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# UNICAMERAL UPDATE

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Volume XXIV • Number 23

**SPECIAL EDITION  
2001 SESSION OVERVIEW**

**97th Legislature  
First Session**

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*Including coverage of:*

Agriculture  
Banking & Insurance  
Budget  
Business & Labor  
Consumer Protection  
Corrections  
Courts  
Criminal Justice  
Economic Development  
Education  
Education Finance  
Elections  
Government  
Health & Human Services  
Health Regulation & Licensure  
Juveniles  
Law Enforcement  
Liquor, Tobacco & Gaming  
Local Government  
Natural Resources  
Redistricting  
Retirement  
Taxes  
Telecommunications  
Transportation  
Utilities



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# Agriculture

97<sup>th</sup>  
Legislature



*Bills affecting livestock disease control, railroad and agricultural land disputes and the cultivation of industrial hemp highlighted the Legislature's consideration of agricultural legislation in 2001.*

## Livestock disease law

**LB 438**, introduced by Sen. Cap Dierks of Ewing, directs the state Department of Agriculture to develop a livestock emergency response system to contain dangerous diseases.

The bill also authorizes the department to conduct surveillance of diseases that present potential harm to the health of animals and the economy.

Under the bill, the department becomes the main agency governing livestock carcass disposal. Any on-farm research and demonstration sites would be required to be registered and follow criteria determined by the department.

LB 438 was passed by a 45-0 vote.

## Railroad and ag land disputes

**LB 435**, sponsored by the Agriculture Committee, would permit administrative resolution of disputes between railroads and those who lease agricultural lands. Disputes regarding lease terms and conditions arising between railroads and agricultural tenants situated on railroad land or right-of-ways could be resolved by negotiation or action of the department.

If a dispute is not resolved within 60 days after negotiations are requested in writing, either party could file a complaint with the department. The agency would have the power to conduct an investigation, hold administrative hearings, determine the amount of compensation to be paid and make orders regarding the dispute.

Further consideration of LB 435 was delayed until January 2002.

## Other legislation

**LB 273**, sponsored by Sen. Ed Schrock of Elm Creek, would allow farmers in Nebraska to raise industrial grade hemp as an agricultural crop.

Under the bill, farmers would apply for licenses to grow industrial hemp. The applications would include a copy of fingerprints and a criminal background check. Licenses would not be given to applicants with a prior criminal conviction.

Lawmakers agreed to delay further consideration of LB 273 until next year.

**LB 523**, sponsored by Sen. Roger Wehrbein of Plattsmouth, would allow the state to enter into a formal agreement between bordering states for the establishment of an interstate pricing mechanism for the regional sale of fluid milk.

Lawmakers voted 28-0 to bracket, or delay, LB 523 until February 2002.

**LB 803**, introduced by the committee, would create a Nebraska Pork Industry Development Board to develop and direct a pork development, utilization and marketing program. LB 803 remains on general file.

**LB 474**, sponsored by Bayard Sen. Philip Erdman, would reconfigure districts from which members of the Nebraska Wheat Development, Utilization and Marketing Board are selected. The changes would be intended to reflect shifts in wheat production. LB 474 remains on general file.



Sen. Cap Dierks



Sen. Ed Schrock



Sen. Philip Erdman



## Banking & Insurance



Sen. Curt Bromm



Sen. Don Preister



Sen. Jennie Robak

*In the area of banking, senators passed a bill that allows for the creation of certain government employee insurance pools. Legislators also considered measures changing the filing of agricultural liens, territorial rating systems for automobile insurers and the treatment of principal and interest in trusts and estates.*

**LB 664**, sponsored by Wahoo Sen. Curt Bromm, allows certain government agencies to form employee insurance pools.

Under the bill, two or more public agencies can form a risk management pool to provide group self-insurance or standard insurance for health, dental, accident and life insurance coverage to their employees.

Eligible public agencies include most local political subdivisions, state government, the University of Nebraska and any other agency or entity of the state other than school districts and educational service units. Oversight will be provided by the state Department of Insurance.

LB 664 was passed by a 43-2 vote.

**LB 54**, sponsored by Sen. David Landis of Lincoln, changes provisions relating to the filing of agricultural liens. New law within the Uniform Commercial Code requires the filing of both a notice of lien and a financing statement for agricultural liens. LB 54 requires only the filing of a financing statement, so long as the statement contains information from the notice of lien. The bill was passed by the Legislature by a 45-0 vote.

**LB 444**, sponsored by Omaha Sen. Don Preister, makes changes related to territorial rating systems used by automobile insurers to determine premium rates.

The bill requires automobile liability policies issued or renewed on or after July 1, 2002, to be accompanied by a disclosure showing the location used to determine the premium rate charged and whether any credit-based rating was used to determine the rate.

Rating territories in Omaha will expire in three years unless refiled for approval by the department. The new requirement will begin with filings in 2002 and will primarily apply to the 10 largest automobile insurers in the state.

Senators passed LB 444 by a 46-0 vote.

**LB 56**, sponsored by Landis, makes changes related to the treatment of principal and income in trusts and estates. The changes were recommended by the National Conference of Commissioners on Uniform State Laws. LB 56 was passed by a 46-0 vote.

**LB 563**, sponsored by Columbus Sen. Jennie Robak, allows mental health insurance copayments and coinsurance payments to be applied to the single copayment, coinsurance or out-of-pocket limit for both physical and mental health conditions.

LB 563 remains on select file.



# 2001-2001 Biennium Budget

97<sup>th</sup>  
Legislature



*Including gubernatorial vetoes, legislators passed a two-year budget package that appropriates \$2.66 billion in fiscal year 2001-02 and \$2.81 billion in FY2002-03. Most of the proposed spending is contained in **LB 543**, the mainline appropriation bill for the funding of state government operations and aid programs.*

The package reflects a two-year average spending growth of 7.0 percent. Approximately 82 percent of the proposed biennial budget increases comes from three areas:

- an increase of \$191.1 million for state aid to schools;
- an increase of \$172.2 million for the state's three main entitlement programs – Medicaid, public assistance and special education; and
- an increase of \$136.1 million for employee salaries and health insurance.

Other significant increases include:

- \$30.8 million for operations and staffing at Tecumseh Correctional Center;
  - \$12.7 million for community-based developmental disabilities services; and
  - \$11.0 million for mental health and substance abuse services.
- The budget also reduces several general fund appropriations, including:
- \$28.9 million in construction costs;
  - \$5.1 million for the reimbursement of jail costs to counties; and
  - \$5.2 million for homestead exemptions.

Legislators voted 42-2 to pass the bill.

Five other bills comprising the proposed 2001-2003 biennium budget package were passed.

**LB 538** provides \$10.8 million in deficit appropriations in the current fiscal year. Legislators voted 40-0 to pass the bill.

**LB 539** appropriates funds for salaries for constitutional officers, judges and other state officials. The bill was passed by a 41-0 vote.

**LB 540** appropriates funds for legislators' salaries and was sent to the governor by a 43-0 vote.

**LB 541** transfers \$89.7 million from the state's cash reserve fund to the general fund to pay for state programs and address lower-than-expected revenue forecasts.

The bill also reduces state aid to community colleges that was part of an earlier property tax relief effort. In FY1999-2000, legislators appropriated \$30 million in aid to community colleges in addition to the colleges' base appropriation in order to reduce property taxes levied by the colleges. The additional appropriation was continued in FY2000-01.

Under LB 541, the amount of general fund dollars spent on aid to community colleges will be decreased by \$60 million over the next two years.

LB 541 was passed by a 41-0 vote.

**LB 542** spends \$36.4 million in FY2001-02 and \$33.1 million in FY2002-03 on new and continuing capital construction projects, including:

- \$4.1 million in FY2001-02 and \$3.4 million in FY2002-03 for additions and upgrades to facilities at the Nebraska Correctional Center for Women at York;
- \$1.3 million in FY2001-02 and \$3.8 million in FY2002-03 for renovations to the Nebraska Educational Telecommunications Center;
- \$5.7 million in each of FY2001-02 and FY2002-03 for the replacement of a transponder and digitization of the NET signal;
- \$3.8 million in FY2001-02 for the construction of a power plant at Wayne State College; and



Sen. Roger Wehrbein

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# 2001-2001 Biennium Budget

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- \$5.3 million in FY2001-02 and \$2.1 million in FY2002-03 for masonry and structural repair to the State Capitol.

The bill was passed by a 44-0 vote.

**LB 666**, sponsored by the Building Maintenance Committee, makes technical changes to statutes relating to building renewal and depreciation. LB 666 was passed by a 44-0 vote.

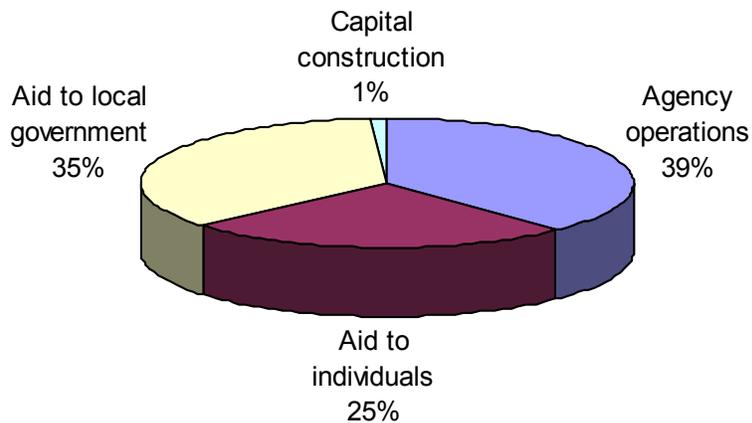
**LB 505**, sponsored by Sen. Pat Engel of South Sioux City, appropriates \$900,000 from the Nebraska Outdoor Recreation Development Cash Fund to the Game and Parks Commission in FY2000-01 to provide a match for federal funds to develop a resource and educational complex at Ponca State Park. The bill also appropriates \$2.3 million to cover worker's compensation claims in FY2000-01. LB 505 was passed by a 44-0 vote.



Sen. Pat Engel



## 2001-2003 Biennium Budget



Source: Legislative Fiscal Office

*Agency Operations* accounts for the costs of actually operating state agencies, the University of Nebraska and the state colleges and includes costs such as employee salaries and benefits, data processing, utilities, vehicle and equipment purchases, fuel and oil, etc.

*Aid to Individuals* includes programs such as Medicaid, Aid to Families with Dependent Children (ADC), student scholarships, etc.

*Aid to Local Governments* includes aid to those local entities that have the authority to levy a property tax, such as cities, counties and schools, and includes programs such as state aid to schools, special education, aid to community colleges and homestead exemption reimbursements.

