

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee February 27, 2025

SANDERS: Good afternoon, and welcome to the Government, Military (and) Veterans Affairs Committee. I am Senator Rita Sanders from Bellevue, representing District 45, and I serve as the chair of committee. This public hearing is your opportunity to be part of the legislative process and to express your position on the proposed legislation before us. Please note that due to similar topics addressed by some of the bills, they will be heard in a combined hearing today. Those bills that are combined are listed on the agenda. Otherwise, we will proceed as usual for any other bills on the agenda. In the combined bill process, you will be able to testify on one or both of the bills at the same time. If you are planning to testify today, please fill out one of the green testifier sheets for each of the bills that you are testifying on. These are on the table in the back of the room. Be sure to print clearly and fill it out completely. When it is your turn to come forward to testify, give the testifier sheet to the page or the committee clerk. If you do not wish to testify but you would like to indicate your position on the bill, there are yellow sign-in sheets on the back table for each bill. These sheets will be included as an exhibit in the official hearing record. When you come up to testify, please speak clearly into the microphone and tell us your name, and spell your first and last name to ensure we get an accurate record. Individuals who will be testifying will be granted three minutes to present their testimony. We will begin the hearing today with the first bill being heard in the standard process, with the introducer's opening statement, followed by the proponent of the bill, then opponents, and finally, anyone speaking in the neutral capacity. We will finish with a closing statement by the introducer, if they wish to give one. The first bill on the agenda, we'll use this procedure, then we will take a five-minute break, reset the room for the combined bills being heard. Each introducing Senator will give their opening remarks. Testifiers will come up in the order of rows seating, starting with the right of the room, and we will go row by row; we will not use our usual procedure of proponents, opponents, or neutral. When it is your turn, you will announce your opening, which-- on your opening which bill you are testifying on, and your position. Please complete a green testifier sheet for each bill that you wish to testify for. After you have testified, we will need to exit the room to move to the back of the room, if there are open seats today. Again, if you're planning to testify today, please fill out one of the green testifier sheet for each of the bill you are testifying on. These forms are on the table in the back of the room. We will be using the three-minute light system. Also, committees [SIC] will come and go during the hearing. This has nothing to do with the importance of the

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bills being heard; it is just part of the process, as senators may have bills to introduce in other committees. A few final items before. If you have handouts of copies of your testimony, please bring up at least 12 copies and give them to the page. If you do not have enough copies, the page will make sufficient copies for you. Please silent or turn off your cell phones. You may see committee members using their electronic devices to access more information. Verbal outbursts or applause are not permitted in the hearing room; such behavior may cause for you to be asked to leave the hearing. Finally, committee procedures for all committees state that written position comments on a bill be included in your record must be submitted by 8 a.m. the day of the hearing. The only acceptable method of submission is via the Legislature's website at nebraskalegislature.gov. Written position letters will be included in the official hearing record, but only those testifying in person before the committee will be included on the committee statement. I will now have the committee members with us today introducing themselves, starting on my far right.

GUERECA: Good afternoon. My name is Dunixi Guereca. I represent LD7, downtown and south Omaha.

J. CAVANAUGH: John Cavanaugh, District 9, midtown Omaha.

LONOWSKI: Good afternoon. Dan Lonowski, District 33: Adams County, Kearney County and rural Phelps County.

WORDEKEMPER: Welcome. Dave Wordekemper, District 15: Dodge County, western Douglas County.

MCKEON: Dan McKeon, District 41, central Nebraska, eight counties.

SANDERS: Thank you. Senator Bob Andersen is the vice chair for the committee, but he is not available today. For stand in will be Senator Lonowski. Also assisting the committee today, to my right is our legal counsel, Dick Clark, and to my far left is committee clerk Julie Condon. We have two pages with us today, if they would please stand and introduce yourselves.

RUBY KINZIE: Hello, I'm Ruby Kinzie. I'm a third-year political science major at UNL.

SYDNEY COCHRAN: Hi, I'm Sydney Cochran, and I'm a first-year business administration and U.S. history major.

SANDERS: Thank you all for being here today. We will now begin the hearing on LB636. Welcome, Senator Ibach.

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IBACH: Thank you very much. Good nap-- good afternoon, Chairwoman Sanders, and members of the Government, Military and Veterans Affair(s) Committee. Today, I'm happy to introduce LB-- excuse me. My name is Teresa Ibach, T-e-r-e-s-a I-b-a-c-h. Today, I'm happy to introduce LB363-- or, LB636 for your consideration. LB636 is a simple bill that seeks to lower the tax burden our property tax payers face. LB636 requires state reimbursement for medical costs incurred for providing medical services to county jail inmates. For background, the United States Supreme Court has held that the Eighth Amendment to the United States Constitution requires governmental entities provide adequate health care coverage to prisoners. Normally, when a person is incarcerated for any length of time, they will lose access to their private health insurance or their Medicaid eligibility, leaving medical costs to be paid by the county taxpayer. These counties do their best in estimating their medical costs based upon historical averages, however, these costs can be extremely volatile. There are times where there will be 1 or 2 inmates who require complex medical interventions. They can and will consume the entire medical budget quickly, during the times that these inmates are incarcerated, forcing the county to cut services elsewhere or to raise property taxes to cover these costs. My office was provided data by the Nebraska Association of County Officials that showed the rough medical costs for fiscal year '22 and fiscal year '23 for all counties except for Douglas and Lancaster. You can see there are many counties that show their shifts in the cost of providing medical care to inmates. There are multiple instances where the medical costs are relatively similar between fiscal year '22 and '23, but then, there are massive swings. For instance, medical costs in Adams County had \$142,000 variance-- excuse me, had \$142,000 variance between fiscal year '22 and '23, and there was \$120,000 variance in Buffalo County between the two fiscal years. Thayer County, a county that has a population of 4,900 people, had a variance of approximately \$20,000. While it seems like a relatively low variance compared to other counties, the difference in cost between fiscal year '22 and '23 "eekled" a-- equaled a 12,417% increase. While this-- while the spreadsheet does not include Douglas or Lancaster County, the cost for Douglas County was estimated at nearly \$11 million in 2023, and since Lancaster County has roughly 48% of the average daily population of Douglas County, that would be roughly, roughly estimated at about \$5 million, which is how we arrived at the \$21 million appropriation in the bill. Section 2 and 3 of LB636 increases various fees that are to be paid to sheriffs for certain services they provide, to better represent the costs of the services provided. While some of the fee increases seem to be large, that is mostly because these fees have not been adjusted in quite some

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time, and some of them, up to 50 years. Some fees, such as the fee to serve capias with commitment or a bail bond in return, or the fee on serving a warrant-- search warrant have not been changed since the-- at least 1969. There will be testifiers following me, who will express concerns on the amount the fees are being increased, but based upon my conversations with them, they also understand that the current fees are currently far too low. I look forward to working with these individuals to come to a resolution that everyone can live with. Ultimately, these costs are borne by the county property tax payer. If we are looking for ways to provide property tax relief, I fully believe that this should be part of the solution. Sheriff Miller from Buffalo County and someone from NACO will be testifying in support following me, and will be better equipped to answer questions as to why this bill is needed. With that, I thank you for your time. I ask for your support of LB636, and once we're able to hopefully come to an agreement on the Sections 2 and 3, those increases, we'll have an amendment to speak to those as well. Thank you very much.

SANDERS: Thank you, Senator Ibach. Are there any questions from the committee? Not at this time. Will you stay for closing?

IBACH: For sure. Thank you.

SANDERS: Thank you, Senator. We'll now open for proponents on LB636. Good afternoon. Welcome.

NEIL MILLER: Good afternoon, Chairperson Sanders, and members of the Government, Military and Veterans Affairs Committee. My name is Neil Miller, N-e-i-l M-i-l-l-e-r. I'm the Buffalo County sheriff. I'm here today test-- testifying on behalf of-- in support of-- I'm sorry-- LB636. Thank you, Senator Ibach and Storer for introducing this legislation, and for allowing me the opportunity to testify today. LB636 deals with two issues, the first being medical costs in county jails in Nebraska. Most county jails have seen a drastic increase in the cost to provide medical care to incarcerated individuals. I would like to share with you the actual numbers for Buffalo County. In 2021-2022 fiscal year, we budgeted \$150,000 for medical care. That year, we spent \$194,981. The 2022-2023 fiscal year, we budgeted \$300,000 and spent \$315,000. 2023-2024, we budgeted \$375,000 and spent \$450,000. The current year, '24-'25 fiscal, we have budgeted \$400,000 and have spent \$441,917 and are only seven months into the fiscal year. These kind of increases are not sustainable for county budgets. Counties have an obligation to provide adequate medical care as required by Nebraska jail standards and various case law in this area. These increases are not solely based on increased inmate population,

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as our inmate population has actually decreased over the last two years, but rather, increased costs and a sicker inmate population needing medical services have caused this. Any assistance from the state would help ease this burden at the county level. The second area of LB636 deals with increasing the fees charged by sheriffs for the service of court documents. A Google checks of those states who border us shows the average cost as follows: Wyoming, \$50; South Dakota, \$50; Kansas, \$15 in-state, \$25 out-of-state; Iowa, \$50 to \$100; Missouri, \$30; Colorado, \$25 to \$100. All of these with the addition of mileage. Furthermore, it's been decades since [INAUDIBLE] papers and services included in this bill have been increased. By undercharging for the cost of this service, we are creating an unfunded man-- underfunded mandate on county government that is being subsidized by property taxes. Again, thank you for the opportunity to speak to you today about LB636. I would be more than happy to answer any questions.

