they can be corrected or retrained so they don't make a mistake again. How do you tell when an appraiser makes a mistake?

JACOBSON: You're going to tell from their client, who's going to, I guess, look at it. And their client could be a financial institution, could be an individual. I'll give you an example. Appraisers appraise not just houses and buildings and, and, and farmland. They would also appraise feed yards and, and livestock-- other livestock facilities. And so in many cases, you have to look at several approaches to valuation. And so if you make an error that's a-- that ends up being material in let's say calculating the income approach to a feed yard, and you end up issuing an appraisal that's significantly lower than what the appraised value could be, an individual could be denied for a loan because the appraisal didn't reach the level it needed to. So in those cases--

MOSER: Or, or could they be valuing something too high, and then there's a failure and it-- the asset doesn't bring the price that they appraised it at?

JACOBSON: Well, I would guess in that case it would be the other party, the bank, that would be coming back and saying that they're concerned. I would guess in most cases, it's, it's probably undershooting the value, but it could happen. There, there-- you got 2

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parties on that are utilizing those appraisers typic-- or those appraisals, generally. And so if there's a significant error-- and generally those errors occur because of inexperience or not being as familiar with working with this specific kind of an appraisal. I know off--

MOSER: Wouldn't, wouldn't appraisal be somewhat subjective at times?

JACOBSON: All of them are to some extent, but, but there are certain things that you have to include in an appraisal, like when you start looking at compar-- comparable sales, you try to find comparable sales and then you use those. But I think when you do the calculation for the income approach, for example, that becomes fairly specific. That's a little more scientific as opposed to subjective. And, and if you, if you do that wrong, you can, you can come up with a much different valuation than, than was-- than it should be. And so, I think that's probably where some of the errors come from.

MOSER: Where, where-- what would be the recourse? Say you have somebody who's trying to borrow money on a feed yard, in your example, and the appraiser comes in with a low number, can they get-- hire a different appraiser to see if there's a different number they come up with?

JACOBSON: In some cases you can. I would tell you that certain bank regulators frown on that. But I would tell you that the State Department of Banking, I don't think would have a problem with that, for state-chartered banks. And that would be the alternative. And then I suppose probably you could, you could sue, although in many cases these appraisals, the appraisals have a-- some carve-outs for hold harmless, and this is their opinion, and best estimates. So then your recourse is to report them to the Appraisal Board, and, and try to extract a pound of flesh by getting their license taken away.

MOSER: OK. Thank you very much, Senator.

JACOBSON: Thank you.

MOSER: Thank you.

DeBOER: Thank you, Senator Moser and Senator Jacobson. Senator Machaela Cavanaugh, you're recognized.

M. CAVANAUGH: Thank you, Madam President. Just another opportunity to demystify the budget process. In the governor's items, he actually

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seeks to take money from the real appraisers-- the Real Property Appraiser Fund. And this fund, its revenue sources, is to-- the revenue to this fund is generated mainly through fees charged for the issuance and renewal of credentials and licenses. So-- and then the permitted use-- the Real Property Appraiser Fund is used by Real Property Appraiser Board to carry out their duties of administering and enforcing the Real Property Appraiser Act. The governor asks for \$200,000 out of that fund. The annual revenue from fees is-- in 2023-24, was \$221,000. I highlight this, yet again, to just highlight that this is funding government through fees on the backs of working people, and taking the fees that are supposed to be used for a specific use and putting them into the General Fund budget. So when we are cutting taxes, air quotes, what we really are doing are just raising fees, which is basically a flat tax. So thank you, Madam President.

DeBOER: Thank you, Senator Machaela Cavanaugh. Seeing no one else in the queue, Senator Dungan, you are recognized to close.

DUNGAN: Thank you, Madam President, and thank you, colleagues. I appreciate the conversation about this today. Thank you to Chair Jacobson on the Banking Committee for explaining a little bit of that and better detail than I, I probably could, so I appreciate that. I did check and thanks to the great staff on the Banking, Commerce and Insurance Committee, I can tell Senator McKinney that the Appraisal Board meets about once a month, I think. And they usually shoot for the third Thursday of the month, so now that that's clear on the record, colleagues, I would encourage your green vote on this. Thank you, Madam President.

DeBOER: Thank you, Senator Dungan. The question before the body is the advancement of LB139 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Have all those voted who care to? Record, Mr. Clerk.

CLERK: 40 ayes, 0 nays on advancement of the bill, Madam President.

DeBOER: The bill advances. Next item, Mr. Clerk.