*Capital Construction* includes costs for new construction and major repairs and renovation of state-owned facilities.



*Bills that renew workforce training provisions, address the minimum age for detasseling and prohibit discrimination based on genetic testing were among the business and labor issues addressed by senators in 2001.*

**LB 193**, sponsored by the Business and Labor Committee, adopts the Workforce Investment Act with the goal of improving the quality, productivity and competitiveness of the labor force in Nebraska.

The measure calls for the creation of one-stop career centers around the state to provide training, education and information about employment programs to individuals seeking employment or job skills. Services at the career centers will be provided by community colleges and the state departments of Labor, Health and Human Services, Economic Development and Education.

LB 193 establishes a minimum set of services to be provided at the centers including:

- adult and dislocated workers employment and training programs;
- adult education and literacy activities;
- welfare to work programs;
- older American community service programs;
- postsecondary education activities; and
- job counseling and placement services.

The bill also establishes state and local workforce investment boards to oversee the centers. The state Nebraska Workforce Investment Board will be responsible for advising the governor on the development of a state workforce investment plan and on the evaluation and improvement of the state's workforce investment system.

The bill passed by a 44-1 vote.

**LB 432**, introduced by Sen. Pam Brown of Omaha, addresses the issue of discrimination based on genetic testing. Under the bill:

Insurance companies and employers are prohibited from requiring genetic testing.

Insurance companies are prohibited from denying coverage based on genetic testing.

Employers are prohibited from basing hiring and firing decisions on genetic information that is unrelated to the ability to perform the duties of a particular job or position.

A certification process will be established for labs doing genetic testing for diagnosis, treatment or forensic purposes.

Standards for retaining genetic material will be established.

LB 432 was passed by a 46-0 vote.

**LB 180**, sponsored by Omaha Sen. John Hilgert, preserves the ability of 12- and 13-year-olds to detassel.

Youth detassellers will be limited to working 48 hours per week and nine hours per day. LB 180 was passed by a 46-1 vote.

**LB 633**, sponsored by Lincoln Sen. Chris Beutler, would raise the state's minimum wage to \$5.65 on Oct. 1, 2001, and then to \$6.15 on April 1, 2002. Under current law, the minimum wage is set at \$5.15.

LB 633 was advanced from committee and remains on general file.



Sen. Pam Brown



Sen. John Hilgert





## Consumer Protection



Sen. Kermit Brashear



Sen. Adrian Smith

**S**enators passed several bills in 2001 meant to protect consumers. Among these were measures that would change liability for products made out-of-state, clarify that rent-to-own companies may offer consumers damage liability waiver coverage and prohibit solicitors from requesting payment before an individual receives a written prize notice.

**LB 489**, sponsored by Omaha Sen. Kermit Brashear, changes liability for products manufactured outside of Nebraska.

The statute of repose limits potential liability for product manufacturers by barring someone from bringing a court action arising from an injury caused by a product defect after a certain amount of time has passed from the date of the original sale or lease of the product. Under current Nebraska law, the statute of repose is 10 years from the date when the product was first sold or leased.

LB 489 maintains the 10-year statute of repose for products manufactured in Nebraska. For products manufactured outside of the state, the bill applies the statute of repose from the state in which the product was manufactured.

The statute of repose will be 10 years for products manufactured in states with statutes of repose of less than 10 years. For products manufactured in states that have no statute of repose, Nebraska courts will apply the manufacturer's state law and there would be no statute of repose in such cases.

LB 489 was passed by a 41-0 vote.

**LB 641**, introduced by Lincoln Sen. David Landis, clarifies that rent-to-own companies may offer consumers the opportunity to purchase damage liability waiver coverage. Such coverage typically allows consumers to return a product with no questions asked if it becomes damaged for any reason.

The bill will regulate damage liability waiver coverage, including limiting the fees that can be charged by the rent-to-own company for the coverage. For lease agreements with monthly payments, the fees charged for coverage can be no more than 8 percent of the lease payment or \$5 per payment. For lease agreements with payments due more frequently than monthly, the fees charged for coverage can be no more than 8 percent of the lease payment or \$2 per payment.

The bill will also change regulations on rent-to-own companies relating to late fees, advertising and consumer disclosures.

LB 641 was passed by a 39-0 vote.

**LB 165**, sponsored by Minden Sen. Doug Kristensen, prohibits solicitors from requesting or accepting a payment, or creating the impression that a payment is required before an individual receives a written prize notice. Violators of the law are subject to a civil penalty of up to \$2,000.

LB 165 was passed by a 46-0 vote.

**LB 215**, introduced by Gering Sen. Adrian Smith, would have made it unlawful for a realtor to refuse to show, rent or sell any real estate because of religion, race, color, national origin, ethnic group, sex, familial status, disability or sexual orientation.

LB 215 was passed on a 27-16 vote. The governor vetoed the bill and the vote to override the veto failed on a 26-19 vote, falling four votes short of the 30 necessary.

**LB 55**, sponsored by Landis, requires court approval before rights to a structured settlement can be transferred. The bill is intended to protect recipients of structured settlements who may wish to transfer their rights to accept a lump sum payment from a third party.

LB 55 was passed by a 44-1 vote.

# Corrections

97<sup>th</sup>  
Legislature



*Private prisons and prisoners' rights were among the topics debated by senators in 2001, as legislation governing private prison contracts and inmates' medical records and care were passed by the Legislature.*

**LB 85**, authorizes the state Department of Correctional Services to contract with private prison contractors for the operation and construction of correctional institutions.

The bill allows the department to evaluate the performance of the prison contractor, develop criteria for awarding contracts to private prisons, establish a selection committee for choosing a contractor and develop criteria for the site where a private prison would be located. The governor will have to give final approval of a contract under the bill.

Originally, LB 85 would have made changes to civil procedure and the rules governing the testimony of witnesses. A select file amendment offered by Lincoln Sen. DiAnna Schimek replaced the original bill with **LB 751**, a bill she sponsored that would address the contracting and construction of private prisons in Nebraska.

LB 85 was passed by a vote of 28-19.

**LB 154**, sponsored by Sen. Ernie Chambers of Omaha, requires the department to employ a medical director. The medical director will be responsible for coordinating inmate health care services, selecting and supervising staff, maintaining and preserving medical records and creating medical treatment protocol, among other duties.

The medical director also will be required to develop a peer review and quality assurance program to ensure that quality health care is maintained. The peer review program will review all cases involving the death of an inmate or in which there has been a deviation from the standard health care protocol.

The medical director will be responsible for confirming all professional permits and licenses of health care staff. The department will be required to seek accreditation of its medical program from the American Correctional Association Commission on Accreditation for Corrections.

LB 154 was passed by a 45-0 vote.

**LB 15**, introduced by Chambers, clarifies that correctional inmates may access their medical records upon request. The bill also permits the state Ombudsman to access an inmate's medical records with the inmate's consent. The Ombudsman is prohibited from disclosing the contents of those records except as authorized by law. The department retains the authority to withhold an inmate's mental health and psychological records when appropriate.

LB 15 was passed by a 42-0 vote.

**LB 611**, sponsored by Elkhorn Sen. Dwite Pedersen, would review the statewide corrections system, including probation, sentencing, community-based programs, incarceration, parole, and pardons.

The bill also would create a committee consisting of five senators to carry out the review.

LB 611 remains on general file.



Sen. Ernie Chambers



Sen. Dwite Pedersen





## Courts



Sen. Jim Cudaback

*Legislation that adds a district court judge, increases pay for judges and extends the jurisdiction of county courts was given approval by legislators in 2001.*

**LB 92**, introduced by Riverdale Sen. Jim Cudaback, increases the number of judges in the 11<sup>th</sup> judicial district from three to four. The district contains 17 counties: Arthur, Chase, Dawson, Dundy, Frontier, Furnas, Gospel, Hayes, Hitchcock, Hooker, Keith, Lincoln, Logan, McPherson, Perkins, Red Willow and Thomas.

LB 92 was passed by a 44-0 vote.

**LB 357**, sponsored by Omaha Sen. Kermit Brashear, increases the salaries of the chief justice and judges of the Supreme Court to \$114,358 on July 1, 2001, and to \$119,276 on July 1, 2002. Currently, those salaries are set at \$111,003. The salaries of Appeals Court, district court and county court judges are based on a percentage of Supreme Court salaries and were also increased accordingly.

LB 357 was passed by a 43-0 vote.

**LB 269**, sponsored by Cudaback, extends the jurisdiction of county courts to cover civil cases for which the amount of money in question is \$45,000 or less. The bill also allows the state Supreme Court to adjust that amount for inflation every five years.

LB 269 was passed by a 36-2 vote.



## Criminal Justice

*Senators passed legislation in 2001 that permits DNA testing for convicted criminals and assists counties with public defense costs.*

### DNA testing

**LB 659**, sponsored by Omaha Sen. Ernie Chambers, allows convicted offenders the opportunity to establish their innocence by having DNA tests performed on biological evidence.

The bill permits an offender to file a motion requesting forensic DNA testing of any biological material that meets the following conditions:

- the material is related to the investigation that led the inmate to be incarcerated;
- the material is under the control of the state or of other individuals under conditions likely to safeguard the integrity of the material; and
- the material was not previously subjected to DNA testing or could be subject to retesting with newer DNA techniques.

The individual filing the motion to request testing will be responsible for the costs of the test, although tests requested by indigent individuals will be paid for by the state. If the results of the test exonerate an inmate, the court may vacate the judgment and release the inmate from custody.

If the judgment is not vacated, the inmate will have the opportunity to file a motion for a new trial. The bill specifies the conditions under which a motion for a new trial based on

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# Criminal Justice

97<sup>th</sup>  
Legislature



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DNA evidence can be granted and allows for the preservation and disposal of biological material by the state or a political subdivision.

The measure also extends the deadline for a motion for a new trial to 90 days beyond the date of a final order or hearing in the case of newly discovered DNA evidence.

Legislators voted 46-0 to pass the bill.

## Public defense

**LB 335**, sponsored by Minden Sen. Doug Kristensen, requires the Commission on Public Advocacy to adopt guidelines and standards for county indigent defense systems. Counties requesting reimbursement for a portion of their expenses for indigent defense will be required to comply with the guidelines. Issues addressed by the guidelines will include the eligibility and qualifications of court-appointed attorneys, compensation rates, caseloads and continuing legal education.

Counties that comply with the commission's guidelines will be reimbursed for 50 percent of the expenses for indigent defense in first-degree murder cases and for 40 percent of the expenses in cases involving noncapital felonies, misdemeanors, juveniles, mental health commitments, child support enforcement and paternity establishment.