SANDERS: Thank you, Sheriff Miller, for being here today. Appreciate it. Are there any questions from the committee? Senator Cavanaugh.

J. CAVANAUGH: Thank you, Chair. Thanks for being here, Sheriff. So, there's basically two parts of this bill. Distinct issues. So, on the first one, which-- would this-- state be on the hook for that whole bill? And you kind of went through those numbers really quick on each year.

NEIL MILLER: I was-- yeah.

J. CAVANAUGH: I was trying to write them down, but I-- I appreciate it, but-- so, I think one year was-- 305 was budgeted and 450 was the cost. Is that the second most recent year that--

NEIL MILLER: 2022-2023 was \$300,000 budgeted, \$315,000 spent.

J. CAVANAUGH: Oh, OK.

NEIL MILLER: 2023-2024 was 375-- \$375,000 budgeted and \$449,665 spent. And then this year-- we bumped it every year to kind of raise it up. We saw it wasn't enough. This year we budgeted \$400,000, and we have spent \$441,917 in the first seven months of the budget year.

J. CAVANAUGH: OK. And so, just for Buffalo County, how much would-- what would this bill cover?

NEIL MILLER: As far as these costs?

J. CAVANAUGH: Yeah.

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NEIL MILLER: So, the-- this would cover the cost of medication, hospitalization, having a, a, a, a nurse on site at the facility, having dental care, eye care-- all of those things are a part of the one line item that we have for medical services for the jail.

J. CAVANAUGH: So, it would cover the full \$449,600, then? From that one year, from 2022-2023 or '23-'24?

NEIL MILLER: Yeah, that, that is the total amount that was spent for medical services out of that line item of the jail budget.

J. CAVANAUGH: But I guess under this bill, the state would pick up the tab for all of that?

NEIL MILLER: You know, as I understand it, I don't know that exactly how that would look as to what they would pick up. I, I don't know that we're saying it should be all picked up, but what we're saying is these catastrophic increases are, are very difficult to deal with when-- especially with legislation last year that, that basically limited the amount of increase that counties and cities can have. These are huge, double-digit increases that I don't know how we pay for them--

J. CAVANAUGH: Yeah.

NEIL MILLER: --without reducing services at some other point or some other place.

J. CAVANAUGH: Well, I don't know if Douglas County is going to be here, but I know that they have had a huge increase in just their, their insurance costs and the, like, medical costs for the jail itself as well. So-- well, and my other question is on the fees. So, you said it was on service fees. Who, who pays that fee?

NEIL MILLER: It depends on what it is. If it's a civil case, then obviously the plaintiff's attorney typically is who's paying to have those papers served, and so they're paying the sheriff. Same way, if we get into some of the writs where we're going to take property, or where we're going to, to seize something for a plaintiff; those, then, are paid by plaintiff. The plaintiff attorney typically will prepay some of those costs, and we'll have that money so we can go serve that paper. Some of those are a state-- we call them a state case fee, which are the warrants and those kind of things. Those end up being paid for by the county and then remitted back to the county. So--

J. CAVANAUGH: So in a capias, which is a warrant, right?

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NEIL MILLER: Right.

J. CAVANAUGH: An arrest warrant?

NEIL MILLER: Uh-huh.

J. CAVANAUGH: The county pays that?

NEIL MILLER: Well, what happens is because we have to be able to account for the money that comes in, some fees are the responsibility of the county to pay. So, we'll do-- we will do a claim to the county for that; it becomes State of Nebraska v.-- OK? And then, we'll submit that claim, and then we, we bill the county for itself. But then, because of how bookkeep-- again, you got to understand, this system of civil process is probably 150 years old, you know? That-- and it's-- a lot of these things have been around the same way, and the same language in these bills. When you go back and look at that language, it's been back there a long-- it goes back a long ways. So, we end up paying ourselves for that bill just to make sure that the books match and that we have an accounting of all the funds that are coming through.

J. CAVANAUGH: So-- I mean, I, I guess I-- then-- I understand if the county's paying it, I understand the civil part. But why, in the criminal process, if, if the county is the one picking up the tab, why is that-- why are we increasing it? Does it matter that the-- that Buffalo County accounting reflects \$25 as opposed to \$2?

NEIL MILLER: You know, I think it goes to say just that we, we sit on these because these fees end up in, in statute. There is no way to adjust them except, except to change the statute. And I think when we looked at all of these, we wanted to look evenly across the board at what those costs were and, and apply kind of the same thing to all costs associated with serving any kind of a paper by a sheriff's office.

J. CAVANAUGH: OK. All right. Thank you.

SANDERS: Are there any other questions? Senator Lonowski.

LONOWSKI: Thank you, Chair Sanders. Thank you, Sheriff Miller, for your time and for your dedication. So, I-- I'm mostly looking at the second part of this.

NEIL MILLER: OK.

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LONOWSKI: So, did you raise everything to \$25?

NEIL MILLER: You know, I'm not exactly sure what that raise was. We worked with NACO to come up-- we did a study, and they studied what the costs were based upon what the counties were currently being-- or, were charging versus how much time the county put into some of these papers. So, NACO came up with what that should look like, or what they felt that that amount would look like under the new fee scale.

LONOWSKI: OK. And so, where do these papers come from? Like a-- the warrants, or the collection fees, or what have you.

NEIL MILLER: So, some of them come from the county and district court-- well, all of them come from county or district court. Some of them are civil, in civil cases. So, if I sue my neighbor and I want them to know that I've sued them, I, I ask the sheriff to serve a notice-- which is called a summons-- to let them know that they've been sued. Then, you have the cases where, like Senator Cavanaugh talked about, those are state cases where it's the State of Nebraska v. someone. Typically, those are a criminal case, and so there are both those two different types of papers that are out there that sheriffs serve in the state.

LONOWSKI: OK. Is your deputy who goes out to serve this, is he on the clock at the time?

NEIL MILLER: Absolutely.

LONOWSKI: Or is this like extra duty?

NEIL MILLER: No, they're, they're paid an hourly wage, and that is a part of the duties that they do. And that was what was used in order to try and determine what some of these cost increases should be, was if, if you have seen, we've had a lot of difficulty in hiring law enforcement officers, and a lot of the salaries of law enforcement officers have gone up in the state in order to attract and retain people to do this job. As a result of that, that pushes these fees even further out from some of them. Again, decades old since they've been looked at or changed.

LONOWSKI: OK. I heard something about mileage. So, if a deputy is on duty,--

NEIL MILLER: Mm-hmm.

LONOWSKI: --is he in his own vehicle or in a vehicle of the county?

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NEIL MILLER: He's, he's driving a vehicle owned by Buffalo County. The mileage that we charge is based upon what the DAS sets the mileage rate to be, and then that money is remitted back to Buffalo County.

LONOWSKI: So, that driver doesn't receive it. It goes--

NEIL MILLER: No.

LONOWSKI: --back to the county to help pay?

NEIL MILLER: That's correct.

LONOWSKI: And is-- does the driver receive any compensation, or is that considered part of his duty?

NEIL MILLER: That's part of the duty that he has that he's being paid a salary and benefits to do.

LONOWSKI: OK. One, one of my concerns, sir, is that this will all get-- this will all get pushed to the guy who owes money who can't afford to pay what he's got now, and so he's going to have to-- now he's going to have an extra fee of having to pay for this. But I got to mull this over for a while. Thank you for your testimony.

NEIL MILLER: Absolutely. Thank you.

SANDERS: Thank you. Any other questions? See none. Thank you very much for your testimony.

NEIL MILLER: Thank you.

SANDERS: Proponent? Welcome.