CLERK: Madam President, some items for the record, if I can. Floor amendment to be printed from Senator Bosn to LB40-- LB504; Senator Jacobson, amendments to be printed to LB38; notice of committee hearings from the Business and Labor Committee, the General Affairs Committee; and a new LR from Senator Lonowski and others,

congratulating John Cook on his-- Coach John Cook on his retirement. That will be laid over. It's all that I have at this time, Madam President.

DeBOER: Thank you, Mr. Clerk. For the next item, then.

CLERK: Madam President, the next item on the, on the agenda, General File, LB231, introduced by Senator Hallstrom. It's a bill for an act relating to banking and finance; adopts the Uniform Special Deposits Act. The bill was read for the first time on January 14 of this year and referred to the Banking, Commerce and Insurance Committee. That committee placed the bill on General File with committee amendments, Madam President.

DeBOER: Senator Hallstrom, you're recognized to open on your bill.

HALLSTROM: Thank you, Madam President, members. LB231, the Uniform Special Deposits Act, is the result of a multiyear collaborative drafting process by the Uniform Law Commissioners with input from leading experts in commercial law and the financial services industry. The act provides clarity to an area of the law that has been uncertain for a number of years. Special deposits are banking products that have different characteristics than other deposit accounts, like checking or savings deposits. They are a type of protected escrow account. Special deposits are established for a particular purpose, and a beneficiary's entitlement to payment is determined only after a contingency has occurred. That contingency could be the closing of a sale on real estate, the distribution of funds to a class-- members after a court approves a settlement of a class action, or the distribution of a commercial tenant's security deposit when the leasehold ends. These deposits ensure funds will be available to the person entitled to them in the future. Special deposits serve an important function. They are safe, secure, and efficient. The bottom line of this legislation is to provide certainty where clarity does not currently exist, by providing that these special deposits will be recognized and not subject to legal process that may serve to freeze the deposits and defeat the intent, at least for a period of time, of the parties to the account and the beneficiaries of the account. There are 4 primary objectives to LB231. First, the bill provides the criteria for establishing a special deposit. The account agreement must contain provisions agreed to by the depositor and the bank. It must be for a per-- permissible purpose and there must be an identified contingency which, if it occurs, the beneficiary is entitled to payment of the special deposit. Secondly, the bill is

designed to prevent the special deposit from being used inappropriately for fraudulent or abusive purposes, for example, to defraud or evade creditors. I had a number of questions in that regard, and the bill accomplishes this purpose. To avoid a special deposit from being swept into the bankruptcy of the depositor, there are also protections built into the law to address that particular aspect. Third, the act provides certainty about how creditor process applies to a special deposit. As I indicated, under current law, there's a great deal of uncertainty and confusion as to how a competing garnishment or a right of set off by a bank might apply to a special deposit. Section 9 provides that creditor process is not enforceable against the bank holding the special deposit. Section 10 eliminates the ability of creditors to use an injunction or temporary restraining order to achieve the same or similar outcomes. And finally, there are provisions that address even a bank's right of set off or recoupment in positive fashion to ensure the validity and certainty of the special deposit. Another important limitation of the act is an opt-in feature. The bank and its customer must agree that the deposit will, in fact, be treated as a special deposit. In conclusion, the Uniform Special Deposits Act is not intended to introduce new legal concepts, but rather to eliminate uncertainty about special deposits under existing law and therefore, ensure that the expectations of parties entering into these transactions are met. With that, I-- there's an amendment that Senator Jacobson will be addressing, and I'd appreciate your green vote on both the amendment and the underlying bill. Thank you.

DeBOER: Thank you, Senator Hallstrom. As the Clerk mentioned, there are amendments from the Banking, Commerce and Insurance Committee-- Banking, Insurance and Commerce Committee. And Senator, Senator Jacobson is the chair. You're recognized to open on the committee amendments.

JACOBSON: Thank you, Madam President, and good morning, colleagues. AM30 is a very simple amendment. All it does is replace the term "bank" with the term "financial institution" wherever "bank" is used in the act. And then of course, if it adds in the definit-- it's, it's added in the definition of financial institution at the beginning of the act. Again, this is important because credit unions are not banks, but they would also be utilizing special deposits, and so we want to make sure that it's clear it's financial institutions. So I appreciate your support for this committee amendment to LB231. Thank you.

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DeBOER: Thank you, Senator Jacobson. Seeing no one in the queue, Senator Jacobson, you're recognized to close on the committee amendments. Senator Jacobson waives closing. The question before the body is the adoption of the committee amendments to LB231. All those in favor vote aye; all those opposed vote nay. Have all those voted who care to? Record, Mr. Clerk.

CLERK: 39, ayes, 0 nays on adoption of the committee amendment, Madam President.

DeBOER: Seeing no one else in the queue, Senator Hallstrom, you're recognized to close on the bill. Senator Hallstrom waives closing. The question before the body is the advancement of LB231 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Have all those voted who care to? Record, Mr. Clerk.