LB 335 was passed by a 44-0 vote.

## Fetal tissue research

**LB 462**, sponsored by Elkhorn Sen. Dwite Pedersen, would have prohibited the University of Nebraska Medical Center from using aborted fetal tissue for research on degenerative diseases. The full Legislature voted 31-13 to advance the bill from the Judiciary Committee, where it was deadlocked with four members supporting advancement of the bill and four opposed to advancement of the measure.

After substantial general file debate, LB 462 was bracketed, or delayed. The bill was not considered again before the Legislature adjourned for the year.

## Death penalty

**LB 18**, sponsored by Chambers, would abolish the death penalty and replace it with life imprisonment without the possibility of parole.

The bill was still under consideration by the Judiciary Committee at the end of the legislative session.

**LB 62** and **LB 356** both would eliminate electrocution and designate lethal injection as the new method of administering the death penalty in Nebraska.

For inmates sentenced to death after enactment of either bill, the method of execution would be lethal injection. Under LB 62, sponsored by Sarpy County Sen. Jon Bruning, inmates sentenced prior to enactment would have 90 days to choose whether they want to die by electrocution or lethal injection. Under LB 356, sponsored by Sen. Kermit Brashear of Omaha, inmates sentenced prior to enactment would have 30 days to choose between electrocution and lethal injection.

Both bills were still in committee when the legislative session ended.



Sen. Jon Bruning

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# Criminal Justice

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## Other measures



Sen. Gene Tyson



Sen. Tom Baker



Sen. Mike Foley

**LB 781**, sponsored by Sen. Roger Wehrbein of Plattsmouth, establishes three principles for livestock collision cases:

The plaintiff's burden of proof cannot be shifted at any time to the defendant.

The fact that livestock escaped is not, by itself, sufficient to raise an inference of negligence against the defendant.

The standard of care must be according to principles of ordinary negligence and is not strict or absolute liability.

The bill passed on a 46-0 vote.

**LB 113**, sponsored by Sen. Pam Brown of Omaha, makes a variety of changes relating to ephedrine and other substances used to make methamphetamine. Currently, ephedrine is considered to be a controlled substance under state law, with exceptions made for certain over-the-counter drug products.

The bill makes the possession of anhydrous ammonia, ephedrine, pseudoephedrine or phenylpropanolamine with the intent to manufacture methamphetamine punishable as a Class IV felony.

It is illegal to knowingly sell, distribute or make available any product containing ephedrine, pseudoephedrine or phenylpropanolamine when it is known that the purchaser will use the product as a precursor to methamphetamine. It is also illegal to distribute such a product with reckless disregard to how the product will be used. A violation is punishable as a Class III misdemeanor.

LB 113 was passed by a 40-6 vote.

**LB 496**, introduced by Norfolk Sen. Gene Tyson, would allow people to obtain permits to carry concealed handguns. A handgun would include any firearm with a barrel less than 16 inches in length or any firearm designed to be held and fired by the use of a single hand.

The Nebraska State Patrol would be required to conduct criminal history record checks to ensure that applicants meet certain requirements. Individuals would not be eligible to obtain a permit if they have been declared as mentally ill and dangerous within the past 10 years, had law violations related to weapons or controlled substances within the past two years or were on parole, probation, house arrest or work release.

LB 496 was held by the committee.

**LB 564**, sponsored by Trenton Sen. Tom Baker, would tighten requirements for reporting when convicted sex offenders change addresses. Investigators and psychologists would be granted access to offenders' pre-sentence investigation reports under the bill. LB 564 was under committee consideration at the end of the legislative session.

**LB 824**, sponsored by Lincoln Sen. Mike Foley, expands the definition of a homicide victim to include an unborn child. Under current law, a homicidal act is one that is perpetrated on a human being who was born or had been alive at the time. The bill would also include "an unborn child in utero, at any stage of gestation, who was alive at the time of the homicidal act, regardless of whether the unborn child died before, during, or after birth." LB 824 was held by the committee.

**LB 82**, sponsored by Brashear, would change the legal standard for felony criminal mischief and make a variety of changes to criminal law. LB 82 was held by the committee.



# Economic Development

97<sup>th</sup>  
Legislature



*Lawmakers passed a wide range of economic development measures in 2001, including bills intended to aid job creation, fund redevelopment projects, promote venture capital, assist the ethanol industry and provide incentives for business-sponsored child care.*

## Invest Nebraska

Senators voted 43-3 to pass the Invest Nebraska Act, a bill aimed at generating economic investment and job creation.

**LB 620**, sponsored by Sen. Doug Kristensen of Minden, replaces the Quality Jobs Act with the Invest Nebraska Act. The new act allows qualified businesses to receive tax credits for up to 10 years that can be applied against corporate income tax liability or income withholding tax liability. Businesses can qualify at one of three different levels:

*Rural tier* – Businesses that offer at least \$10 million in new investment and create at least 25 new jobs at 100 percent of the state's annual average wage or better are eligible for a wage benefit credit of between 3 and 5 percent.

*Modified Quality Jobs Act tier* – Businesses that either offer at least \$50 million in new investment and create at least 500 new jobs at 110 percent of the state's annual average wage or better or offer at least \$100 million in new investment and create at least 250 new jobs at 110 percent of the state's annual average wage or better are eligible for a wage benefit credit of between 3 and 5 percent.

*Super tier* – Businesses that offer at least \$200 million in new investment and create at least 500 new jobs at 120 percent of the state's annual average wage or better are eligible for either a wage benefit credit of between 3 and 5 percent or an investment credit of 15 percent.

Applications will be reviewed by an Invest Nebraska Board, comprised of the governor, state treasurer and the chairman of the Nebraska Investment Council.

New applications for credits in the rural and modified tiers will be prohibited after June 1, 2005. New applications for credits in the super tier are prohibited after Oct. 1, 2002.

## Riverfront and Antelope Valley

Lawmakers voted 34-13 to pass a bill that will allocate cigarette tax revenues to development projects in Lincoln and Omaha.

The state charges 34 cents in tax on cigarettes sold in packages of 20 cigarettes. Packages containing more than 20 cigarettes are taxed at 34 cents per package plus 1.7 cents for each additional cigarette.

**LB 657**, introduced by Lincoln Sen. Chris Beutler at the request of the governor, reduces the amount of cigarette tax revenues allocated to the Building Renewal Allocation Fund from 7 cents to 5 cents. Until 2016, the bill annually earmarks \$1 million in cigarette tax receipts for the \$175 million Antelope Valley project in Lincoln and \$1.5 million for the \$74 million riverfront redevelopment project in Omaha. A portion of the 21-cent general fund distribution will be distributed, when needed, to fulfill the obligations to the redevelopment projects. The cities of Lincoln and Omaha are required to provide local matching dollars for the projects equal to 25 percent of the state's distribution.

Also, the bill also requires the Omaha City Council to pay for the cost of a combined sewer separation project east of 72<sup>nd</sup> Street in Omaha before cigarette tax revenues can be distributed to the riverfront project.



Sen. Doug Kristensen



Sen. Chris Beutler

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# Economic Development

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## Venture capital

Lawmakers voted 39-4 to approve a measure aimed at promoting venture capital investment in Nebraska.

**LB 225**, introduced by Lincoln Sen. David Landis at the request of the governor, establishes the Nebraska Venture Capital Forum Program. The program will organize a statewide system for facilitating venture capital investments between investors and entrepreneurs.

The bill will facilitate financial investment by accredited individual and institutional investors in new and high-growth business enterprises in Nebraska. New and high-growth Nebraska business enterprises will be identified and the information will be shared with potential investors and entrepreneurs in the state.

LB 225 appropriates \$100,000 to the state Department of Economic Development for fiscal year 2001-02 and \$200,000 in each of FY2002-03 and FY2003-04. These funds are appropriated to the department and will be granted to a private nonprofit organization starting Jan. 1, 2002. The organization will be required to provide a 100 percent match for the state dollars.

## Ethanol

A bill that would extend a tax credit program for new ethanol producers was passed 45-3.

**LB 536**, sponsored by Sen. Cap Dierks of Ewing, establishes an 18-cents per gallon credit for new ethanol producers.

The bill also imposes an excise tax of 1/2 cent per bushel of corn sorghum and 1/2 cent per hundredweight of grain sorghum for the next eight years, sets the general fund allocation to the Ethanol Production Incentive Cash Fund at \$1.5 million annually and establishes a termination date of Dec. 31, 2012 for the EPIC fund.

Senators had also considered **LB 75**, a measure sponsored by Sen. Matt Connealy of Decatur that would have required petroleum retailers to sell ethanol. However, an agreement between Connealy and Omaha Sen. Ernie Chambers resulted in an amendment to replace the original bill with a proposal to deal with legislative staff retirement issues.

## Child care credits

A measure that will provide tax credits to businesses for child care expenditures was given final approval by lawmakers on a 28-17 vote.

**LB 433**, sponsored by Landis, will give businesses providing child care services to employees a nonrefundable credit against their income taxes equal to 30 percent of the costs incurred in providing the service. The credit cannot be more than 50 percent of the business' total taxes owed and cannot be carried forward to the next tax year. Businesses will be eligible to receive tax credits for up to three years and for an additional two years if the business operates an accredited child care center.

Tax credits will be offered for businesses expending funds to improve facilities for the use of a child care facility or for furnishing, licensing, staffing, operating or subsidizing a licensed child care facility that provides child care to its employees.

The bill allows two or more businesses to share the costs of providing child care services to their employees. Each business will receive a tax credit proportionate to its share of the total cost. Companies have until the end of 2005 to qualify for the credit.



Sen. David Landis



Sen. Matt Connealy

# Education



*Legislators considered a number of bills relating to education during the 2001 session, including measures designed to increase teacher salaries, education grant programs and a statewide distance learning network.*

## Teacher salaries

**LB 305**, sponsored by the Education Committee, would enhance teacher salaries. The bill would:

- provide \$2,000 per qualifying teacher in salary adjustment incentives in school fiscal year 2001-02 to school districts or educational service units for increasing the standard contract salary of full-time teachers in their first four years of teaching;
- allow districts to exceed the allowable spending growth rate in school FY2001-02 by no more than 115 percent of the anticipated increase in teacher salary expenditures;
- allow districts to exceed the allowable spending growth rate by up to 3 percent if their budget includes a salary increase for first-year teachers of at least 6 percent and if the district is part of a local system with below-average spending;
- provide a teacher salary enhancement allowance of \$100 per adjusted formula student in school FY2002-03, with an increase each year thereafter;
- allow districts to exceed the allowable spending growth rate in school FY2002-03 by the teacher salary enhancement allowance; and
- implement a performance evaluation pilot program to define levels of teaching excellence that could be used as a basis for performance pay.