BRAD JOHNSON: Good afternoon, Chair Sanders, and members of the Government, Military and Veterans Affairs Committee. My name is Brad Johnson, spelled B-r-a-d J-o-h-n-s-o-n. I'm appearing before this committee in my capacity as director of Lancaster County Department of Corrections. I'm here to testify on behalf of the Lancaster County Board of Commissioners and my department in support of LB636. The provisions of governmental services at the county level is defined by statutory mandates from the state. Each year, the Lancaster County Board makes tough decisions during the budget process to balance ensuring a reasonable property tax rate for our citizens against the provisions of critical mandated services. One of the county's most prominent mandated responsibility is operating the county jail, including providing inmate medical care. Our county jail averages--

our county jail's average daily population has continued to grow during my 33-year career. In 2015, our average daily population was 538.9 inmates per day; in fiscal year 2024, we had an average of 692 inmates per day. Alongside that increase in population, the medical needs of these individuals and the level of constitutionally-mandated care has increased as well. Our facilities' medical care costs totaled \$4,320,543 in fiscal year 2024, including \$3,799,186 to contract with our in-house medical provider. Our medical provider currently employs 24 full-time, dedicated medical professionals. As you know, the cost of hiring and retaining quality medical professionals has become an increasingly expensive endeavor in the current employment market, and we are grateful for the exceptional staff who care for those in our charge. Notwithstanding the quality of our team, inmate medical needs can exceed our in-house capabilities, requiring hospital visits and even hospital stays. In the last quarter of 2024, 14 separate inmates were admitted to the hospital, including-- excluding trips to the emergency room, there was a total of 73 days during that quarter with at least one inmate admitted to the hospital with a single hospital bed occupied on 48 days, two beds occupied on six days, and three beds occupied on nine days. Property tax growth cannot be controlled without a well-designed and reliable state plan for funding services that counties are mandated to perform, like inmate medical services. Because the property tax payers of Lancaster County currently bear the entire \$4.3 million price tag for inmate medical services, LB636 will result in direct and immediate property tax relief for the Lancaster County residents. In order to build upon the Legislature's continued successful work to lower property taxes for our constituents, we respectfully ask you to advance LB636. Thank you to Senator Ibach for introducing LB636, and thank you for the opportunity to testify, and for your service to our great state. I would answer any questions that you may have.

SANDERS: Thank you, Mr. Johnson. Check with the committee, if there are any questions. Senator Cavanaugh.

J. CAVANAUGH: Thank you, Chair. And thanks for being here, Mr. Johnson. I appreciate the numbers on that. So, your average daily inmate-- basically the number of people you had, there were 692 in 2024? How many of those were folks who were serving a sentence versus how many were awaiting trial?

BRAD JOHNSON: We-- I want to say it's around 65% are pretrial, 35% are sentenced.

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J. CAVANAUGH: And sentence, I guess, in the bill would include post-release supervision, probation violation, parole--

BRAD JOHNSON: Correct.

J. CAVANAUGH: --those sort of things.

BRAD JOHNSON: Yes.

J. CAVANAUGH: So, my-- just looking at this, I'm wondering if the bill-- well, so, do you have to provide medical services for people, anybody who's incarcerated in the jail?

BRAD JOHNSON: Yes.

J. CAVANAUGH: Or anybody who's in there, including pretrial detention as well as sentenced?

BRAD JOHNSON: Yes.

J. CAVANAUGH: So, I-- and maybe I'm reading the bill wrong, but my read of the bill would be it only applies to medical services apply-- covering folks who are serving a sentence. Is that right?

BRAD JOHNSON: That's not how I read it, no.

J. CAVANAUGH: OK.

BRAD JOHNSON: I think it says anybody in custody, if I'm--

J. CAVANAUGH: "Inmate means a person sentenced to or confined in a county jail, including, but not limited to, any person serving a custodial sanction imposed in response to a violation of probation, parole or post-release supervision." So, you, you read "confined in a county jail" to include people serving--

BRAD JOHNSON: Yes.

J. CAVANAUGH: --a pre-sentence. OK. What-- do you know what the breakdown of the costs are, in terms of people serving a sentence versus people being detained before they've been found guilty of a crime?

BRAD JOHNSON: Breakdown of-- I've-- no, I don't understand the question. I'm sorry.

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J. CAVANAUGH: Well, so your cost was \$4.3 million. 65% of the people in your, in your jail were there before they've been convicted, right?

BRAD JOHNSON: Correct.

J. CAVANAUGH: Do the people that are there before they're convicted make up more-- 65% of the cost for medical services?

BRAD JOHNSON: I don't have-- I don't have that breakdown. I mean, I, I could definitely try and figure that out. I would venture to say-- I, I-- we probably have our pretrial pop-- population is probably a population that has more medical needs because usually they come in with care that isn't being taken-- or dealt with while they're outside of our care, and then we bring them in, try and get them, you know, stab-- stabilized and on the medications and so forth. So, it's probably-- once, once they're sentenced, then with us, some of that medical care probably drop-- drops off.

J. CAVANAUGH: OK. So, they might make up a disproportionate share of their cost per, per capita, then?

BRAD JOHNSON: I would-- just taking a guess, that would be my, my, my guess, yes.

J. CAVANAUGH: OK.

BRAD JOHNSON: Without doing-- going back and trying to pull everybody that we care, care for and look at what their status was at the time, I, I can't tell you with 100% certainty.

J. CAVANAUGH: So-- and, and I'm-- not what you're here to testify about, but what's inherently implied in this is-- couldn't we save Lancaster County somewhere in, like, \$2.3 million a year by not incarcerating people before they've been found guilty?

BRAD JOHNSON: Well, Senator, I, I don't have any choice on who comes into my jail, so I'm sorry, but--

J. CAVANAUGH: Right. And-- I, I guess maybe more I'm testifying than you are at this point, but--

BRAD JOHNSON: Yeah. OK.

J. CAVANAUGH: But would-- wouldn't you agree that there is a property tax implication in our, our policy of detaining people before they have been convicted of a crime?

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BRAD JOHNSON: That is certainly true.

J. CAVANAUGH: OK. Thank you.

BRAD JOHNSON: Sure.

SANDERS: Any other questions from the committee? See none. Thank you, Mr. Johnson, for your testimony. Any other proponents on LB636? Welcome.

WILLIAM RINN: Good afternoon. Chair Sanders, "metter"-- members of the committee, thank you for hearing our testimony. My name is William Rinne, W-i-l-l-i-a-m R-i-n-n. I am the chief deputy of administration under Aar-- Sheriff Aaron Hanson out of Douglas County, and I'm here testifying on his behalf today, and the behalf of the department. Whereas the sheriff of Douglas County doesn't operate a jail, we're here in support of LB636 to be good partners with our fellow sheriffs. As the chief financial officer of the Douglas County Sheriff's Office, I'm all, all too familiar with the volatility in attempting to plan budgeting. I think that both jail administrators and county boards appreciate anything that can help hone in on stabilizing in the predictive models that they can, which is very difficult to do when they're constantly being-- in Douglas County-- hit with higher costs of health care, inmate fluctuation, contracts, et cetera. So, we feel this bill and, and a-- the ability to have some planning and assurance that some costs will be reimbursed helps stabilize the budget planning process, which is what everybody's trying to achieve. As to the second I'm here permit-- per-- also, as to the second part of this bill, we serve thousands and thousands of process in Douglas County every year. I can tell you that we are always upside down on costs, that it is associated with that. I try to put a little bit of perspective in that. Whereas our, our peer partners and sheriffs and other parts of smaller entities may send one process server, one deputy, the sheriff's office in Douglas County is one of the few sheriff's office that actually use civilian process servers, but we can only use them for so many things. Because of the nature of a major class metropolitan area, certainly there's increased numbers of, of everything to include those persons who would harm us, so we have to go through threat matrix, and that often has us doing two and three deputies at-- and four at a time where we can only serve one person at a time, and it occupies all their time. Plus there's only mileage and reimbursement for one of those according to current statutes, especially if you're dealing with one or more persons. So, increasing the rates and an ability to extend mileage out when more than one person's being served or, or more than one officer is going to serve

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would improve the ability to offset some of this money. Obviously, we will not recoup all of it; that-- that's a near impossibility, but we're trying to be, again, in a place where we can better predict what our costs are going to be. And I thank you for hearing my testimony.

SANDERS: Thank you. Check to see if there any question-- is it Sheriff Rinn?

WILLIAM RINN: Chief deputy.

SANDERS: Chief Deputy Rinn. Senator Cavanaugh.

J. CAVANAUGH: Thank you, Chair. Thanks for being here, Chief Deputy. You probably don't know what the average population of Douglas County Corrections is right now, do you?

WILLIAM RINN: I would not have any idea, no.

J. CAVANAUGH: Yeah. There's been times where I knew it off the top of my head, but not today.

WILLIAM RINN: It does fluctuate. I do know that they are-- have a very robust pre-trial release program to try and keep that population down. They've had some very good success, as, as Director Myers would tell you. And they're, they're under what they normally are for incarceration rates. I wouldn't want to guess on his behalf what that is right now.

J. CAVANAUGH: Yeah. Well, I, I know that they've been down overall in the last couple of years, and they've been doing a good job on-- you're right-- on the pre-trial release. When those folks are on pre-trial release, do you know if we're on the hook for paying for their medical care?

WILLIAM RINN: I would not want to guess on that, sir.

J. CAVANAUGH: Yeah. Maybe somebody else would come up and be able to tell me that. In terms of the-- when you're sending multiple folks, is it more the process serving of the civil stuff, or is it going to be more the criminal, like, capias warrants, search warrants?