CLERK: 38 ayes, 0 nays on advancement of the bill, Madam President.

DeBOER: The bill advances. Next item, Mr. Clerk.

CLERK: Madam President, next item. General File, LB357, introduced by the General Affairs Committee. It's bill for an act relating to the State Racing and Gaming Commission; provides, changes, and eliminates definitions; changes provisions relating to the powers and duties of the State Racing and Gaming Commission and licenses issued by the commission; requires licensure of a racetrack enclosure as prescribed; change provisions relating to the Nebraska Racetrack Gaming Act; renames and changes provisions relating to the Racing and Gaming Commission's Racetrack Gaming Fund; transfers funds; eliminates the Racing and Gaming Commission's Racing Cash Fund; harmonizes provisions; repeals the original section; outright repeals section 2-1222 and 9-1202. The bill was read for the first time on January 16 of this year and referred to the General Affairs Committee. That committee placed the bill on General File. There are no committee amendments. There is an additional amendment, Madam President.

DeBOER: Thank you, Mr. Clerk. Senator Holdcroft, as chair of the General Affairs Committee, you're welcome to open on the bill.

HOLDCROFT: Thank you, Madam-- LB357 was introduced by the General Affairs Committee as a committee bill. This bill, brought on behalf of the Nebraska Racing and Gaming Commission, contains several changes allowing the commission to better manage the record growth of casino gambling and horse racing within Nebraska. Before I discuss the, the

specifics of LB357, I would like to highlight key milestones for Nebraska in the racing and gaming industry in 2024. Columbus opened up a new permanent casino and racetrack which features a one-mile thoroughbred track, the longest in the state. WarHorse Gaming Omaha opened Phase 1 of its permanent casino. WarHorse Gaming Lincoln completed Phase 2 of its permanent casino. Live horse racing took place at all 6 racetracks, with a combined total of 54 live race days. And finally, in 2024, the state of Nebraska received \$29.1 million in gaming tax, with \$20.4 million going towards property tax relief. LB357 contains several changes meant to, to assist the commission's management of this record growth. These changes include the reduction of the number of required meetings held by the commission each year, formally licensing racetrack enclosures, consolidating the commission's cash funds, clarifying provisions for the gaming operator licensing fee, changing the term of individual horse racing licenses, and the expanding of background checks and fingerprinting procedures. The reduction of required meetings gives the commission flexibility of not having to schedule unnecessary meetings in order to meet their statutory requirement. Less frequent meetings also come at a cost savings to the commission because they pay for the commissioners' travel expenses. Nebraska statutes refer to the license racetrack enclosure where races are held, but the commission has never officially licensed a racetrack. The commission approves individual race days, but does not actually issue a formal license and no formal license has ever been issued for the racetrack enclosure. The change of the 5-year term for individual horse racing license to a 3-year term makes it consistent with the 3-year term of individual licenses for gaming employees. Syncing these licenses as, as the same period of years allows the commission to better operate more efficient-- effect-- efficiently. The consolidation of the commission's 2 cash funds into 1 fund allows the commission to manage their different programs under 1 single fund, a practice consistent among other state agencies. The changes concerning the \$5 million gaming operator licensing fee clarifies the commission's intent that the fee may be paid within 5 years after an upfront \$1 million payment, with subsequent annual million-dollar payments made until pay-- until paid in full in year 5. Finally, the bill expands on the process required to be in compliance regarding background checks and fingerprinting procedures. LB357 advanced out of committee unanimously with an 8-0 vote with no opposition. I encourage your green vote on LB357. Thank you, Madam President.

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DeBOER: Thank you, Senator Holdcroft. As chair of the General Affairs Committee, you also can open on the committee amendment.

HOLDCROFT: The committee amendment is truly a technical change. It changes-- on page 24, line 31, it strikes the statute 2-1208 and inserts 2-1208.01. Thank you, Madam President.

DeBOER: Thank you, Senator Holdcroft. I inadvertently said the committee amendment, but it was your amendment. I apologize. The question before the body-- seeing no one else in the queue, the question before the body is the adoption of AM120 to LB357. All those in favor vote aye; all those opposed vote nay. Have all voted who would care to? Record, Mr. Clerk.

CLERK: 37 ayes, 0 nays on adoption of the committee amend-- on the amendment, Madam President.

DeBOER: The amendment is adopted. Seeing no one else in the queue, Senator Holdcroft, you are recognized to close on the bill. Senator Holdcroft waives closing. The question before the body is the advancement of LB357 to E&R Initial. All those in favor say aye-- write-- vote aye; all those opposed vote nay. Have you all voted who would care to? Record, Mr. Clerk.