To be eligible for the \$100 enhancement allowance, districts must qualify for salary adjustment incentives or demonstrate local effort by having a general fund levy equal to or greater than 97 cents.

School districts would be required to report how state funds had been used to enhance educational opportunities for low-income students. Aid would be reduced in the next certification cycle for schools not meeting certain standards for spending on low-income students.

In order to pay for the provisions, LB 305 would increase the state sales tax from 5 to 5.25 percent.

After eight hours of select file discussion, a motion to end debate immediately on the bill failed by an 18-26 vote. Thirty-three votes were required for the motion to be successful. The bill remains on select file.

## Grant programs

**LB 759**, sponsored by Lincoln Sen. Ron Raikes, will expand an early childhood education grant program by allowing the Nebraska Department of Education to authorize grants for early childhood education programs and removing a cap on the number of programs eligible for funding. The program had been limited to funding four such grants.

LB 759 was passed by a 47-0 vote.

**LB 833**, introduced by Sen. Curt Bromm of Wahoo, provides funding for schools that wish to be connected to a statewide public computer information network. The deadline for completion of the network was extended from June 30, 2000, to June 30, 2002.

Funding for the network will be available in the form of a grant in fiscal year 2001-02 and FY 2002-03. Twenty percent of the Education Innovation Fund, not to exceed \$1.5 million



Sen. Ron Raikes

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# Education

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per year, will be used to fund connections to the network. The Education Innovation Fund receives money from state lottery proceeds.

The bill also directs that students who are covered by a tuition exchange contract are to be considered option enrollment students.

Lawmakers approved LB 833 by a 46-0 vote.

## Other legislation

**LR 1CA**, introduced by Bradshaw Sen. Elaine Stuhr, proposes to amend Article I, Section 27 of the Nebraska Constitution to eliminate a requirement that private, denominational and parochial schools teach in English. Currently, the state constitution requires all common school branches, public or private, to teach in English.

Senators approved the measure by a vote of 45-1. The proposal will be placed on the 2002 general election ballot.

**LB 303**, sponsored by Stuhr, creates an Education Roundtable and directs the roundtable to identify and prioritize future education needs, share information and study ways to coordinate statewide education efforts. LB 303 was passed by a 43-0 vote.

**LB 797**, sponsored by the committee, makes a number of technical changes to current state law relating to education. LB 797 was passed by a 41-0 vote.

**LB 740**, introduced by Lincoln Sen. David Landis, would have provided grants to school districts for programs aimed at decreasing school violence. The measure would have earmarked \$250,000 in fiscal years 2001-02 through 2005-06 for competitive demonstration grants to provide conflict management and dispute resolution programs in schools. NDE would have administered the program.

LB 740 was indefinitely postponed on a 20-12 vote. A majority of those present and voting can kill a bill during general file consideration.

**LB 486**, sponsored by Stuhr, would have created a career and technical education grant program. The bill would have allowed school districts or educational service units to apply for grants designed to help career and technical education students assess their progress in preparing for postsecondary education and future careers.

Legislators voted 16-12 to indefinitely postpone, or kill, the bill.



Sen. Elaine Stuhr



# Education Finance

97<sup>th</sup>  
Legislature



*Education finance legislation extending the life of a reorganization incentive program, clarifying tuition exchange contracts and authorizing federal tax credits for school renovations was passed in 2001.*

## Reorganization incentives

School districts wishing to consolidate or unify may receive incentive funds for up to three years to help cover costs associated with reorganization.

With the passage of **LB 313**, sponsored by Sen. George Coordsen of Hebron, schools can qualify for incentive payments if they reorganize by Aug. 2, 2002. Previously, the deadline for reorganization under the incentive program was Aug. 2, 2001.

The bill also increased the amount of state aid set aside for use as incentive payments from \$2 million to \$5 million for fiscal years 2001-02 and \$2 million plus any funds remaining from FY2001-02 for FY2002-03. The deadline for all incentive payments to be made by the program was also extended from July 1, 2004, to July 1, 2005.

The total amount of incentive payments that can be made in any one year is limited to 1 percent of all available school state aid funds. Some funding for the program will come from the elimination of the Hardship Fund, a fund previously used to provide loans to school districts in need of financial assistance that lack the ability to borrow money by other means.

Senators voted 34-7 to pass LB 313.

## Tuition exchange contracts

**LB 621**, sponsored by Rockville Sen. Richard McDonald, allows students who are covered by a tuition exchange contract to be considered as option enrollment students. Currently, Grand Island High School and Grand Island Northwest High School are under a contract enabling students from Grand Island High to attend Northwest. These nonresident district students are educated at Northwest in exchange for tuition from Grand Island High.

Under the new law, tuition receipts received because of the contract will be excluded from the calculation of local system formula resources.

LB 621 was amended into LB 833, an educational technology bill that was passed 46-0.

## Other legislation

**LB 240**, introduced by Lincoln Sen. Marian Price, authorizes participation in a federal tax credit program to finance renovation and modernization of school facilities under certain circumstances. Federal law allows purchasers of bonds issued to finance such projects to receive an income tax credit in lieu of the school district making an interest payment to the bondholder. The statewide total of bonds that can be issued under the program is limited to \$7.5 million annually.

LB 240 was passed by a 46-0 vote.

**LB 513**, sponsored by Omaha Sen. Deborah Suttle, would make numerous changes to spending limits, levy limits and the calculation of state aid for K-12 school systems. The bill is intended to address funding issues impacting Omaha Public Schools. The bill was held by the Education Committee.

**LB 478**, sponsored by Lincoln Sen. DiAnna Schimek, would have established an extreme poverty factor within the state aid formula intended to recognize increased costs to school



Sen. George Coordsen



Sen. Richard McDonald



Sen. Marian Price

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## Education Finance



Sen. Doug Cunningham

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systems in providing services to children living in poverty. The bill was indefinitely postponed by the committee.

**LB 532**, sponsored by Malcolm Sen. Carol Hudkins, would allow local school systems or county officials to file a written request with the state Property Tax Administrator for an amendment to their adjusted valuation of lands due to the annexation of certain property. The bill was held by the committee.

**LB 812**, introduced by Sen. Doug Cunningham of Wausa, would adjust the state aid formula to allow school districts to count the number of adjusted formula students or a three-year average of calculated formula students, whichever is greater. The bill was held by the committee.



## Elections



Sen. Bob Wickersham

*Major proposals relating to elections considered during the 2001 session include bills relating to accountability and disclosure requirements, the selection of lieutenant governor candidates and a study of the state's election processes.*

### Accountability and disclosure

**LB 242**, sponsored by Harrison Sen. Bob Wickersham, changes a variety of accountability and disclosure requirements for public officials and employees relating to conflicts of interest, nepotism and the use of state resources for campaign purposes.

Under the bill, officials or employees can make government facilities available for campaign purposes if the identity of the candidate or the support for or opposition to a ballot question was not a factor in making the facilities available or in determining the cost or conditions of use. A governing body can discuss or vote on a resolution supporting or opposing a ballot question.

Also, public officials can respond to specific inquiries by the press or the public for information or for their opinion on a ballot question, and members of the Legislature can express their opinion on a ballot question and can communicate that opinion to constituents, except through the use of mass mailings or mass communications conducted at public expense.

The bill also changes the law regarding serving as a school board members, filing requirements for certain coaching positions at the University of Nebraska-Lincoln and disclosure requirements for campaign messages delivered electronically.

Legislators voted 44-0 to pass LB 242.

### Lieutenant governor candidates

**LB 768**, sponsored by Elm Creek Sen. Ed Schrock, will allow gubernatorial candidates to select their own running mates.

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# Elections

97<sup>th</sup>  
Legislature



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During the 2000 general election, voters approved a constitutional amendment that would allow each party's gubernatorial candidate to choose the party's candidate for lieutenant governor on the general election ballot.

LB 768 made the needed changes in state law to implement the constitutional amendment. The bill directs the gubernatorial candidate from each political party who receives the highest number of votes in the primary election to choose a lieutenant governor candidate from the same party. The gubernatorial candidates will be required to file affidavits with the secretary of state noting their choices on or before Sept. 1 of the election year.

The bill was passed 46-0.

## Election process study

**LB 67**, sponsored by Sen. Doug Kristensen of Minden, creates a six-member task force charged with conducting a two-year study of Nebraska's election process. The task force will examine methods of voting and counting votes, election contest procedures and the possibility of election-related discrimination against any class of people. The task force will also monitor possible federal action regarding elections and examine methods and procedures used in other states.

The task force is required to issue a preliminary report of its findings by March 1, 2002, and a final report with recommendations by Dec. 31, 2002.

LB 67 was passed by a 40-0 vote.

## Other legislation

**LB 17**, introduced by Omaha Sen. Ernie Chambers, authorized the Omaha City Council to redraw its own district boundaries. The county election commissioner is currently responsible for redrawing boundary lines. LB 17 was amended into **LB 71**, sponsored by Kristensen and passed 45-0.

**LB 485**, sponsored by Omaha Sen. Kermit Brashear, would have eliminated the Campaign Finance Limitations Act (CFLA), a set of laws first passed in 1992 that places voluntary limits on the amount of money that candidates for certain statewide offices can spend on their campaigns. The Government, Military and Veterans' Affairs Committee voted to indefinitely postpone, or kill, LB 485.





## Government

*In 2001, legislators passed government-related bills that will create a long-term legislative planning agency, establish a process for designing the state quarter and change bond and bid requirements for public buildings.*

**LB 772**, sponsored by Sen. Bob Wickersham of Harrison, established the Nebraska Futures Center within the Legislature. The goal of the center is to serve as a resource for long-term planning and decision making.

The center will be responsible for examining long-term issues affecting the state and advising and assisting governmental entities and officials in coordinating long-term policy. It begins operation in 2002 and, unless otherwise acted upon, will cease to exist in 2006.

The center will be governed by a 21-member board representing the legislative and executive branches of state government, the private sector, postsecondary education and local government.

LB 772 was passed 41-0.

**LB 706**, introduced by Lincoln Sen. Chris Beutler, established a seven-member committee designed to involve the public in the process of designing the state's quarter. The U.S. Mint is scheduled to issue a quarter whose tail side will represent the state of Nebraska in 2006. The committee will be chaired by the secretary of state.

LB 706 was passed by a 47-0 vote.