WILLIAM RINN: I would say it'd be a fair balance of both, because we have the-- certainly the criminal ones are going to be higher-risk, inherent in nature; if they're not just a, a property crime, if we're going after robbery suspects or someone who has, you know, violated probation, et cetera. But on the civil side, you know, when we're

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talking about serving papers for taking people's property, their homes, we run into a fairly increasing amount of Posse Comitatus persons who are willing to fight it out with the police. And in our research, we find that, and we know that. We're sending armed persons with those civil process servers two and three at a time to make sure to keep the peace. Luckily, we've had, in the last 18 months, a civil process server who didn't use our vetting system, and there were shots fired, and the-- and that suspect ended up being killed by the Omaha police, if you recall. It's been about 18 months, but--

J. CAVANAUGH: Yeah.

WILLIAM RINN: So, we take that seriously and we want to keep everybody safe. To include the people we're serving process on.

J. CAVANAUGH: And, and-- obviously, that's good. An ounce of prevention, right?

WILLIAM RINN: Sure.

J. CAVANAUGH: In terms-- and you did have Omaha police-- that was going to be my next question. So, you guys charge a-- this fee for service of a search warrant and a capias, but Omaha police also execute search warrants and capias. Do they charge a fee as well?

WILLIAM RINN: Not through our office, no.

J. CAVANAUGH: OK. All right. I guess I didn't know this was a sher-- sheriff-specific related. Is there a separate section that would cover them for this fee? You're, you're not here to testify on that. I'm just-- I'm thinking out loud.

WILLIAM RINN: I wouldn't be familiar with it.

J. CAVANAUGH: What's that?

WILLIAM RINN: I would not be familiar with that.

J. CAVANAUGH: All right. Thanks for being there.

SANDERS: Thank you. Any other questions from the committee? See none. Thank you, Chief Deputy.

WILLIAM RINN: [INAUDIBLE] Thank you.

SANDERS: Appreciate your testimony. Are there any other proponents on LB636? Any opponents on LB636? Good afternoon. Welcome.

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SPIKE EICKHOLT: Good afternoon, Chair Sanders and members of the committee. My name is Spike Eickholt, S-p-i-k-e E-i-c-k-h-o-l-t. I'm appearing on behalf of the Nebraska Criminal Defense Attorneys Association in opposition just to a portion of this bill. We're an association of about 370 or 400 attorneys who practice criminal defense, and it may not be a surprise we only oppose Sections 2 and 3, and that is the increase in various sheriff's fees that is proposed by the bill. I did visit with Senator Ibach last week about our opposition. The concern we have-- even though if you look at the various fees that are increased, a lot of these are not going to impact those people who are charged in criminal-- with criminal charges. But the concern that we have-- and I think one of the earlier testifiers talked about it-- even though the county sheriff perhaps collects some service fees from a different county agency, from the county attorney, whoever sort of drives the criminal case, ultimately-- and many times when the case is resolved, and it's usually in favor of the state against the defendant-- those sheriff's fees are assessed by the court costs, and then the responsibility is borne on the person who is charged with a crime and sometimes go to jail or prison. The reality is, is that many people who are caught in the criminal justice system are already poor, they're already marginal anyway; this is just an additional cost that is borne on them. If you do not pay court costs on time, if you do not pay your fine, you can be arrested for failure to pay and failure to comply. And many times, nonpayment or partial payment ends up sort of being a problem for people who are processed through the court system, and that's our concern. Having said that, I did acknowledge to Senator Ibach when we discussed this part of her bill that some of these fees do seem to be low. It appears to me-- and I'm just guessing because I wasn't part of the discussion to increase these-- that, that proposals have just kind of across the board, perhaps arbitrary, and I don't know if they're actually accurately capturing what sheriffs have to pay. I'd concede they probably are. But the, the concern that we have is that just raising this cost is just going to be borne on those people who are processed through the court system. I'll answer any questions if you have any, but that's just the nature of our opposition.

SANDERS: Thank you Mr. Eickholt. Check to see if there are any questions from the committee. Senator Cavanaugh.

J. CAVANAUGH: Thank you, Chair. Thanks for being here, Mr. Eickholt. So-- OK, so, I-- that's-- you kind of hit on one of the things I was wondering and trying to get to. So, the county maybe pays the sheriff's office the fee, but the county then assesses that fee against the defendant maybe, in a--

SPIKE EICKHOLT: Right.

J. CAVANAUGH: --criminal case. And at the moment, we'll say if there's a capias served-- which is an arrest warrant, right?

SPIKE EICKHOLT: Right.

J. CAVANAUGH: So, right now, he'd be on the-- the defendant would be on the hook for \$2--

SPIKE EICKHOLT: Right.

J. CAVANAUGH: --and this would take it up to \$25. My recollection of misdemeanor court costs are somewhere around \$64.

SPIKE EICKHOLT: They vary. I should have brought an example of one of my cases, but I looked up something on my drive that may kind of answer your question I thought you might ask of this sort.

J. CAVANAUGH: I love when people anticipate my questions.

SPIKE EICKHOLT: I had a simple case where my client just sort of appeared on a misdemeanor case. He pled guilty to the charge. He was assessed \$49 in court costs-- it was just a traffic case-- and then, plus \$1 for other costs. And I'm guessing the other dollars was something here.

J. CAVANAUGH: OK.

SPIKE EICKHOLT: Service of the document, something like that. The citation, something like that that they got. But you're right. If-- I think-- it doesn't get assessed toward at the end of the case.

J. CAVANAUGH: And-- well, I-- I'm just thinking in terms of-- relatively, right? So, an, a \$25 increase is pretty big here--

SPIKE EICKHOLT: Right.

J. CAVANAUGH: But in terms of, like, all of the other court costs, there's judges retirement, there's technology services, there's victim impact fund--

SPIKE EICKHOLT: Right.

J. CAVANAUGH: I'm trying to remember what else there is, but there's a lot of other fees that get you up to that, say, \$60, and this would be basically kicking that up to \$84 or more.

SPIKE EICKHOLT: That's right.

J. CAVANAUGH: Would be a pretty relative high increase. And I've had this conversation-- maybe not with you, but with others-- about that-- the county can waive-- or, the court can waive the fees, but that's not a thing that happens all that often.

SPIKE EICKHOLT: Right.

J. CAVANAUGH: And as you correctly pointed out, the people get their-- well, their driver's license gets suspended and then they get arrested again for that, and find themselves continually in the system, and then potentially in jail, being one of these 400-- I'm sorry, how many people is in Doug-- Lancaster County? 538.9 people, costing Lancaster County \$4.3 million a year to give them medical care.

SPIKE EICKHOLT: That's right.

J. CAVANAUGH: To recoup \$23?

SPIKE EICKHOLT: Yeah. You know, arresting people for failure to pay warrants-- and the Legislature did some pretty good reforms on that a few years ago, to allow for extension-- time payment extensions to allow for payment by installment, if you will, and community service to discharge those things. Because the sheriffs will tell you a lot-- you know, it's a time-consuming for them to go out and pick up people on failure to pay warrants. Right? That's other costs that they can't necessarily pick up. They got a warrant they're going to execute for failure to pay or appear by a certain date, and then if these people end up lodged in the jail and they've got medical or mental health conditions that need medication, the county's on the hook for that. That's what drove some reforms about maybe 8 or 9 years ago on that point.

J. CAVANAUGH: And-- sorry, I have one other question. It's a very specific question, but-- so in Douglas County a few years ago, you used to be able to go in and cancel a warrant in the afternoon. You'd come in and ask for a cancel. They changed that policy during COVID for paperwork reasons, we'll say, which then led to people coming to ask to cancel their warrant and then having the warrant executed because it didn't have a court date. In that instance, would that fall under this, where they could be arrested by the courthouse deputies and charged the \$25?

SPIKE EICKHOLT: You know, it might be, because it might be technically serving the warrant even though they didn't have to leave the

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building. I think the process-- and it's not really defined, but I suppose executing the warrant might be actually sort of complying with what the warrant states and arresting the person that is subject to the warrant. That might include that.

J. CAVANAUGH: OK. Thanks.

SANDERS: Thank you. Any other questions? Senator Lonowski?

LONOWSKI: Thank you, Chair Sanders. And thank you, sir, for being here. Do sheriff's deputies have to go through any additional training to serve out these types of various warrants?

SPIKE EICKHOLT: I mean, I can't speak to that because, you know-- but I, I, I would say, yeah, I'm sure they do. I mean, they have general safety training when you execute a warrant, right? Even if you're just arresting somebody, that didn't pay a traffic fine.

LONOWSKI: And that-- but that's part of their training, I, I think.

SPIKE EICKHOLT: That's right.

LONOWSKI: OK. I had one other question here. I guess I can't remember it, so. Thank you. Appreciate it.

SPIKE EICKHOLT: Yep. Thanks.

SANDERS: Any other questions? See none. Thank you for your testimony. Any other opponents for LB636? Welcome.