CLERK: 39 ayes, 0 nays on advancement of the bill, Madam President.

DeBOER: The bill advances. Next item, Mr. Clerk.

CLERK: Madam President, next item. General File, LB180, introduced by Senator Clouse. It's a bill for an act relating to the Department of Natural Resources; amends sections 73-101 and 73-813; provides an exception for public lettings and bidding; harmonize provisions; repeals the orig-- repeals the original section. The bill was read for the first time on January 13 of this year and referred to the Government, Military and Veterans Affairs Committee. That committee placed the bill on General File. There's currently nothing on the bill, Madam President.

DeBOER: Senator Clouse, you are welcome to open on your bill.

CLOUSE: Thank you, Madam President and colleagues. I'd like to thank, first of all, Chairman-- Chairwoman Sanders and the Government, Military and Veterans Affairs Committee for advancing LB180 unanimously to the General File. LB180 is filed on behalf of the Department of Natural Resources and is a cleanup to LB565, which was

passed in 2023. And that bill provided the authority to utilize alternative methods of project delivery for projects by the Department of Natural Resources. It would give the Department of Natural Resources the ability to utilize these alternative methods. These types of methods are typically design-build, progressive design-build, or construction manager/ general contractor type contracting methods. These types of contracting methods are used in counties and, and schools and cities, so it's, it's kind of a change in the way that we've been doing contracting from the normal fixed bid contract. This bill is modeled after separate but similar statutory tools already in place for the Department of Transportation and Game and Parks. In other words, they already have the statutory authority to do this. These tools allow exceptions to the standard contracting as found in Chapter 73, and the bill would harmonize the Department of Natural Resources Contracting Act with similar acts of its kind. The goal of allowing exceptions to the standard design-building contracts, as we've seen in many other instances, is to improve quality, speed of delivery, and ultimately, save money for the entities that are contracting out. Simply adding Public Water Natural Resources Contracting Act [SIC] to the list of other alternative delivering contracting acts found in statute and excepted from certain standard contracting requirements found in Chapter 73. So I yield the rest of my time, and urge the green vote on LB180.

DeBOER: Thank you, Senator Clouse. Turning to the queue, Senator McKennedy [SIC], you're recognized.

McKINNEY: Thank you, Madam President. Would Senator Clouse yield to a question?

DeBOER: Senator Clouse, will you yield?

CLOUSE: Yes, I will.

McKINNEY: Thank you, Senator Clouse. Just a couple questions. So with these exceptions to contracts and bidding-- so is there like a threshold of like how high the-- let's say, Natural Resource or whoever puts out a contract or need a contract to build something and it costs \$50,000, it-- I guess I'm trying to wrap my head around these exceptions. Is there thresholds that need to be met to make, make, make these exceptions?

CLOUSE: Yes. Thank you, Senator McKinney. I don't have the exact number, but there are requirements in statute for a project of a

certain level that you're required to go out and get contract bids. What this act has said, OK, once you reach that and you have to go out and bid it, here's some alternative ways to bid them. So there still are statutory requirements for the level that they have to get to, and, and require bidding.

McKINNEY: With these exceptions, if you-- so you wouldn't need a vote or would, would they still need to like, take votes or like, they could just be administratively done?

CLOUSE: They would typically, as I've seen it done in other entities, is you have to go out and you bid for these people or contractors to come in and submit the bid to you. And then you have the criteria, where you select who's going to go out and do the contracting or who's going to do the design-build for you. So the first step is a public bid process, with criteria to determine who's going to do this. And then once that's done, then you work with those folks on, on the design criteria, and they manage and help manage the other contracts as they're awarded.

McKINNEY: OK. Last question. So would it be possible for like a no-bid contract?

CLOUSE: Well, I think it, it-- I don't exactly know that, that answer. But as I've seen it done in other areas, if there's a no-bid up front on the statutory requirements to go out for a public bid, then I think that shifts into a different scenario as to, well, how, how are we putting our bid specifications out and are the changes that we need to make on that? So upfront, you always have to go out and, and request for bids. I, I don't know if that answers the question or not.

McKINNEY: OK. Thank you for answering the questions. Appreciate it.

CLOUSE: OK. Thank you.

DeBOER: Thank you, Senators McKinney and Clouse. Senator Jacobson, you're recognized.

JACOBSON: Thank you. Madam President, I rise in support of LB180. I appreciate Senator Clouse bringing this bill. This is pretty standard practice today in business. If you really want to do more of a design-build, you want to be able to get the best value at the lowest price, this is how you do it. There-- you're not necessarily always looking for the lowest bid. You're looking for who can perform it, who has the capacity to do it. And then you always have the ability when

you go through this process that if you can't agree on prices as you work through the process, you know, you could, you could eliminate that contractor and rebid. But this is certainly standard in business today. You see it all the time. They do it because they can save costs. So I would encourage everyone to get behind this bill. I think it's a good bill. I think it will ultimately save the, the state money if we adopt this kind of process. Thank you.