**LB 420**, sponsored by Sen. Curt Bromm of Wahoo, changes payment bond and bid requirements for public buildings. Representatives of public building owners can be named as additional obligees on payment bonds provided by those awarded contracts for public construction.

LB 420 was passed by a 39-0 vote.



## Health & Human Services

*Health and human services-related legislation considered in 2001 includes an omnibus health care funding measure, a bill that will provide educational loans to nursing students and a bill providing Medicaid coverage for some women screened for cervical and breast cancer.*

### **Omnibus health care funding bill**

**LB 692**, sponsored by Beatrice Sen. Dennis Byars, creates an annual endowment of \$50 million from the Nebraska Health Care Cash Fund, which includes money from Nebraska's tobacco settlement.

The endowment funds will be distributed during the fiscal biennium as follows:

- \$5 million for grants awarded by the Nebraska Health Care Council, including

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Sen. Dennis Byars



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\$700,000 for grants to improve racial and minority health;

- \$15 million in to increase rates paid to providers of mental health and substance abuse services;
- \$5 million to increase rates paid to providers of inpatient, hospital, or hospital-sponsored residential care services;
- \$13 million for community-based mental health and substance abuse services, including intermediate-level residential care services;
- \$3 million for costs associated with emergency protective custody of mental health patients;
- \$2 million for mental health services for juvenile offenders;
- \$8 million for services to individuals with developmental disabilities who are on the waiting list for services;
- \$12 million for local public health services, planning and infrastructure development;
- \$5.6 million for minority public health and satellite minority health offices;
- \$2.12 million for statewide respite care services;
- \$20 million the 2001-03 biennium, \$24 million in the 2003-05 biennium and \$14 million in each fiscal year thereafter to the University of Nebraska and other postsecondary educational institutions with colleges of medicine in Nebraska and their associated research hospitals for non-fetal tissue related biomedical research, including \$700,000 for research for the improvement of racial and ethnic minority health; and
- \$500,000 for an evaluation and planning study relating to publicly funded health and human services in Nebraska.

The bill also establishes guidelines for the development of the public health infrastructure in the state.

Legislators voted 47-0 to pass the measure.

## Nursing incentives

**LB 468**, introduced by Omaha Sen. Deborah Suttle, will provide \$1,000 loans to nursing students for up to two years. The loans will be forgiven if the student practices nursing in Nebraska for at least two years. LB 468 was passed by a 42-1 vote.

## Cancer care coverage

**LB 677**, introduced by North Platte Sen. Don Pederson, expands Medicaid coverage to certain women requiring treatment for breast or cervical cancer. Women screened through the National Breast and Cervical Cancer Early Detection Program will be eligible for Medicaid assistance if their income is at or below 225 percent of the federal poverty level.

LB 677 was passed on a 45-0 vote.

## Other legislation

**LB 516**, sponsored by Gering Sen. Adrian Smith, will make permanent a funding source for affordable housing and homeless shelter programs.

For every \$1.75 in documentary stamp tax funds collected, 50 cents is distributed to the county general fund, \$1.00 to the Affordable Housing Trust Fund and 25 cents to the Home-

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Sen. Deborah Suttle



Sen. Don Pederson



## Health & Human Services

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Sen. Jim Jensen

less Shelter Assistance Trust Fund. This current method of distribution was scheduled to terminate in 2003, however, the passage of LB 516 extended the distribution formula indefinitely.

The bill also transfers administration of the Homeless Shelter Assistance Trust Fund from the state Department of Economic Development to the state Department of Health and Human Services.

LB 516 was passed on a 45-0 vote.

**LB 682**, sponsored by Sen. Jim Jensen of Omaha, would adopt the Nebraska Behavioral Health Services Act. The bill would provide for a statewide system for the delivery of publicly funded mental health services and services for the treatment of alcoholism, drug abuse, compulsive gambling and other addictive disorders.

LB 682 was advanced to general file by the Health and Human Services Committee, where it remains.

**LB 530**, sponsored by Suttle, would create the Mental and Behavioral Health and Substance Abuse Services Task Force. The task force would study the lack of adequate community-based mental, behavioral health, and substance abuse services; review the Nebraska Comprehensive Community Mental Health Services Act; evaluate Medicaid and managed care funding for services; examine the needs of consumers of services in Nebraska; and make recommendations for short and long-term funding strategies.

The bill remains on general file following advancement by the committee.

**LB 287**, sponsored by Papillion Sen. Nancy Thompson, would provide financial assistance to individuals for costs associated with immunosuppressive medications taken after a transplant procedure. Legislators failed to advance LB 287 from general file by a 24-13 vote, falling one vote short of the 25 necessary.

**LB 429**, sponsored by Sen. Ray Janssen of Nickerson, would reimburse grocers for certain costs associated with participating in the electronic benefit system, a magnetic swipe card used to deliver public assistance, such as food stamps, at grocery stores. The bill would provide retailers who choose to use their own electronic benefit system equipment a reimbursement of nine cents per transaction.

Lawmakers voted 21-6 to bracket LB 429 until the 2002 session. A majority of those present and voting was necessary to bracket the bill.



# Health Regulation & Licensure

97<sup>th</sup>  
Legislature



*Lawmakers considered a series of bills relating to the regulation and licensure of health and human services, including a bill that would make changes to laws regulating pharmacists.*

## Pharmacy regulation

**LB 398**, sponsored by Sen. Deborah Suttle of Omaha, makes changes to uniform laws on licensing and controlled substances as well as laws governing the practice of pharmacy.

Changes made by the bill affect records retention requirements for pharmacists, the ability of pharmacists to utilize federally-defined options to destroy controlled substances, outdated laws relating to poison control, drug dispensing permits and delegated dispensing agreements, pharmacy technicians, the Board of Pharmacy, medical gas distributors and mail order contact lens providers.

LB 398 was passed by a 41-0 vote.

## Restaurant smoking ban

**LB 227**, introduced by Papillion Sen. Nancy Thompson, would ban smoking in restaurants except those holding certain liquor licenses in separately enclosed and ventilated spaces. Party or meeting rooms used for private social functions would also be exempt. The bill would allow cities, counties or villages to enact more stringent smoking regulations.

LB 227 failed to advance to select file by a 19-29 vote. The bill remains on general file.

## Other legislation

**LB 678**, introduced by Omaha Sen. Chip Maxwell, allows physical therapy students to perform therapy on patients so long as it is done under the supervision of a licensed physical therapist. The measure was passed by a 45-0 vote.

**LB 238**, introduced by Sen. Marian Price of Lincoln, allows for rules and regulations for the certification of emergency medical services instructors. The bill was passed by a 44-0 vote.

**LB 270**, sponsored by Sen. Carol Hudkins of Malcolm, licenses and regulates the practice of acupuncture within the state. The bill was passed by a 34-7 vote.

**LB 346**, sponsored by Columbus Sen. Jennie Robak, increases continuing education requirements for occupational therapists. To renew their licenses, occupational therapists will be required to obtain 20 hours of continuing education every two years and occupational therapy assistants will be required to obtain 15 hours. LB 346 was passed by a 44-0 vote.

**LB 400**, sponsored by Sen. Pam Brown of Omaha, would increase the number of annual continuing education hours required for full-time child care providers in order to maintain licensure and create a two-tier system of licensure. The bill remains on select file for consideration next session.



Sen. Chip Maxwell



Sen. Carol Hudkins





## Juveniles



Sen. Nancy Thompson

*In the area of juvenile services, senators passed legislation that changes placement and treatment services for juveniles, changes procedures related to intake services for juveniles and creates a grant program for the development of juvenile service plans.*

**LB 598**, sponsored by Elkhorn Sen. Dwite Pedersen at the request of the governor, changes placement and treatment services for juveniles.

Under the bill, courts will now order levels of initial treatment for juveniles in custody, as opposed to specific physical placements. The state Office of Juvenile Services becomes responsible for making specific placement decisions. The courts will have oversight of OJS placement decisions.

If the court decides that out-of-home placement is not in the best interests of the juvenile, it can order other treatment services. OJS is required to give the court written notification of where the juvenile has been placed within 30 days of the actual placement.

LB 598 was passed by a 43-0 vote.

**LB 451**, sponsored by Papillion Sen. Nancy Thompson, makes a number of changes to procedures relating to intake services for juvenile offenders, including making the Nebraska Probation System responsible for juvenile intake services and creating the position of juvenile intake probation officer to make juvenile detention decisions.

The measure was passed by a 44-0 vote, but the governor vetoed the measure. Legislators voted 30-17 to override the veto.

**LB 640**, sponsored by Omaha Sen. Jim Jensen, creates a state aid program that will provide grants to counties through the Crime Commission to develop comprehensive juvenile services plans. Participating counties will be required to develop and adopt a comprehensive juvenile services plan and submit the plan to OJS.

Planning grants are limited to \$2,500 per county for two consecutive years. Annual general fund appropriations will be limited to \$125,000 for planning grants and \$4 million of juvenile services state aid.

LB 640 was passed by a 48-0 vote.



## Law Enforcement

*In the area of law enforcement, senators considered measures that prohibit racial profiling, eliminate the requirement that the Nebraska State Patrol inspect school buses and retrocede limited criminal and civil jurisdiction to the Santee Sioux on their reservation.*

**LB 593**, sponsored by Decatur Sen. Matt Connealy, prohibits racial profiling by law enforcement agencies in Nebraska.

The bill requires officers to record information on the drivers they pull over in traffic stops, such as the number of stops made, the race of the occupant and the number of cita-

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# Law Enforcement

97<sup>th</sup>  
Legislature



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tions and warnings issued. The bill excludes investigatory stops or inventory searches and clarifies that no officer recording information required by LB 593 can be held liable unless his or her conduct is unreasonable, reckless or against the law.

LB 593 was passed by a 47-0 vote.

**LB 36**, sponsored by Sen. Nancy Thompson of Papillion, eliminates a requirement for the Nebraska State Patrol to provide safety inspections of school buses. The Nebraska Department of Education already requires quarterly inspections of school buses by trained mechanics.

LB 36 was passed by a 42-1 vote.

**LR 17**, sponsored by Omaha Sen. Ernie Chambers, retrocedes to the Santee Sioux limited criminal and civil jurisdiction on the Santee Sioux reservation. LR 17 was adopted by the Legislature by a 40-0 vote.



# Liquor, Tobacco & Gaming

*Senators passed legislation in 2001 that prohibits consumption of alcohol by minors, makes it illegal to place a stamp tax on “gray market” cigarettes and requires out-of-state liquor retailers to obtain a \$500 shipping license.*

**LB 114**, sponsored by Omaha Sen. Mark Quandahl, adds the act of consuming alcohol to the current law prohibiting minors from possessing alcohol. Under the bill, any minor knowingly and intentionally drinking or ingesting alcoholic liquor can be charged with consuming alcohol.