TESSA STEVENS: Good afternoon, Chairperson Sanders, members of the committee. My name is Tessa Stevens; first name T-e-s-s-a, last name S-t-e-v-e-n-s. I'm an attorney in Grand Island who works in compliance and collections, and I'm here today on behalf of the Nebraska Collectors Association. We're in opposition of LB636 as it relates to the revision of sheriff's fees beginning on page 4 of the bill, and maybe more specifically dealing only with civil service of papers. You can see it on the chart that I've handed out, the increases proposed in LB636 are unreasonably high. In some cases, more than 4,900% increases; in many cases over 100%. We really do not feel that this is a reasonable ask. Our industry relies on sheriffs to serve civil process and other documents in connection with lawsuits and collections of judgments. Service of process is increasing over 100% for service of one defendant, and over 700% for a second defendant at the same address. So normally, I would pay \$15 to serve two people at the same location, and now I would have to pay \$50. And then, you have

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to also pay for them to file a return of service, and that would be \$25 per person. So now, we're paying \$100 plus mileage to serve two people at the same address. Where they're saying they did a study and they considered, you know, the time and effort that it take, the statute used to consider that-- well, they're at the same address, so for two people at the same address, it should be a lesser amount of money. We're not seeing that in the proposed amounts. You can see-- you know, it used to be \$3 for a second person; it's \$25. Fees that used to be one, it's \$25. Fees that used to be \$0.50, it's \$25. We just really feel that there wasn't a lot of consideration that went into increasing these fees. You know, I would let the committee know that filing a county court lawsuit is only \$51. And now, if service fees are \$100 on top of that, plus mileage at the rate of \$0.73 per mileage, we're just getting these in-- you know, outlandish fees that are being passed along to the consumer in a collection lawsuit. I would just urge the committee to require the sheriff's association to put more thought into this before they would pass this type of fee increase, to back it up with some actual data or facts and present a more reasonable solution. There were no process servers who were here today to testify. We use process servers throughout the state that run their own business and are able to make a living on the fees that are, you know, available under the statute now, run their own business with this fee structure and are able to, you know, make it with those amounts being paid, so. That's all I have.

SANDERS: Thank you for your "testiphone"-- testimony, Ms. Stevens. And check to see if there are any questions-- Sen-- oh.

McKEON: Are these--

SANDERS: McKeon.

McKEON: Are these fees all set for each county? Are they across the board, or are they for each different county?

TESSA STEVENS: It-- this would be for all the sheriffs throughout the state.

McKEON: I kind of agree with you, though, to the-- to look into that.

SANDERS: Senator Cavanaugh.

J. CAVANAUGH: Thank you. Thanks for being here, Ms. Stevens. On that case, the county court case that you're paying \$51 on, what's, like, the amount you're trying to recover? Do you have, like, an average amount you're trying to recover?

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TESSA STEVENS: County court cases, I mean, up to-- I think the jurisdictional limit's like \$51,000. But in collection cases-- I mean, it's a good question. They could be as small as \$300, \$500. So, I would say our clients-- the higher the cost of filing and service, you're just going to have to forego pursuing small amounts of debts, right? Because there's going to be a cost-benefit analysis of, well, a medical debt that's \$300, it's not going to be worth pursuing if the cost of filing and service is going to equal that. So, it might depend on the original creditor or the collection agency to decide.

J. CAVANAUGH: OK. Thanks.

SANDERS: Any other questions from the committee? Seeing none. Thank you, Ms. Stevens.

TESSA STEVENS: Thank you.

SANDERS: Are there any other opponents on LB636? Any in the neutral on LB636? See none. We'll go ahead and close. Senator Ibach? Position comments for hearing record: proponents, 4; opponents, 1; and zero neutral.

IBACH: Great. Well, thank you very much. And thank you, Senator Cavanaugh, for your really thoughtful questions, because you were able to help us dive even deeper into some of the issue at hand. And yes, this bill is twofold. I mean, it does cover the medical, and it also covers the, the fee structure. But I would beg that in the last 50 years, our insurance costs have gone up, our fuel costs have gone up, everything's gone up. And so, we're, we're definitely willing to negotiate these fees, but we feel certain that they-- at some point we have to introduce some fee structure that doesn't cause sheriff's departments to lose money. And yes, just as you mentioned, this is just the sheriffs in the bill. When you look at the fees, if you were able to look through the bill text at Section 2 and 3, that's where these fees do increase. And if you look at some of them, they're \$0.50, some are \$1, \$2. In here, we've kind of structured a \$25 fee just as a starting place. If we need to negotiate those-- but I think you have to agree that \$0.50 and \$2 typically won't even cover the cost of fuel anymore. And so, at some point, we have to look at this. I would also call your attention to the fiscal note. They asked that-- or, or the department suggests that we need 16 new full-time employees to carry out this program. I would disagree with that, because we're already doing that. They also require a new leased facility because they don't feel like they have enough space in-house. I would challenge both of those just on the grounds that they're already doing

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a lot of these, these services. I think that fiscal note is "exorbitant." With that, I think I would just say thank you very much for your thoughtful conversation. I think we were able to iron through some of the details of this bill. But again, we're willing to negotiate. And as far as the collection agencies go, I know that part of their income is, is based on those collection fees, but I think, I think those are some costs that the taxpayers should not have to absorb in this situation. So, thank you very much. Any questions?

SANDERS: Any questions for Senator Ibach? Senator Cavanaugh.

J. CAVANAUGH: I, I don't necessarily have a question, but I appreciate the talking about the fiscal note. I remember I had a bill to make sure that all the-- everybody leaving jail was signed up for Medicaid, and the department said they needed to hire 72 new people to fill out that paperwork, and these are folks who were already eligible for Medicaid. So, I, I feel your pain on that one. So, I-- I'm curious about the-- I mean, the fiscal note is not the actual cost of the medical care though, right?

IBACH: No.

J. CAVANAUGH: So then, what--

IBACH: --and that that would be prorated. Excuse me.

J. CAVANAUGH: Yeah. And so, can you-- can we talk-- explain a little bit to me about that. In the context of Lancaster County at the \$4.3 million, we wouldn't be putting ourselves on the hook for the full \$4.3 million.

IBACH: No, we would prorate it. And, and that's something that would have to be negotiated too, as far as what the actual-- and I apologize, if one of the pages can hand these out. These are the actual costs--

J. CAVANAUGH: Oh.

IBACH: --by county, and I referenced them in my opening statement. And I apologize that I hadn't handed them out.

J. CAVANAUGH: Yeah, well-- and Douglas County's \$11 million, I think you said.

IBACH: There, there-- and Douglas County's not on there, but there-- this is really small print, but to get it all in one page, I should

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have handed out magnifying glasses, too. But anyway, I-- that's something that can be negotiated too, just from the principle that those fees are-- those expenses are passed on through property taxes to the taxpayers.

J. CAVANAUGH: Yeah.

IBACH: And so, any, any, any way that we can, can define those numbers or at least come up with some kind of a compromise that would help out the, the county jails and the taxpayers is the-- really the goal.

J. CAVANAUGH: And I agree. I appreciated the testimony of-- was it Mr. Johnson talking about-- I mean, the services they have to provide, and I thought it was interesting. So, Douglas County hospital, I think a lot of people will say-- Douglas County Jail is the largest mental health provider in the state of Nebraska. And so, we arrested incarcerated people, and then we have to basically get them stabilized. And that's why those folks coming in, the 65% of Lancaster County are the higher-cost folks, because once they're stabilized, they're a little bit cheaper. But-- and it's [INAUDIBLE] more and more expensive, more mental health issues, more costs on our counties to deal with these folks. So, I appreciate this. Been a good conversation. Thanks.

IBACH: Thank you.

SANDERS: Any other questions for the committee? Senator Lonowski.

LONOWSKI: Thank you, Chair. And thank you, Senator Ibach. I'm looking at the, the sheriff's fees to the, to the collectors, to the \$25 across the board. Who made this-- who came up with this chart? Do you know?

IBACH: Well, nobody came up with the chart. But as far as just the numbers, we just took in inflation and costs and CPI increases over 50 years. And this--

LONOWSKI: OK, so it wasn't like the sheriffs association or anything like that?

IBACH: No, no, no. No. It was, it was-- it-- they're numbers that can be negotiated. Those just give us a starting place.

LONOWSKI: OK.

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IBACH: And we looked at how everything else had ridden over the last-- risen over the last 50 years, and just plugged in those numbers. So, they're completely negotiable, but they're-- we think they're a good starting place.

LONOWSKI: Thank you.

IBACH: Just with inflation.

SANDERS: OK. Any other questions? See none. Thank you for your testimony.

IBACH: Thank you very much.

SANDERS: This now closes the hearing on LB636. We'll take a five-minute break and reorganize.

[BREAK]

LONOWSKI: [MALFUNCTION] Military and Veterans Affairs Committee. We will open with LR18CA, and these will be-- these bills we be told in unison, so it's going to be a little bit different with their testimony, but we'll start with LR18CA.