DeBOER: Thank you, Senator Jacobson, Senator Spivey, you're recognized.

SPIVEY: Thank you, Madam President. Would Senator Jacobson please yield to a question?

DeBOER: Senator Jacobson, will you yield?

JACOBSON: Yes, I will.

SPIVEY: Good morning, Senator Jacobson. I was just wondering and trying to wrap my mind around some of the feedback Senator McKinney asked, around just the no-bid contracts and that process, and I just wanted to make sure I was understanding it correctly. So this wouldn't open it up that there could be no no-bid contracts. There would still be a certain amount of bids that they would have to get in order to continue their procurement of whatever service that they're doing. But it sounds like it might just be like under a certain monetary threshold for that service, say, like \$5,000, they would just get two and can manage it differently. Am I understanding that correctly?

JACOBSON: Yes. Yes you are. And the ones I'm familiar with, that are also referred to as a guaranteed maximum bid, where everyone who wants to bid tells us, here's what I'll do it for. And then you select from that-- from those, those bidders as to who you're going to use. And then you would, you would then work with that contractor to make value-added modifications to lower that bid through the, through the process of value adding it. And so, and, and, and so, so when we talk about no-bid contracts, that's where you go out, find someone, hire them, and, and away you go, and they send you the bill, OK, or they, or they give you what they're going to do it for but you don't open the bidding. In this case, you open it up to bidding, who will give what they will do it for based upon the plans. And then you have the ability to go back to them, and then value engineer it and lower the cost by working with that. So ultimately, your final cost of

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construction would be less, but in no event would it be higher than what they bid.

SPIVEY: And that's because they can negotiate that scope through the process, but the bidding was already open.

JACOBSON: Correct.

SPIVEY: OK.

JACOBSON: Correct.

SPIVEY: Thank you, Senator.

JACOBSON: You're welcome.

SPIVEY: I yield the rest of my time, Madam President.

DeBOER: Thank you, Senators Spivey and Jacobson. Seeing no one else in the queue, Senator Clouse, you're recognized to close on your bill.

CLOUSE: Yes. Thank you. One other point that I would like to add is the design-build contractors, they typically will bid different pieces of the project. So there's always a bid process, so that you can assure that you're getting the best value for, for the contract. Generally, this is accepted practice in public, which hadn't been in the past. But thank you, Senator Jacobson, for your comments, because that, that is something that we're seeing that's pretty common. So with that, I yield my time and I appreciate your vote.

DeBOER: Thank you, Senator Clouse. The question before the body is the advancement to E&R Initial of LB180. All those in favor vote aye; all those opposed vote nay. Have you all voted? Record, Mr. Clerk.

CLERK: 43 ayes, 0 nays on advancement of the bill, Madam President.

DeBOER: The bill advances. Next item.

CLERK: Madam President, next item. General File LB59, introduced by Senator Sanders. It's a bill for an act relating to natural resource districts; amends section 2-3224; provides for the disbursement of funds of a district by electronic payment systems; and repeals the original section. The bill was read for the first time on January 9 of this year and referred to the Government, Military and Veterans

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Affairs Committee. That committee placed the bill on General File. There are committee amendments, Madam President.

CLERK: Thank you, Mr. Clerk. Senator Sanders, you're recognized to open on your bill.

SANDERS: Thank you, Madam President. Good morning, colleagues and Nebraska. LB59 is a cleanup bill relating to how natural resource districts, NRD, conducts business. Current law only authorizes NRDs to make payment by check, warrant, or written instruments. This bill would also authorize ACH and EFT payments. We heard from one NRD that they were spending thousands of dollars a month on paper checks and postage. This is a commonsense update to the NRD statute. It will save money and make these government processes more efficiency-- more efficient. This bill had committee support of 8-0. Thank you, Madam President.

DeBOER: Thank you, Senator Sanders. Senator Brandt, as the chair of the Natural Resources Committee, you are recognized-- oh. Sorry, Senator Brandt. Senator Sanders, as the chair of the Government Committee, you're recognized to open on the committee amendments.

SANDERS: Thank you, Madam President. The Government Committee was unanimous in advancing this bill to General File-- and ask for your green vote.

DeBOER: Thank you, Senator Sanders. Senator McKinney, you're recognized.

McKINNEY: Thank you, Madam President. I have a quick question for Senator Sanders.

DeBOER: Senator Sanders, will you yield?