The bill requires parents or guardians be notified of a minor’s arrest for consuming alcohol. Parental consent will be required before underage children can assist law enforcement in the performance of compliance checks on retailers.

Minors will be allowed to consume alcohol on the premises of religious organizations for religious purposes, but only as part of a religious rite, ritual or ceremony.

LB 114 was passed by a 46-2 vote.

**LB 358**, sponsored by Sen. Paul Hartnett of Bellevue, makes it illegal to place a state tax stamp on packages of “gray market” cigarettes. Gray market cigarettes are produced in the United States and exported to foreign markets. Independent brokers purchase “gray cigarettes” from foreign markets, re-import them and sell them at a reduced price.

LB 358 was passed by a 43-0 vote.

**LB 671**, introduced by the General Affairs Committee, creates a \$500 mandatory shipping license for out-of-state liquor retailers shipping to Nebraska. The bill also requires retailers to collect sales and other applicable taxes and remit them to the state.

LB 671 was passed by a 28-12 vote, but was vetoed by the governor. Lawmakers voted 32-10 to override the veto.

**LR 6CA**, introduced by Lincoln Sen. DiAnna Schimek, would legalize gaming on



Sen. Mark Quandahl



Sen. Paul Hartnett

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## Liquor, Tobacco & Gaming

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Nebraska's American Indian reservations.

The resolution would propose an amendment to Article III, Section 24 of the Nebraska Constitution to make gaming operated by federally recognized Indian tribes legal. Gaming could only take place on reservation lands recognized as of October 1988 or on the property in Knox and Boyd counties held by the Ponca Tribe.

Currently, the only types of gaming that are allowed under the state constitution include a regulated state lottery authorized by the Legislature, wagering on the results of horseraces and bingo games conducted by licensed nonprofit associations.

If LR 6CA is passed by the Legislature, the measure will be placed on the 2002 general election ballot.

The resolution remains under consideration by the committee.

**LB 11**, sponsored by Elkhorn Sen. Dwite Pedersen, would have allowed 19- and 20-year-old minors to sell or serve alcohol only under the direct supervision of an adult at least 21 years of age. Current state law allows a person who is 19 or 20 to serve or sell alcohol with no supervision.

LB 11 was indefinitely postponed by the committee.

**LB 791**, sponsored by Nickerson Sen. Ray Janssen, would change the percentage of lottery funds provided to the Compulsive Gamblers Assistance Fund, the Nebraska Environmental Trust Fund and the Education Innovation Fund.

The bill would reduce the percentage of lottery proceeds provided to these programs from 25 percent, as provided under current law, to 18 percent through 2006. Also during that time period, the total dollar amount these programs could receive would not be less than what they would have received in fiscal year 2000-01.

The bill remains on general file, where it failed to advance on a 22-11 vote.



Sen. Ray Janssen

## Local Government

*Three bills relating to local government were passed in 2001, including a bill providing for the creation of municipal counties.*

**LB 142**, sponsored by Lincoln Sen. DiAnna Schimek, allows one or more counties and at least one of the municipalities in each county to merge and create municipal counties to deliver both county and municipal services.

A constitutional amendment authorizing legislation relating to the merger of local governments was approved by voters in the 1998 general election.

LB 142 establishes a three-step process for the creation of a municipal county:

- the adoption of a joint resolution by the affected entities to consider consolidation;
- the development of an interjurisdictional planning commission and consolidation plan; and
- approval of the plan by voters in the affected counties and municipalities.



Sen. DiAnna Schimek

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# Local Government

97<sup>th</sup>  
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If a proposed consolidation plan is approved, the municipal county created by the merger will be governed by a board of five to nine members serving four-year terms, at least two-thirds of whom will be elected by district. The municipal county of a metropolitan class city will be governed by a board of 15 members elected from 15 districts on a nonpartisan ballot. Currently, Omaha is the only metropolitan class city in Nebraska.

The bill also addresses the makeup of county boards following a merger, the rights and responsibilities of municipalities not included in the merger, procedures for the consolidation of SIDs, the dissolution of a municipal county, the annexation of land within a municipal county, the use of interlocal agreements by municipal counties, the existence of fire protection districts and the effect of mergers on keno games.

Lawmakers voted 32-12 to pass the bill.

**LB 366**, sponsored by Lincoln Sen. Ron Raikes, allows counties to determine whether nonfarm buildings used as residences are subject to zoning regulations and permit requirements. The measure was passed by a 43-1 vote.

**LB 808**, sponsored by the Urban Affairs Committee, removed the state from having any role in an incentive program and for volunteer firefighters, making the program strictly a local one.

The bill also requires all volunteer fire departments to report active rosters to the state fire marshal and clarifies that cities and counties that operate emergency medical services may also provide ambulance service.

LB 808 was passed by a 46-0 vote.



# Natural Resources

*Senators passed legislation in 2001 to fund water quality projects, regulate water wells, and establish maximum radon levels in drinking water.*

## Water quality funding

**LB 329**, introduced by Sen. Bob Wickersham of Harrison, would provide approximately \$1 million annually for water quality projects through a series of fees on pesticide dealers and applicators.

A Natural Resources Water Quality Fund would be created and administered by the state Department of Natural Resources. The fund would be used to provide money to natural resources districts for water quality projects. NRDs receiving water quality funds would be required to provide a 150 percent match for the state funds.

The water quality fund would receive \$1 million from the Pesticide Administrative Cash Fund and \$250,000 from the state's general fund in each of the next two fiscal years.

The fee for pesticide registration would be increased. Currently, the registration fee is

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## Natural Resources

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\$90. The bill would increase the fee to \$135 for specialty pesticides and \$200 for all other pesticides. The fees collected from specialty pesticide registrations would go to the water quality fund. Those collected from nonspecialty pesticide registrations would go to the pesticide fund.

The fee for a commercial pesticide applicator license would be set between \$90 and \$150. The fee for a private pesticide applicator license would be set at \$25. All of the license fees would go to the water quality fund.

LB 329 was passed by a 43-0 vote.

### Water well regulations

**LB 667**, sponsored by Elm Creek Sen. Ed Schrock, requires water well contractors to register new water wells within 60 days of completion. Registration forms for replacement water wells will contain information about their decommissioned wells and NRDs are to be given information regarding changes in the ownership of water wells.

The bill will allow NRDs in water quality management areas to adopt different regulations for water wells in areas that are subject to a lawsuit in which Nebraska is the defendant. Also, the date when a restriction could be placed on the construction of water wells changes retroactively to Jan. 1, 2001.

Lawmakers passed LB 667 by a 47-0 vote.



Sen. Bob Kremer

### Other legislation

**LB 668**, sponsored by Aurora Sen. Bob Kremer, allows the state Department of Health and Human Services Regulation and Licensure to establish an alternate maximum level for radon in drinking water and a multimedia radon mitigation program.

A certification fee for firms that deal with residential lead-based paint was reduced to between \$200 and \$500. Previously, the fees ranged from \$2,000 to \$5,000.

LB 668 was passed 45-0.

**LB 461**, sponsored by Sen. Ray Aguilar of Grand Island, reinstates a 400-ton limit on the amount of pollution emissions subject to a state regulatory fee. The bill also makes various changes related to scrap tire recycling. LB 461 passed 46-0.

**LB 461** also included **LB 103**, introduced by Wahoo Sen. Curt Bromm. LB 103 extends the time that petroleum releases must be reported in order to be eligible for reimbursement from the Petroleum Release Remedial Action Cash Fund. Previously, releases had to be reported on or before June 30, 2001, in order to be eligible for reimbursement. LB 103 extended the reporting period to June 30, 2005.



Sen. Ray Aguilar



# Redistricting

97<sup>th</sup>  
Legislature



*Lawmakers redrew governmental boundary lines for the U.S. House of Representatives, the Legislature, the Nebraska Supreme Court, the University of Nebraska Board of Regents, the Public Service Commission and the State Board of Education.*

## Congressional districts

**LB 851** redraws boundary lines for Nebraska's three congressional districts. Each congressional district would contain 570,421 people each. As passed by the Legislature, LB 851 shifts Saline and York counties as well as the northern and western portions of Cedar County from the 1st congressional district to the 3rd congressional district. The bill also splits Sarpy County between the 1st and 2nd congressional districts. Currently, Sarpy County is contained wholly within the 2nd congressional district.

The bill originally would have shifted Madison County from the 1st district to the 3rd district. However, legislators reached a compromise during select file consideration of the bill that resulted in the shift of Saline, York and Cedar counties instead.

LB 851 was passed by a 41-5 vote.

## Legislative districts

State law requires that there be 49 state legislative districts. According to the 2000 census, the ideal population for a legislative district is 34,924.

**LB 852** makes numerous legislative boundary changes across the state. The major change enacted in LB 852 is to move the 18th district from the northeast part of the state to the Omaha metropolitan area.

The current 18th district, served by Wausa Sen. Doug Cunningham, encompasses all of Cedar, Pierce, Stanton and Wayne counties and parts of Dixon and Knox counties. The new 18th district will cover parts of Washington and northern Douglas counties, including the cities of Blair and Fort Calhoun and parts of the city of Omaha. Parts of the current 18th district, including Cunningham's residence, will be covered by the new 40th district, which is currently served by Sen. Cap Dierks of Ewing.

LB 852 was passed by a 38-5 vote.

## Other political boundaries

**LB 853** redrew boundary lines for the state Supreme Court and its six judicial districts. According to the 2000 census, the ideal population for judicial districts is 285,211. LB 853 was passed by a 47-0 vote.

**LB 854** redrew boundary lines for the University of Nebraska Board of Regents. According to the 2000 census, the ideal population for each of the eight regent districts is 213,908. LB 854 was passed by a 44-3 vote.

**LB 855** redrew boundary lines for the five Public Service Commission districts. According to the 2000 census, the ideal population for PSC districts is 342,253. LB 855 was passed by a 47-1 vote.