SANDERS: Thank you, Vice Chair Lonowski, members of the committee. My name is Rita Sanders, R-i-t-a S-a-n-d-e-r-s. I'm here to introduce LR18CA, a proposed constitutional amendment designed to address unfunded mandates by the state on our political subdivisions. We all know that Nebraska taxpayers pay a lot of property tax. According to a recent report from the Tax Foundation, Nebraska property tax is the highest in the nation. When we look at our property tax statements, there are many different components of the final taxed amount. Our spending on K-12 education is a big one. Bond repayment relating to public works projects "usually" at-- usually adds a couple of line items on that statement. Community colleges, ag societies, airports, ESUs, and public pensions are paid through property taxes. Then, we have our cities and counties. Nebraska has wrestled with the challenges of high property taxes for a long time. In 1966, voters approved a slate of constitutional amendments. These amendments abolished the state property tax and authorized a state income tax. Local property taxes were not abolished. In the six decades since then, the time, a lot has changed in Nebraska. Some duties have shifted from local governments to the state. For example, public welfare programs are now primarily a state's responsibility, part of our Nebraska Department of Health and Human Services. But our colleagues here in the Legislature have steadily added other new responsibilities for

local units of government. When we tell a city or county or another political subdivision to do something new, that always comes with a price tag. If some other source of funds is not provided to accomplish a new responsibility, property taxes are likely where the money is going to come from. If this Legislature is going to make serious efforts to reduce the property tax burden in Nebraska, unfunded mandates will have to be part of that conversation. In 1996, LB299 was passed to create a task force on unfunded mandates. The task force examined the issue and produced a report in December of that year. This committee conducted an interim study and produced the report of unfunded mandates in 2014. Our committee studied the problem again over the interim in 2019, but studying the problem has not solved the problem. LR18CA is a proposed constitutional amendment that would stop future unfunded mandates. It says that any new or expanded responsibilities created by this Legislature for political subdivisions would have to come with funding. That funding would be either 1) an appropriation of state money, or 2) an increase in state distribution of revenue. As a former mayor, I know that local governments have to balance their budgets just like the state does. This constitutional amendment recognizes that reality. The committee has heard this proposal before. In fact, this committee has voted this proposal out to the floor at least twice before, in 2022, and last year during the special session. High property taxes hurt home-- homeowners and businesses, and our ag producers. As chair of this committee, I believe we have to do our part to solve this problem for Nebraska. Thank you.

LONOWSKI: Thank you, Senator Sanders. Committee, are there any questions for Senator Sanders? OK. Thank you. And while Senator McKinney is coming up, I remind you that if you're testifying on both, as you come up, you will need a green sheet for each, and you'll need to state whether you're a proponent or opponent. We're not going in a-- in the order, like we normally do. Thank you. Welcome, Senator McKinney.

McKINNEY: Thank you, Senator Lonowski. Vice Chair Lonowski. Good afternoon, members of the-- it's not the Urban Affairs Committee. The Government Committee. My name is Terrell McKinney, T-e-r-r-e-l-l M-c-K-i-n-n-e-y. I represent District 11 in the Legislature, which is in north Omaha. I'm here to present LR16CA. LR16CA proposes an amendment to the Nebraska Constitution ensuring that when Nebra-- when the Nebraska Legislature imposes new responsibilities on local governments after 2026, the state provides the necessary funding to cover those costs. This funding shall come from a specific appropriation or an increase in state distribution of revenue. For far

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too long, political subdivisions-- our cities, counties, and school districts-- have been left to absorb the financial burdens left by the statement-- by, by state-mandated programs without any adequate support. This leads to forcing local governments into some difficult choices; either raising taxes, cutting essential services, or struggling to meet new demands with already strained budgets. LR16CA is about financial responsibility and accountability for Nebraska for the benefit of its citizens. If the state deems a new program or increased service necessary, it should then take the responsibility for assisting and funding. If LR16CA ensures that our local governments are not left scrambling, this protects local taxpayer, promotes fiscal transparency, and guarantees that essential services remains sustainable without unnecessary financial strain. Under LR16CA, a reimbursement must come through a direct appropriation or an increase in state revenue distributed by those local governments. This amendment proves to be necessary because without it, local governments could continue to bear the financial burden of unfunded mandates. As well as promoting fiscal responsibility, this would ensure a more, more balanced partnership between the state and local governments, and guarantee that when the state mandates actions, it provides them the, the resources to carry it out. I urge you to support LR16CA to create a fair and accountable system that works in the best interests of all Nebraskans. With that, I'll answer any questions.

LONOWSKI: Thank you, Senator McKinney. Are there any questions from the committee? Thank you.

McKINNEY: No problem, and--

LONOWSKI: Will you be here for close?

McKINNEY: No. I won't. But thank you.

LONOWSKI: OK. Thank you. First person to speak, please come forward.

LISA ALBERS: I'm getting a spam call right now. Isn't that perfect timing?

LONOWSKI: Good morning. Oh. Good afternoon.

LISA ALBERS: Yes, yes. Good afternoon. My name is Lisa Albers, L-i-s-a A-l-b-e-r-s. I'm here to testify in support of LR16 [SIC] and LR18 [SIC] on behalf of Nebraska Association of School Boards and Grand Island Public Schools. I serve on the Board of Education of Grand Island Public Schools, and I am a member of the NASB Board of Directors, executive committee, and legislative committee. Unfunded

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mandates impose significant challenges on Nebraska public schools by requiring them to implement programs or meet standards without providing financial resources. Even the most well-intended of mandates can strain local budgets, divert resources from essential programs, and at times, undermine local control. LR16 [SIC] and LR18 [SIC] ensure appropriate financial support from the state for these mandates. When the Unicameral passes mandates without funding, districts must raise local property tax, cut programs, or use reserve funds. This places a disproportionate burden on smaller districts that may lack staffing to comply. LR16 [SIC] and LR18 [SIC] ensure all districts have the resources needed to meet mandates. Without the financial support guaranteed by LR16 [SIC] and LR18 [SIC], schools may divert funds from essential programs, negatively impacting students and reducing educational opportunities. Unfunded mandates also undermine local control, a cornerstone of Nebraska's educational system. Local school boards elected to serve community needs are forced to prioritize state mandates over local priorities without adequate funding. This one-size-fits-all approach disregards the unique challenges of individual districts, and limits administrators' ability to allocate resources effectively. LR16 [SIC] and LR18 [SIC] allow districts to continue meeting local needs. Unfunded mandates from the Unicameral strain local budgets, divert resources, and undermine local decision-making. If legislators see programs as necessary, they should help also provide funding. LR16 [SIC] and LR18 [SIC] support equitable, high-quality education by ensuring state funding for mandates. Thank you for your dedicating your time and talent to serving Nebraska. Do you have any questions?

LONOWSKI: Thank you, Ms. Albers. Are there any questions from the committee? Yes, sir.

J. CAVANAUGH: Thank you, Senator Lonowski.

LISA ALBERS: No surprise there, Senator Cavanaugh.

J. CAVANAUGH: Yeah, I was-- thanks for being here, as always.

LISA ALBERS: Oh, my pleasure.

J. CAVANAUGH: And, yeah. You just made me think of questions.

LISA ALBERS: Oh, good.

J. CAVANAUGH: So-- thought-provoking. Can you just give a bit of an example of one of these-- like, something that the Legislature has told Grand Island Public Schools to do that costs money?

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LISA ALBERS: Senator McKinney here? Because-- so, just for example, we had to add a financial literacy course that Senator McKennedy [SIC] brought-- Kenny-- Senator McKinney brought. And then also, there was a computer class that was passed, I think the next year after the financial literacy was passed, and then just this year-- and those are great ideas, right? I mean, but at Grand Island Public Schools, we did financial literacy in middle school already. But this was a mandate, so then, we would be doing it again. And what we're hearing from parents, and also what we're hearing from students is, you know, maybe, maybe they're pretty adept at computers already; maybe they don't need another computer class; maybe what they need is another AP class, and that's going to help them ensure that they have additional college credits when they go to college, or it'll just ensure them maybe even a better chance of getting into the college that they want. So, it takes away some autonomy.

J. CAVANAUGH: Can you give me, like, a ballpark of what it costs Grand Island to implement the financial literacy--

LISA ALBERS: I can't, I can't do that. I know for smaller districts, though, because this is something we've talked about, what NASB-- you know, smaller districts don't have the, the staffing. You know, maybe they don't have somebody that can teach a computer course, or they have to bring somebody in to do the financial literacy. You know, at GIPS, you know, with 10,000 students, we, we have a, a large staff, so we could probably implement that easier than some of the smaller districts, but it still becomes an issue when you look at the electives that a student has. Like, if you look at their sheet and you look at the electives that a student has, well, then you can see how it's been decreased. And really, the electives is where our students get to shine. They, they get to take the classes they're interested in, the classes that'll help their futures, and, and so when things are mandated, it just takes away the autonomy of not only the student but the, the, the school as well.

J. CAVANAUGH: Thanks.

LONOWSKI: Are there, are there any other questions? Thank you.

LISA ALBERS: OK. Thank you.

LONOWSKI: Next testifier. Good afternoon.