SANDERS: Yes.

McKINNEY: Thank you, Senator Sanders. So with the allowable-- for them-- for NRDs to be able to do the automatic payments or ACH payments, will they be assessing fees?

SANDERS: I think like any other business that has to pay fees for that, they would. I would check into that and get you that information.

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McKINNEY: OK. Well, I'm just curious if they'll assess fees and then if so, where, where will those fees go to? I'm just curious.

SANDERS: I don't know, but I'll get you that answer.

McKINNEY: All right. Thank you.

SANDERS: Thank you, Senator McKinney.

DeBOER: Thank you, Senators McKinney and Sanders. Senator Sanders, seeing no one else in the queue, you're recognized to close on the committee amendment.

SANDERS: Thank you. AM13, the committee amendment changes the word "automatic" to "automated." This simple correction aligns with common usage-- commonsense usage of the terminology elsewhere in the statute and in banking industry. I think I mixed that up. Please vote green on AM13.

DeBOER: Thank you, Senator Sanders. The question before the body is the adoption of AM13 to LB59. All those in favor vote aye; all those opposed vote nay. Has everyone voted that wants to? Record, Mr. Clerk.

CLERK: 37 aye, 0 nays on adoption of the committee amendment.

DeBOER: The amendment is adopted. Seeing no one else in the queue, Senator Sanders, you're recognized close on the bill. Senator Sanders waives closing. The question before the body is the advancement to E&R Initial of LB59. All those in favor vote aye; all those opposed vote nay. Have you all voted? Record, Mr. Clerk.

CLERK: 35 ayes, 0 no nays on advancement of the bill, Madam President.

DeBOER: The bill is advanced. Next item.

CLERK: Next item, Madam President, General File, LB251, introduced by Senator Jacobson. It's a bill for an act relating to banking and finance.; adopts updates to federal law; changes provisions relating to the use of certain words, loan limits, branch banking, failing financial institutions, credit union branches, surety bonds, and interest rates for damages payable to irrigation districts; defines, redefines, and eliminates terms; harmonize provisions, repeals the original section; and declare an emergency. The bill was read for the first time on January 14 of this year and referred to the Banking,

Commerce and Insurance Committee. That committee placed the bill on General File. There's currently nothing on the bill, Madam President.

DeBOER: Thank you, Mr. Clerk. Senator Jacobson, you're recognized to open on your bill.

JACOBSON: Thank you, Madam Chairman-- Madam President. And good morning, colleagues. Today I'm asking for your green vote on LB251. LB251 is a bill that will update a number of banking and other financial institution-related statutes. So I'll briefly break down the bill's nature into separate categories. (1) it will update the bank lending limit statute to clarify 2 of the exceptions to the limit, loans which are secured by livestock or by warehouse receipts. (2) it will update our statutes which restrict the use of the terms bank, trust savings-- or trusts, savings and loan associations, and credit union to permit entities which have a pending application for one of these charters to use a term allowed to that charter. Third, the bill changes the failing financial institution emergency statute to provide a process for the department to approve an emergency acquisition by a financial institution-- a Nebraska financial institution if a failing institution is headquartered in another state. It changes-- fourth, it changes the publication process for bank and credit union branch applications to provide that the institution, rather than the department, will be responsible for publishing a notice of the filing of the application and obtaining the proofs of publication and payment. (5) it, it amends the Loan Broker Act to exempt credit unions and subsidiaries of banks from coverage under the act. (6) it amends the Residential Mortgage Licensing Act related to mortgage brokers security bonds to add service, service loans to the calculation of supplemental bond amounts. (7) it, it changes the definition of broker dealer in the Securities Act of Nebraska to provide a limited exclusion for certain federally registered broker dealers. (8) it amends section 76-710.02 to set the interest rate in eminent domain acquisitions at the judgment interest rate, rather than being set by the Department of Banking and Finance. (9) it provides for annual reenactment of the, of the depository financial institution's wild card statutes to provide equal rights, powers, privileges, benefits, and immunities for state-chartered banks, savings and loan, and credit unions with their respective federal counterparts. Due to state constitutional restrictions, these statutes are amended annually. And 10-- and finally, it updates cross-referenced federal statutes and regulations to refer to these statutes and regulations as they existed in January 1, 2021. So again, I would appreciate your support for this important bill. And thank you, Madam President.

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DeBOER: Thank you, Senator Jacobson. Senator McKinney, you're recognized.

McKINNEY: Thank you, Madam President. Would Senator Jacobson yield to a question?

DeBOER: Senator Jacobson, will you yield?

JACOBSON: Yes, I would.

McKINNEY: Senator Jacobson, I have a curious question, a couple. What is the process of getting a bank charter in the state of Nebraska?