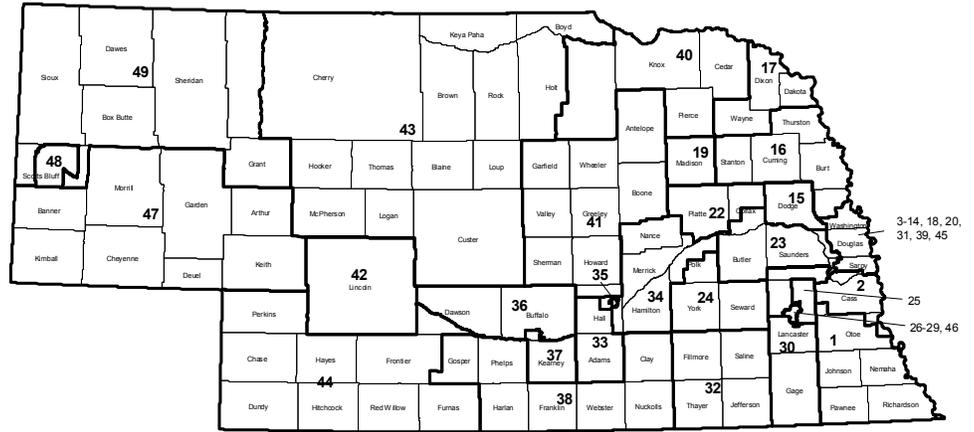
**LB 856** redrew boundary lines for the eight State Board of Education districts. The new districts in LB 856 mirror those for the Board of Regents established by LB 854. LB 856 was passed by a 48-0 vote.

All six bills were sponsored by the Redistricting Committee. The new boundary lines will all take effect in time for the 2002 elections.



# Redistricting

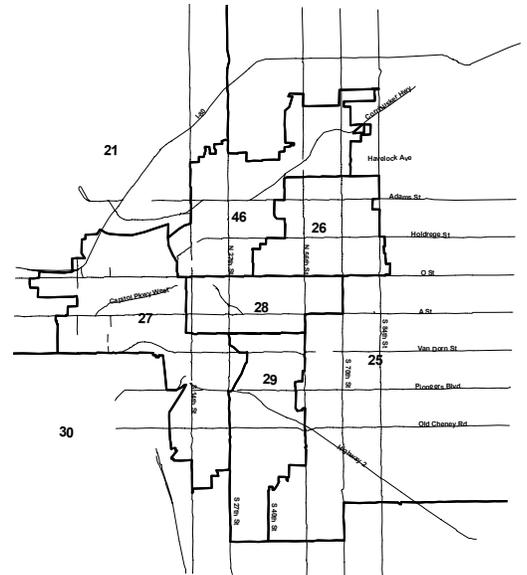
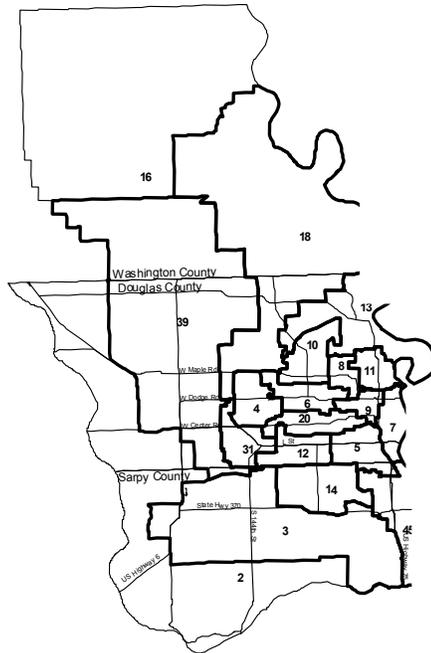
## Nebraska legislative districts



[ State legislative districts - LB 852 as passed by the Legislature ]

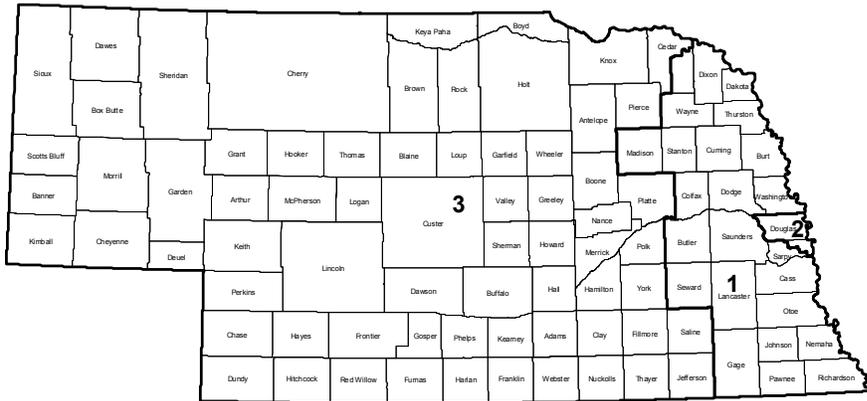
### Washington, Douglas and Sarpy counties

### Lincoln



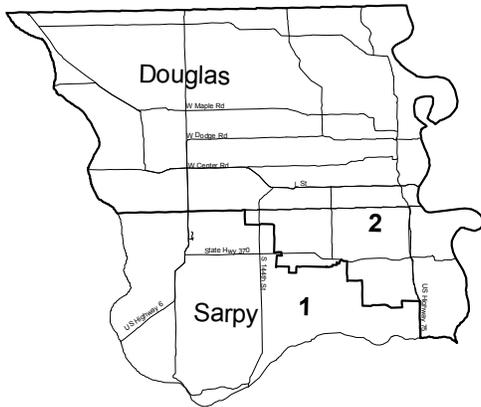


## Nebraska congressional districts

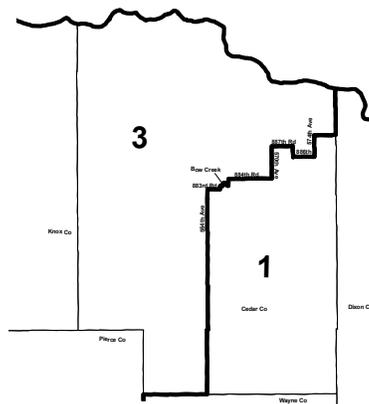


[ U.S. House of Representatives districts - LB 851 as passed by the Legislature ]

### Douglas and Sarpy counties



### Cedar County



Source for all maps: Legislative Research Division, Nebraska Legislature



## Retirement

*Measures to enhance retirement plans for school and public employees were considered by lawmakers in 2001.*

**LB 711**, sponsored by Harrison Sen. Bob Wickersham, increased the annuity factor for the School Employees Retirement System from 1.9 to 2.0. The annuity factor is multiplied against a plan participant's years of service and final average compensation to determine a benefit amount.

The annual cost-of-living (COLA) factor for plans affecting school employees, judges and the State Patrol was increased from 2 percent to 2.5 percent. A pre-retirement death benefit was added for surviving spouses of plan members who had at least five years but less than 20 years of service.

**LB 526**, introduced by Sen. Patrick Bourne of Omaha, was amended into LB 711. The bill provided a COLA to members of the Omaha School Employees Retirement System to offset medical expenses beginning 10 years after a member's retirement. Also, women required to resign due to maternity prior to 1979 will be allowed to purchase that maternity time for the purpose of the retirement plan.

LB 711 was passed by a 39-0 vote.

**LB 75** requires the Retirement Systems Committee to study and develop a proposal for a separate retirement system for legislative employees. Currently, there are five state retirement systems covering school employees, Omaha Public Schools employees, state and county employees, judicial employees and State Patrol employees. The bill also addresses financial issues affecting legislative staff who were employed by the Legislature prior to 1984 and were prohibited by law from participating in the state employees retirement plan.

LB 75 was originally introduced as a bill to require petroleum retailers to sell ethanol. However, an agreement between Sen. Matt Connealy of Decatur, the bill's sponsor, and Omaha Sen. Ernie Chambers resulted in the proposal to deal with legislative staff retirement issues. The resulting version of LB 75 is similar to **LB 801**, a bill introduced by Sen. George Coordsen of Hebron.

LB 75 was passed 28-15.

**LB 408**, sponsored by the committee, makes numerous technical and clarifying changes to the state's five public employee retirement plans. The bill was passed by a 46-0 vote.



## Taxes

*Among the tax-related legislation considered in 2001 were measures to modify a tax equalization body, authorize consideration of a uniform sales tax agreement, change the method of valuing agricultural land and lower taxes for married couples.*

### Tax equalization process

The Tax Equalization and Review Commission (TERC) was created in 1995 to replace the

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former State Board of Equalization. The TERC's responsibilities include hearing appeals of property tax valuation and exemption decisions made by county boards of equalization.

**LB 465**, sponsored by Harrison Sen. Bob Wickersham, makes several changes to the TERC as follows, including increasing the number of commissioners from three to four, two of whom would be attorneys. The chairperson of the TERC will be appointed from among the members who are attorneys. The chairperson position will rotate among the commission's attorney members.

Three of the commissioners will continue to represent geographical districts. The fourth commissioner will be an at-large member.

Commissioners will be required to have knowledge of civil and administrative procedure, due process, evidence, appraisal, depreciation theories, land economics and have completed training similar to that required of assessors. Non-attorney TERC members, within two years of their appointment, will be required to undergo training similar to that offered to judges and administrative law judges. Attorney members of the TERC will be required to complete training in mass appraisal techniques. One TERC member is required to be a licensed appraiser.

The TERC will be required to hold hearings in the presence of three commissioners and will be allowed to use referees to mediate disputes. If the taxpayer presents any evidence in support of his or her position, their case cannot be dismissed. The taxpayer will have the burden of proving that the decision of the county or the state property tax administrator being appealed is unreasonable or arbitrary.

LB 465 was passed by a 42-0 vote.

**LB 170**, sponsored by the Revenue Committee, addresses issues raised by two court cases.

A 2000 state Supreme Court decision, *Bartlett v. Dawes County Board of Equalization*, held that the TERC could not adjust tax assessments by market area to achieve inter-county equalization because market areas are not considered to be a class or subclass of property as defined in state law. Under LB 170, a property class or subclass is a group of properties that share characteristics not shared by those outside the class or subclass. The classification can be based on use, size, zoning, city size, or market characteristics.

Another 2000 state Supreme Court case, *Creighton St. Joseph Hospital v. Tax Equalization and Review Commission*, held that tax assessment appeals to the TERC that are post-marked before, but received after, the filing deadline are not timely and should be dismissed. LB 170 permits appeals pending after April 5, 2001 and postmarked before the filing deadline to be considered.

The bill also establishes a reporting duty for the state Department of Property Taxation and Assessment, requires county assessors to file five-year assessment plans with the department, allows farmers to build a home on a parcel of land without disqualifying the parcel for special value assessment or requiring recapture and clarifies the type of information to be maintained in a central sales file.

LB 170 was passed 46-1.

## Uniform sales tax

**LB 172**, sponsored by the committee, authorizes the governor to sign a multistate agreement to provide for the simplified collection of sales tax. The agreement must include a uniform state rate, a limit on the number of local rates, the elimination of dollar threshold exemptions, uniform standards for administration and restrictions on the times at which

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# Taxes

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tax rates can change. The Legislature must ratify any resulting agreement for it to take effect.