JACK MOLES: Good afternoon, Senator Lonowski, and members of the Government Committee, I guess. I had the wrong heading on here, so. My

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name is Jack Moles, that's J-a-c-k M-o-l-e-s. I'm the executive director of the Nebraska Rural Community Schools Association, also referred to as NRCSA. I'd like to thank both the Government and Urban Affairs Committees for introducing these, these LR's. On behalf of NRCSA, I'd like to testify in support of both LR16CA and LR18CA. A common theme we hear annually on several bills that there are unfunded mandates. I guess I'd like to take it a little bit further and stress that they may also be underfunded mandates. School districts in Nebraska face this each year, as new bills are passed that cause more cost to the districts. This year, I looked-- each year, I keep a, a list of bills that I think pertain directly to K-12 education. This year, I've got about 120-ish, somewhere in there, and I went through and, and looked, and-- to see how many of those might have a cost to the districts, and I came up with about 25 or 30, somewhere in there, of those 120 bills might have a potential cost to the districts. Some of the costs of these, of these bills have the potential to be larger while many of them are significantly lower. And by the way, we don't think they're all bad bills. We, we believe in the philosophy of some of these bills; just the idea that they're unfunded or underfunded causes concern. And, as was stated earlier, this does tend to hit the smaller districts proportionately a little bit more. LR16CA and LR18CA would help to control cost increases in our schools. It is our belief that a put to a vote-- to a vote of the people, we would see what-- that the voters would be in, in the camp of saying these are under-- the-- that these unfunded and underfunded cost increases placed on governmental subdivisions by the Legislature need to be stopped. And so, in closing, we would encourage you to advance both or at least one of them. So, thank you.

LONOWSKI: Thank you, Mr. Moles, for your testimony. Are there any questions by the committee? OK. Thank you.

JACK MOLES: Thank you.

LONOWSKI: While the next person is coming up, I want to remind you that you do need a green sheet for each of the amendments [SIC]. Good afternoon.

JOE DONDLINGER: Good afternoon, members of the Government, Military and Veterans Affairs Committee. My name is Joe Dondlinger, J-o-e D-o-n-d-l-i-n-g-e-r, and I am the finance director for the city of Lincoln. On behalf of the city, I'm here to testify in support of LR16CA and LR18CA. These proposed constitutional amendments would ensure that any new program or increased level of service mandated by the Legislature after 2026 is fully reimbursed by the state. This

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change would prevent unfunded mandates from placing additional financial burdens on local governments like the city of Lincoln. The city has limited resources or revenues to support programs. New legislative mandates can force local governments to raise property taxes or reallocate resources from other essential services. LR16CA and LR18CA would help protect taxpayers and ensure cities can continue to provide services without unexpected costs from unfunded mandates. Because these proposals are constitutional amendments, they would give Nebraska voters the opportunity to decide this important issue. And with that, I'd urge the committee to advance the resolutions. Thank you. I'm happy to answer any questions.

LONOWSKI: Thank you, Mr. Dondlinger. Are there any questions? Yes, Senator Cavanaugh.

J. CAVANAUGH: Thank you, Senator Lonowski. Thanks for being here, Mr. Dondlinger. I'd just ask you the same question. Can you give me an example of an unfunded mandate the state's forced on the city of Lincoln, aside from putting a stop sign on 14th Street?

JOE DONDLINGER: All right. I was-- that was my first go-to, but let me come up with something else. No, I actually have a, a pretty good handout I could send you later with about 30 unfunded mandates that the League of Nebraska Munic-- excuse me. Nebraska Municipalities put together, I believe back when Carol Blood was working on something similar. One example that I have is storage of DNA evidence. Cities are required to store DNA evidence for quite some time, and the Lincoln Police Department is looking at expanding their evidence locker to accommodate some of that storage and some, some other storage that is mandated. Another police one is the storage and retrieval of footage from body-worn cameras. There's state law that requires cities to maintain that for, for quite some time. Let me see what else my analysts have. I'll give you one more [INAUDIBLE] OK. Let's see. Oh, Nebraska Advantage Act from LB775, and that is a redirection of some sales tax dollars that are local option from the cities.

J. CAVANAUGH: And what does that one cost you?

JOE DONDLINGER: \$2.2 million is my estimate, per year.

J. CAVANAUGH: That-- and that's just Lincoln.

JOE DONDLINGER: That's just Lincoln. Yes.

J. CAVANAUGH: All right. Thanks.

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JOE DONDLINGER: Yeah. You bet.

LONOWSKI: Are there any other questions from the committee? Thank you, Mr. Dondlinger, for your testimony.

JOE DONDLINGER: You bet. Thank you.

LONOWSKI: Next testifier, please come forward.

CHRISTY ABRAHAM: Hello, Senator.

LONOWSKI: Hey. Hello. How are you?

CHRISTY ABRAHAM: Thank you. I'm glad to be before the Government, Military and Veterans Affairs Committee. My name is Christy Abraham, C-h-r-i-s-t-y A-b-r-a-h-a-m. I'm here representing the League of Nebraska Municipalities, and we are here testifying both in favor of LR16CA and LR18CA. I'm always hesitant to distribute handouts; I find them to be more interesting than I am, but I have done that anyway, and I've distributed to you a list of unfunded mandates. This was put together by League staff and various municipalities that we reached out to, and I guess I want to add a couple of caveats to this list. First of all, I don't promise that this is exhaustive; this is just what we have come up with so far. And my second caveat is, this is not in any way to indicate that we don't think as municipalities that a lot of these are really important and good. This is not a list of things that we think are bad, this is simply a list of things that we've put together that the state Legislature has passed laws, and then costs have been placed on municipalities because of those laws that were passed. I thought the finance director from the city of Lincoln did a really great job at the-- the couple of things I guess I wanted to lift up was first, the economic development programs. He mentioned LB775, the Nebraska Advantage Act, the amana-- the ImagiNE Act. And cities are very passionate and want to partner with the state on economic development. The thing is-- about these is that those economic development programs take not only the state sales tax, but they take the local option sales tax. And as this committee knows, local option sales tax is voted on by the residents of that municipality, typically to fund certain projects that they have for their municipality. I was in Revenue last week with the mayor of Papillion, and he told the Revenue Committee that the city of Papillion, because of the state incentive programs, will not receive sales tax for 18 months. So, the city of Papillion is going to go without sales tax for 18 months because of the state economic development programs. So, that's a pretty big hit for the city of

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Papillion. I see my amber light. I just want to-- the other thing I want to just lift up briefly is publication requirements. Lots and lots; up to 90 publication requirements in the state of Nebraska. We love our local newspapers, but publishing our meetings and our hearing notices in the newspaper does sometimes get expensive when possibly just putting those kinds of notices on the city website might serve just as well. So, I'm happy to answer any questions that you might have. Thank you, Senator.

LONOWSKI: Thank you, Mrs.-- thank you, Mrs. Abraham. Are there any questions? Yes, Senator Andersen.

ANDERSEN: Thank you, Senator Lonowski. And thank you for being here.

CHRISTY ABRAHAM: Sure.

ANDERSEN: You represent the municipalities?

CHRISTY ABRAHAM: I do.

ANDERSEN: OK. So, I know what that means by the little definition of the word. Is that all functions within the municipality? Does that include the police officers, the fire, all of that?

CHRISTY ABRAHAM: Right. Yes. Thank you. Yes, we-- the League of Nebraska Municipalities-- there are, I believe, 528 municipalities in the state. Lincoln, Omaha, first class, second class, villages. We represent them all. And then, we represent all of the functions that municipalities do. So, as you said, police, fire, streets, all of that.

ANDERSEN: So, you could never get fired because you do everything for everybody.

CHRISTY ABRAHAM: You know, I-- you know, I'm happy. I'm hoping my boss is watching. Perfect. Thank you. Yes.

ANDERSEN: No, I just kind of-- looking at your list, and I said, you know, storage and retrieval of body-worn cameras, I thought that would be a police thing. Swimming pool operator requirements, that's an unfunded mandate from the state?

CHRISTY ABRAHAM: And I'm sorry, can you say that last thing again? I'm, I'm sorry.

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ANDERSEN: It's in column 2, of swimming pool operator requirements. That's an unfunded mandate by the state. And then, mandated use of specific building codes, electrical codes, plumbing codes. And you know, that's an unfunded mandate so-to-speak so much as it is definition of what the requirements are.

CHRISTY ABRAHAM: Right.

ANDERSEN: Does that make sense? I, I--

CHRISTY ABRAHAM: Yes.

ANDERSEN: --I guess I don't understand the difference.

CHRISTY ABRAHAM: Right. And, and that's-- I, I guess that's kind of one of the challenges of putting a list together and distributing it to you. I think the things that are listed here are items that are in state law that the Legislature has said these, these things must be done, and they are important. And the cities are happy to comply with them and do them, it's just that there may be a cost associated with the municipality to do them.

ANDERSEN: Now, shouldn't that be-- and, and I'm sorry to monopolize, but shouldn't that be part of your operating-- the operating budget of the cities? I mean, one of the-- the last one on the second column says cleanup of methamphetamine lab houses.