JACOBSON: Well, I've been through that process. You first have to fill out the application. You've got to be prepared to put up the initial capital. Then you also have to have a significant plan of projections on how you're going to become profitable, how you're going to gather your deposits, where your loans are going to come from, basically laying out why you're confident that you can make the charter work. And then a big part of it is also who do you plan to have on your board of directors and, and what-- who-- who's going to be a part of your banking leadership? All of those things are critical to having a successful charter. I would tell people, if you want to start a new charter today, go for it. But I'm not sure I would be brave enough to do it again today. My charter was back in 1998 when I wasn't-- I was, I was young and stupid, so it, it, it, it just worked.

McKINNEY: How long did it take you?

JACOBSON: Well, and I remember when we were at Christmas at my in-laws and I had a computer and I was doing projections on-- in Excel and, and laying out the projections for how the bank would work. And so I probably spent about 8 months putting everything together. And we started out as a true de novo in North Platte. So we had 3 initial employees. And so, I wasn't checking account number one. One of the other two got checking account number one. But, but I would tell you, it's not for the faint of heart. You have to be really gutsy or really stupid if you're going to do it. So.

McKINNEY: OK. And last question. Why would somebody choose to open a bank charter or a credit union? What's, what's the differences?

JACOBSON: Well, credit unions are member-owned. And so we're talking about a different animal here. And I'm not familiar with the process of starting a credit union. I can tell you that when it comes to

banks, of course, there are stock companies. They have shareholders and they put their capital up. And then, then the key is going out and growing as quickly as you can. Today, people would, would do a new charter as opposed to making an acquisition, because you pay premiums to buy-- to make an acquisition. So you might pay as much as two times the book value. So if you've got a bank that's got 8% capital and they're a, they're a, say, \$1 billion bank, and you're-- but you wouldn't be looking probably that high. But if you're a \$1 billion bank and you look at what their capital level is, you might have to pay double the capital level to be able to buy it. And then you must feel like you've got enough income and, and ability to grow it to be able to recapture that premium that you paid. When you do a de novo charter, you're not paying any premiums, but you're probably going to be very lean earnings in the early years. In fact, you'll lose money your first year unless you're really good. So that's the challenge.

McKINNEY: All right. Thank you.

JACOBSON: You're welcome.

DeBOER: Thank you, Senators Jacobson and Senator McKinney. Seeing no one else in the queue, Senator Jacobson, you're recognized too close.

JACOBSON: Well, again, most of the-- all these changes were brought by the Department of Banking. They were a little more extensive this year because they must have had some time to go back and read through a lot of outdated statutes and, and, and do updates. And so, this is basically a cleanup bill that incorporates any wild card language. So it's, it's a pretty straightforward bill. There's no hidden pieces in here. There should be no speed bumps, so I would encourage your green vote.

DeBOER: Thank you, Senator Jacobson. The question before the body is the advancement to E&R Initial of LB251. All those in favor vote aye; all those opposed vote nay. Have you all voted? Record, Mr. Clerk.

CLERK: 41 ayes, 0 nays on advancement of the bill, Madam President.

DeBOER: The bill advances. Next item.

CLERK: Next item, Madam President, LB250, introduced by Senator Jacobson. It's a bill for an act relating to banking; amends Section 8-126; changes provisions relating to the composition of the board of directors of a bank; and repeals the original section. The bill was read for the first time on January, January 14 of this year and

referred to the Banking, Commerce and Insurance Committee. That committee placed the bill on General File with committee amendments, Madam President.

DeBOER: Senator Jacobson, you're recognized to open.

JACOBSON: Thank you again, Madam President, and good morning, colleagues. Today I'm asking for your green vote on LB250. LB250 would amend section 8-126 of the Nebraska Banking Act. Let me give you a little history on this statute. Section 8-126, at least as far back as 1963, provided that a majority of the members of the board of directors of a state-chartered bank be residents of the county where such bank was located, or the counties immediately adjacent thereto and of this state. This, of course, was before the prohibition on branch banking in Nebraska was eliminated. In 1986, Senator DeCamp brought LB1035 to modify this requirement to bring-- to provide that a majority of the direct-- directors be from this state and that reasonable efforts be made to acquire members of the board of directors from the county in which the bank was located. In 1998, the Banking, Commerce and Insurance Committee introduced LB996, which allowed a majority of the members of the board of directors to have residence in Nebraska or residences within 25 miles of the bank's main office. In 2017, the current version of the law was adopted to allow reasonable efforts for directors to be from the county in which the main, main office is located, or counties where branches were located. LB1035, which set forth the first modification of 8-126 since the allowance of branch banking was passed in 1986. In the midst of the '80s banking crisis, in all, 22 banks closed in Nebraska that year. In 1986, according to the FDIC, there were 437 commercial banks operating in Nebraska. Today, today, there are approximately 136 state-chartered banks in Nebraska. The last 4 decades have been a significant-- there's been a significant rise in mergers and consolidations, both in Nebraska and includes the expansion of Nebraska banks into other states. This was reduced-- this, this has reduced not just the number of bank charters, but also the number of family-owned banks. I'm introducing LB250 to modernize the requirements for residency of bank directors for Nebraska banks. If passed, the bill would require Nebraska state-chartered banks to make reasonable efforts to have a majority of its board of directors to be made up of individuals who have their residences as follows: A, in the state of Nebraska; B, within 25 miles of the main office of the bank; C, in the county in which the main office of such bank is located; or D, in a county in which the branches of such bank are, are located. In changing these residency requirements, LB250 accomplishes 2 things. First, as