The bill also permits the governor to enter into an agreement with Native American tribes regarding the collection of gasoline taxes. LB 172 was passed by a 47-1 vote.

## Ag land values

**LB 600**, sponsored by Sen. George Coorsen of Hebron, would change the system of valuation for agricultural and horticultural land from one based on comparable sales of real estate to one based on a net income capitalization approach.

Under the bill, land used primarily for agricultural or horticultural purposes would be valued by the productivity of comparable lands from crops grown most typically in the area as calculated by a capitalization rate. Productivity would be determined by subtracting a landowner's three-year average of expenses from his or her three-year average of gross receipts for each land subclass, including federal agricultural support payments. The land's value would be determined by dividing the land's productivity by a capitalization rate of 8 percent.

The new valuation system would take effect in 2003. If the new system were found to be unconstitutional, the method of valuing ag land would revert to the current method of setting values at 80 percent of market value.

LB 600 was advanced from committee and remains on general file.

## Marriage penalty

**LB 277**, introduced by Omaha Sen. Pam Redfield, would allow dual-income married couples to file separate returns, providing for separate calculations of tax liabilities. The sum of these liabilities would be the couple's joint liability.

The bill would decrease the standard deduction for non-itemizing single income tax filers from \$4,550 to \$4,000. Each spouse of a non-itemizing married couple wishing to have his or her tax liability calculated separately also would be able to claim a \$4,000 standard deduction.

The minimum income levels of tax brackets for single taxpayers would also be adjusted, dropping from \$2,400 to \$2,000, \$17,000 to \$16,000 and \$26,500 to \$24,800.

Currently, the federal standard deduction levels are used to calculate state income tax liabilities. Under LB 277, however, the state's current standard deduction levels would be placed directly in state law. The standard deduction levels would be factored for inflation in future years.

LB 277 advanced to final reading by a 28-12 vote, where it remains.

## Other legislation

**LB 124**, sponsored by Wickersham, would require the amount of state aid received by each political subdivision to be calculated for each parcel of property and included on each property tax statement. Currently, county treasurers are required to provide a disclosure of the total amount each political subdivision receives in state aid to property taxpayers. The bill failed to advance to select file by a 13-17 vote. LB 124 remains on general file.

**LB 674**, sponsored by Sen. Ron Raikes of Lincoln, would change the method by which

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the level of a homeowner's partial homestead exemption is calculated.

Currently, as an applicant's income increases, the level of exemption decreases in increments of 15 percent. LB 674 would establish a base income level and, beginning in 2002, reduce a claimant's homestead exemption by 3 percent for each 1 percent his or her income exceeds the base income level.

Under proposed committee amendments, the bill also would move the earliest date each year a homeowner can apply for a homestead exemption from April 1 to Feb. 1 and clarify the definition of household income for the purpose of determining homestead exemption eligibility.

The bill was advanced from committee and remains on general file.

**LB 275**, introduced by Table Rock Sen. Floyd Vrtiska, moved the annual date county assessors are required to file a certificate of property taxes levied with the state property tax administrator from Nov. 27 to Dec. 1. The bill was passed 46-0.

**LB 792**, introduced by Sen. Jim Jensen of Omaha, would have increased the state's cigarette tax from 34 cents to 64 cents per pack. The additional 30 cents of tax would have been allocated to various health and human services programs, as well as development projects in Omaha and Lincoln. LB 792 was indefinitely postponed by the committee.

**LB 841**, sponsored by Omaha Sen. Kermit Brashear, would make major changes to the state's tax system through a combination of changes to income taxes, sales taxes and homestead exemptions. The bill would exempt the first \$30,000 of value on a primary residence from property taxes, reduce income tax rates by 14.5 percent, eliminate numerous exemptions from sales tax, provide low-income families with a \$60 income tax credit to offset the proposed sales tax on food and apply the sales tax to numerous services. The bill was held by the committee.

**LB 556**, introduced by Sen. Carroll Burling of Kenesaw, would include farm sites under the definition of agricultural and horticultural land for the purpose of property taxation. The bill was held by the committee.



# Telecommunications

*In the area of telecommunications, legislators passed a bill that would allow for the sale or lease of dark fiber optic capacity. Legislators also considered measures that would provide funding for wireless phone emergency services and additional regulations for service providers accessing money from the Nebraska Universal Service Fund.*

**LB 827**, sponsored by Wahoo Sen. Curt Bromm, permits government entities to sell or lease dark fiber optic capacity and use the proceeds to provide advanced telecommunications services. Dark fiber optic cable is any unused fiber optic cable not carrying a signal.

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# Telecommunications

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The Public Service Commission has the authority to determine the lease price, which cannot be greater than the market rate. Also, state agencies and political subdivisions are prohibited from providing telecommunications services for a fee.

Any profits earned under a lease agreement by a public entity will be remitted to a newly-created Nebraska Internet Enhancement Fund (NIEF). This fund will be used to provide financial assistance to install and deliver broadband or other advanced telecommunications infrastructures and services throughout the state. Broadband telecommunications enable users to receive high-quality voice, data, graphics and video telecommunications.

Lawmakers passed LB 827 by a 42-3 vote.

**LB 585**, sponsored by Sen. Pat Engel of South Sioux City, establishes a surcharge on wireless service subscribers to provide for enhanced wireless emergency services.

A 50-cent surcharge will be imposed on wireless telephone subscribers. The fee will help 911 dispatch centers and wireless phone providers defer the costs of providing equipment to identify and locate emergency calls originating from wireless phones.

Senators voted 36-6 to pass LB 585.

**LB 389**, sponsored by Bromm, allows the PSC to regulate specified telecommunications service providers that access money from the Nebraska Universal Service Fund. The fund provides subsidies or assistance to provide telecommunications service to high-cost areas of the state.

LB 389 was given final legislative approval by a 48-0 vote.



# Transportation

*Legislators voted to lower the legal blood alcohol content to .08, allow prior convictions for driving under the influence to be used in second and subsequent offenses and authorize digital driver's licenses in 2001.*

## **BAC level changed for DUI**

**LB 166**, sponsored by Sen. Carol Hudkins of Malcolm, lowered the legal blood alcohol content (BAC) level for driving a motor vehicle or a motor boat from .10 to .08. Blood alcohol content is the measurement of the portion of one gram of alcohol per 100 milliliters of a person's blood.

The lower BAC standard will enable Nebraska to receive between \$1.5 million and \$3 million in incentive grants from the federal government. The grants can be used to pay for highway safety and construction projects.

A similar measure, **LB 167**, also would have lowered the BAC standard to .08, but only

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# Transportation

97<sup>th</sup>  
Legislature



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with regard to operating a motor vehicle. That measure, sponsored by Sen. Jim Jones of Eddyville, was indefinitely postponed.

LB 166 was passed 43-1.

## Prior DUI conviction evidence allowed

**LB 773**, sponsored by Omaha Sen. Lowen Kruse, allows prior convictions for driving under the influence where serious bodily injury was involved to be used as a way to enhance penalties for second and subsequent offenses. Before the passage of LB 773, prior DUI convictions involving serious bodily injury could not be used to increase penalties for repeat DUI convictions.

LB 773 was approved by a 45-0 vote.

## Digital driver's license

**LB 574**, sponsored by the Transportation and Telecommunications Committee, authorized the state Department of Motor Vehicles to have a digital system of issuing driver's licenses and state identification cards in place by July 1, 2004, or earlier at the discretion of the director.

To pay for the new digital system, the cost of a five-year license or state identification card will increase by \$5. Each person applying for a license or state identification card will be required to have a digital image taken and provide a signature.

Lawmakers gave final approval to LB 574 by a 44-0 vote.

## Other legislation

**LB 809**, sponsored by the Urban Affairs Committee, makes several changes related to applying for and receiving handicapped parking permits. Lawmakers passed the bill by a 47-0 vote.

**LB 191**, sponsored by Sen. Dennis Byars of Beatrice, increases the motor vehicle registration fee by 50 cents. The additional revenue will be used to fund trauma systems and emergency medical services across the state. LB 191 was passed by a 44-0 vote.

**LB 38**, sponsored by Sen. Nancy Thompson of Papillion, changes penalties relating to the suspension, impoundment and revocation of driver's licenses.

Licenses would be revoked for actions relating to dangerous driving. License revocation would be mandatory when persons are convicted of operating a motor vehicle to avoid arrest. Courts will only be able to revoke or impound licenses and will no longer be allowed to suspend licenses.

Licenses that are revoked could be reinstated for \$125. Licenses that are suspended could be reinstated for \$50.

LB 38 passed by a 45-0 vote.





## Utilities

*Measures involving the regulation of utilities considered in 2001 included bills that would overhaul the regulation of the state's natural gas industry.*

The Urban Affairs Committee sponsored and considered two bills on natural gas regulation.

**LB 806** would establish a centralized, state system of regulating the natural gas industry. The measure would be intended to provide consumers with the ability to choose their natural gas supplier. A Nebraska Gas Service Board would be created to regulate the industry. The board would be charged with establishing safety and quality standards for natural gas suppliers. Only those companies licensed by the board would be allowed to provide natural gas service to retail customers.

Suppliers would not be allowed to make changes to consumer rates without providing 30 days notice to the board and the public. The board would have the authority, after a hearing, to approve or reject a proposed rate change. Municipalities that operate their own natural gas utilities would not be subject to the board's rate approval process. A process for consumers to protest municipal rate changes would be established.

**LB 807** would provide state assistance through the State Energy Office to municipalities in regulating the natural gas industry.

Currently, municipalities are responsible for regulating natural gas rates. The Legislature commissioned a two-year study by Economic & Financial Resources Ltd., a private consultant, to analyze the state's natural gas regulatory scheme and to recommend changes. Working under the general supervision of the Urban Affairs Committee, the consultants issued their report in January 2001.

The Urban Affairs Committee held both bills for further consideration.

**LB 243**, introduced by Elm Creek Sen. Ed Schrock, allows a newly merged or consolidated public power district to charge consumers in the former districts a different rate for up to five years. The Public power districts will not be allowed to charge less than the actual cost for supplying services to consumers. LB 243 was passed by a 43-0 vote.

**LB 502**, sponsored by Omaha Sen. John Hilgert, would change the way in which natural gas is taxed. Currently, consumers pay a sales tax based on the price of natural gas. The bill would base the tax consumers pay on the amount of natural gas they use. The bill was held by the Revenue Committee.



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# UNICAMERAL UPDATE

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