CHRISTY ABRAHAM: Yeah. Yeah. Again, right, and I'm back to my caveat in the beginning. A lot of these things are really good public policy choices to make. I mean, I don't, I don't want to sit here, Senator Andersen, and tell you "no, no, no, we don't want to clean up meth houses." We do want to clean up meth houses. We're just saying that this is a list of things that when the Legislature passed them, there was a cost to municipalities to implement.

ANDERSEN: OK. Thank you.

LONOWSKI: Thank you, Senator Andersen. Are there any other questions? OK. Thank you, and--

CHRISTY ABRAHAM: Thank you.

LONOWSKI: --thank you for your testimony. Are there any other testifiers? Good afternoon.

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DAVID KLUG: Good afternoon, Senator Lonowski and Chairwoman Sanders, and the other members of the Government, Military and Veterans Affairs subcommittee [SIC]. My name is David Klug, D-a-v-i-d K-l-u-g. I'm the chairman of the Sarpy County Board of Commissioners. I'm here to testify in support of LR16CA and LR18CA on behalf of the Sarpy County Board of Commissioners. Unfunded and underfunded mandates have, have significant impact on counties and county taxpayers. In 2024, Sarpy County whose taxpayers paid \$15 million, or 15% of the county's general fund budget, budget expenditures toward unfunded and underfunded mandates. These mandates include costs imposed for housing state inmates, "prossing" state documents, funding state court functions including courtrooms, indigent defense, and probation, along with other unfunded and underfunded mandates. We believe that this-- when the state passes legislation requiring new programs or services to be performed by counties, they would be-- should be fully-funded, these programs and services, rather than passing the costs on to counties and county taxpayers. With the passage of property tax caps like LB34, it is even more important to prevent mandates from being imposed. LR16CA and LR18CA would prevent imposing future unfunded and underfunded mandates to the counties, allowing counties to better manage property tax reduction while providing quick and efficient services to our constituents. Addressing unfunded and unfunded mandates is an ongoing priority of the Sarpy County Board of Commissioners. As a county, we largely rely on property taxes to fund our services. We have consistently supported legislative efforts to remove unfunded and underfunded mandates as an opportunity to reduce property taxes while increasing the efficiency of the state and county governments. We have worked with, and would like to thank Senators Holdcroft, Andersen, and Quick for introducing legislation that would address existing underfunded and unfunded mandates related to county courts, DHHS office space, and probation services, as well as legislation to provide replacement revenues for document stamp taxes. Eliminating existing mandates and preventing future mandates are necessary steps toward providing property tax relief while also providing necessary infrastructure to the-- and services to Sarpy County residents. We appreciate the opportunity to work with the committee and the Legislature to address these issues, and we urge you to advance the LR16CA and LR18CA. I thank you very much for your time this afternoon, and would be happy to take any questions that you might have.

LONOWSKI: Thank you, Mr. Klug. Are there any questions?

DAVID KLUG: Yes, sir.

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LONOWSKI: Yes, Senator Cavanaugh.

J. CAVANAUGH: Thank you, Senator Lonowski. And thanks for being here, Mr. Klug. I'm going to go a different way with this one. Tell me something the county does that's not mandated by the state. I feel like the county almost exclusively is a creature of the state, and everything you do, we're telling you what to do.

DAVID KLUG: I mean, we, we are effectively-- we wouldn't exist if the state didn't create us. Right? So, I, I guess if you look at it that way, everything that we do-- most everything that we do is undoubtedly required by, by state. There are some-- there are a few small things that we do that are not required by the state Legislature, related to-- boy, you asked me a good question. They're, they're very few things. Some of them relate to, like, helping the witnesses of crimes, things along those lines. There's not a large list of things that we are required, required-- not required to do statutorily.

J. CAVANAUGH: Yeah.

DAVID KLUG: That being said, there are about, you know, this year, \$12 million in things that were required-- that the state is requiring us to do that they don't provide funds for. And I do have the, the exhaustive list that I'd be happy to leave with the, with the clerk.

J. CAVANAUGH: Yeah, that'd be great. Yeah. And you just-- as you were-- I wasn't even thinking about it until you were saying all this, and I was like, just strikes me as everything the county does is something we're telling them to do, and we're sort of only talking about recent additions, is kind of what we're having a conversation about.

DAVID KLUG: Right. And, and we've looked into-- as, as we've looked in to try to find ways to reduce property taxes, I've been working with staff and asking what specifically-- are we doing anything that we are not statutorily required to do, and the list that came back was, was exceedingly small. So, there's a very limited opportunity there. But we do see opportunities here, with the, with the unfunded mandates to the tune of about \$12 million a year, to where-- speaking for myself, I know that if, if we were to have those reduced, we would reduce property tax accordingly to, to match that. And I know that, that there's enough other members on the, the board that would, would approve that as well.

J. CAVANAUGH: OK. Thanks.

DAVID KLUG: Thank you.

LONOWSKI: Senator Andersen.

ANDERSEN: Thank you, Senator Lonowski. And Commissioner Klug, thank you for being here. Yeah, something-- I, I want to hit on something that you said, and so that it's not lost is, when there's unfunded mandates come from the state, the money comes from somewhere. And that comes from?

DAVID KLUG: Property taxes.

ANDERSEN: So, when we, the state, levy a requirement and we don't fund it, that means that basically, we are indirectly adding greater property tax onto the residents of Sarpy County and your job.

DAVID KLUG: Absolutely, yes. Thank you.

ANDERSEN: Thank you.

LONOWSKI: Thank you, Senator Andersen. And, and thank you for that. Are there any other questions? I just have one for you, Mr. Klug. So, if we fund a mandate, then we're really-- are we robbing Peter to pay Paul, so-to-speak? We're still using money from our state, correct?

DAVID KLUG: You're still using money from the state, but from a property tax levy standpoint, if-- and, and I can very much appreciate the goal of trying to reduce property taxes. I mean, ultimately, it, it would reduce our tax levy on our constituents, and they would, would feel that in their pocketbooks.

LONOWSKI: OK. Thank you for your testimony, Mr. Klug.

DAVID KLUG: Thank you.

LONOWSKI: Next testifier. And please remember to state if you're proponent or opponent.

BETH BAZYN FERRELL: OK. Well, Chairman Lonowski-- well, Senator Lonowski, I guess.

LONOWSKI: Perfect.

BETH BAZYN FERRELL: 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. I'm appearing in support of both LR16CA and LR18CA. And we do appreciate Senator Sanders and Senator McKinney

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introducing these with-- along with the committee. One of the things that NACO typically does, is we don't typically take positions on constitutional amendments. However, this is something that we always take a position in support of: unfunded and underfunded mandates. Opposing those, that's one of the planks in our legislative platform. And so, it's something that we always are very engaged in and, and very supportive of eliminating those. A lot of what I was going to say, you've already heard today. I do-- would like to say, though, that we think that these two constitutional amendments recognize that partnership that you were talking about, Senator Cavanaugh and Senator Andersen; that link between what the state and what counties do. And it recognizes that there is a funding impact when there's something new that's put into place, and whether that's-- comes from a property tax pocket or a, you know, sales and income tax pocket, there is something-- some funding mechanism that needs to be in place. I think I'll just wrap it up with that, but I'm happy to answer questions.

LONOWSKI: Thank you, Ms. Bazyn Farrell. Are there any questions from the committee? OK. Thank you very much for your testimony. Next testifier. Please ensure you have two green sheets. Good afternoon.

RYAN NICKELL: Good afternoon, Government, Military and Veterans Affairs Committee. My name is Ryan Nickell, and that is spelled R-y-a-n N-i-c-k-e-l-l, and I support LR16CA and LR18CA in principle, but also I want the rich to pay their due. So, the way I understand this problem is that it's a, it's a [INAUDIBLE] on real estate problem where you got these, these mandates because-- and I deal in real estate-- local governments are told what they can do by the state. But also there's this form of corruption here, where you're pushing these mandates onto the counties and the city governments, and when they're not funded, then our property taxes go up. And then, we got these people who run for this-- these days, I mean, I mean-- [INAUDIBLE] but also they say they're going to fix property taxes, but then when they don't, then more people come in here and say they're going to fix property taxes. So, there's this problem here. And I want to be able to vote on this to address that. Thank you.

LONOWSKI: Thank you, Mr. Nickell, for your testimony. Are there any questions of Mr. Nickell? Thank you.

RYAN NICKELL: Thank you very much.

LONOWSKI: You may step down. Are there any other testifiers? OK, Senator Sanders, you are free to close. Or, welcome to close. And while Senator Sanders is getting ready, LR18CA, we had 8 proponents,

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zero opponents, and zero in the neutral. LR16CA, we had 6 proponents, zero opponents, and zero in the neutral. Senator Sanders.

SANDERS: And thank you, Vice Chair Lonowski and the Government Committee. Thank you to all the testifiers here today. I ask you to please vote LR18CA out of committee again for debate on the floor. Thank you very much.

LONOWSKI: Thank you, Senator Sanders. Are there any questions for Senator Sanders? OK. Thank you very much.

SANDERS: Thank you.

LONOWSKI: This concludes the LR18CA and LR16CA, and concludes our day as a Government and Military and Veterans Affairs Committee [SIC].