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Nebraska state-chartered banks operate now in other states, it would allow boards to maintain a balance with representation from each state. For instance, a bank headquartered in Nebraska with branches in Wyoming and Colorado could maintain the balance-- number of directors from each of the 3 states in which it is marketing. Second, it ensures banks can recruit the best and most qualified individuals to serve on their boards. Again, I would appreciate your support for this important bill. Thank you, Madam President.

DeBOER: As the Clerk-- thank you, Senator Jacobson. As the Clerk mentioned, there are committee amendments. Senator Jacobson, you're recognized to open on the committee amendments.

JACOBSON: I'll be with you shortly, Madam President. Thank you, Madam President, for your patience. And good morning again, colleagues. AM58 is a very simple amendment. It doesn't change anything substant-- substantively with the bill. It just breaks out the individual requirements of residency into separate subsections so that the readers of the statute can better understand the requirements are separate, and that the board member only needs to meet one of them. Again, I appreciate your support on, on this amendment to LB250. Thank you.

DeBOER: Thank you, Senator Jacobson. Seeing no one else in the queue, Senator Jacobson waives his closing on the amendment. The question before the body is the adoption of AM58 to LB250. All those in favor vote aye; all those opposed vote nay. Have you all voted? Record, Mr. Clerk.

CLERK: 40 ayes, 0 nays on adoption of the committee amendment, Madam President.

DeBOER: The amendments are adopted. Seeing no one else in the queue. Senator Jacobson, you're recognized to close on the bill. Senator Jacobson waives closing. The question before the body is the advancement to E&R Initial of LB250. All those in favor vote aye; all those opposed vote nay. Have you all voted? Mr. Clerk, please record.

CLERK: 43 ayes, 0 nays on advancement of the bill, Madam President.

DeBOER: The bill is advanced. Mr. Clerk, for items.

CLERK: Thank you, Madam President. Items for the record. Your Committee on Health Human Services, chaired by Senator Hardin, reports LB22, LB41, LB160 to General File, all having committee amendments.

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Additionally, your Committee on Education, chaired by Senator Murman, reports LB296 and LB335, both to General File. Notice of committee hearing from the Health and Human Services Committee, as well as the Appropriations Committee and the Natural Resources Committee. New LR, LR40 from Senator Brandt. That would be laid over. As it relates to LR40, communication from the Speaker. Pursuant to Rule 4, Section 8, please refer legis-- LR40 to the Referencing Committee for purposes of referral to the appropriate standing committee before a-- conducting a public hearing. Name adds: Senator Machaela Cavanaugh to LB42, Senator McKeon to LB468, and Senator Kauth to LB468. Finally, Madam President, a priority motion. Senator Dungan--

DeBOER: Mr. Speaker, for an announcement.

ARCH: Thank you, Madam President. Colleagues, I just wanted to give you my view of Thursday, Friday of this week, and what's-- what, what I anticipate happening. First of all, thank you very much. Thank you very much to the committees-- doing great work, moving, moving bills to the worksheet. We're moving, we're move-- moving well through the worksheet. And floor debate is good, so thank you very much. We-- with that, I would say tomorrow, we will have a couple General File bills that are ready, and some Select File. So we will meet tomorrow morning at 10:00, and I would anticipate we will convene at 10:00 on Friday, as well, again, as a result of your hard work. And that's it. We did receive some additional bills from committees today and appreciate that very much. So we'll be ready for next week. Thank you, Madam President.

DeBOER: Thank you, Mr. Speaker. Mr. Clerk.

CLERK: Madam President, pursuant to that announcement, the-- Senator Dungan would move to adjourn the body until Thursday, February 6, 2025, at 10:00 a.m.

DeBOER: Colleagues, you've heard the motion. All those in favor of adjournment, say aye. All those opposed, say nay. We are adjourned.