

THE NEBRASKA LEGISLATURE'S
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UPDATE

Budget clears second round

Lawmakers gave second-round approval March 19 to the two remaining bills comprising the Appropriations Committee's mid-biennium budget adjustment package. LB131, which made transfers from the state's cash reserve, was advanced to final reading March 16.

The state budget is structured on a two-year basis, with the budget enacted during legislative sessions held in odd-numbered years. Sessions in even-numbered years are used to make adjustments to the state's two-year budget.

Deficit appropriations

LB968, introduced by Norfolk Sen. Mike Flood on behalf of the governor, would provide for deficit appropriations.

Proposed appropriations would include:

- \$17 million to the state Department of Health and Human Services (DHHS) to cover shortfalls due to developments in the child welfare reform effort and to reduce caseloads;
- \$9.7 million to reinstate 1.5 percent of a 2.5 percent cut in Medicaid provider rates for the upcoming fiscal year;
- \$4 million to reduce the state's developmental disability waiting list; and

(continued on page 3)

Gov.'s tax cuts reduced by one-third, advanced



From left: Sens. Lavon Heidemann, Beau McCoy and Abbie Cornett discuss the tax cuts.

Low- and middle-income Nebraskans would see a modest tax reduction under a bill advanced from general file March 20.

LB970, introduced by Bellevue Sen. Abbie Cornett at the request of the Gov. Dave Heineman, originally would have eliminated the inheritance tax and reduced both corporate and individual income taxes. The bill was estimated to reduce revenue for the state by \$326.6 million. Additionally, counties would have lost approximately \$43 million in annual revenue with the elimination of the inheritance tax.

After much debate over whether the state could afford to offer tax cuts in light of a projected revenue shortfall of \$461 million at the end of the next biennium, the Revenue Committee advanced a committee amendment that

attempted to lessen the fiscal impact of the governor's proposal. Adopted 35-4, the amendment eliminated the bill's provisions relating to the inheritance tax and corporate income tax.

Remaining in the proposal was a gradual income tax reduction, reducing the bill's fiscal impact over the three-year period from a projected \$326.6 million to \$148.2 million, with the following initial rates:

- 2.45 percent for an individual making up to \$2,400 or a married couple making up to \$4,800;
- 3.5 percent for an individual making between \$2,400 and \$17,500 or a married couple making between \$4,800 and \$35,000;
- 5.0 percent for an individual making between \$17,500 and

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Gov.'s tax cuts reduced by one-third, advanced

(continued from front page)

\$27,000 or a married couple making between \$35,000 and \$54,000; and

- 6.84 percent for an individual making more than \$27,000 or a married couple making more than \$54,000.

Saying some senators were still concerned about the cost of providing broad tax cuts, Cornett introduced an amendment to the committee amendment that further adjusted the rates to result in a smaller tax cut than that proposed for 2015. The changes would reduce the three-year fiscal impact to \$97.2 million and would focus on cuts for low- and middle-income taxpayers, while providing no reductions for the top tax rate. The amendment was adopted 40-3.

"This represents a down payment on the tax relief we promised in January," Cornett said. "This represents a compromise in light of the concerns over the uncertainty of the next biennium."

Lincoln Sen. Danielle Conrad opposed the bill, saying the state cannot afford to cut taxes in the current budget climate. She said the state's priority should be restoring cuts made to Medicaid last session.

"Before we even start thinking about offering a tax cut, we need to ask ourselves if we're taking care of our state



Sen. Danielle Conrad opposed the tax cut.

obligations," Conrad said. "We're restoring just half the cuts we made last year and now we're patting ourselves on the back and talking about tax cuts?"

Columbus Sen. Paul Schumacher also spoke in opposition to the bill. He said that future budget decisions cannot be made using pre-recession ideology.

"We need to conserve our resources, build public assets, meet social responsibilities and realize that the rules we were used to are no more," Schumacher said.

Supporters of the bill said taxpayers deserve a break after years of having to tighten household budgets while costs increased. Fremont Sen. Charlie Janssen said the proposed tax cuts have broad support among his constituents.

"Most taxpayers would be very supportive, even given the amount we're proposing," Janssen said. "It may be a small tax cut, but it's not an inconsequential one."

Omaha Sen. Heath Mello said the compromise represented by the Cornett amendment would provide direct tax relief to low- and middle-income taxpayers.

"This will have an impact on the people who live paycheck to paycheck," he said. "Providing direct income tax relief ultimately gets recycled back into the economy."

Cortland Sen. Norm Wallman introduced an amendment, defeated 5-23, that would have delayed implementation of the tax cut until 2014.

Senators advanced the bill to select file on a 36-6 vote. ■

COMMITTEE HEARINGS

Tuesday March 27

Education

Room 1525 - 9:00 AM

Progress Report on Attainment of Higher Education Priorities - Nebraska Coordinating Commission for Postsecondary Education pursuant to Section 85-1429

Health & Human Services

Room 1510 - 1:00 p.m.

Appointment: Keller, Bradley - Stem Cell Research Advisory Committee
Appointment: Morris, Rebecca Jane - Stem Cell Research Advisory Committee
Appointment: Roop, Dennis - Stem Cell Research Advisory Committee
Appointment: Spangrude, Gerald - Stem Cell Research Advisory Committee

Wednesday, March 28

General Affairs

Room 1510 - 1:15 p.m.

Appointment: Hart, Timothy - Nebraska Arts Council ■



Budget package clears second round

(continued from front page)

- \$6.1 million to fund the design and construction of a veterinary diagnostic center at the University of Nebraska.

Lawmakers considered a series of amendments offered during select file debate.

Flood offered an amendment that would reduce the general fund appropriation to DHHS for the state's Medicaid program in fiscal year 2011-12 and FY2012-13 by an additional \$2 million per year.



Sen. Mike Flood watches the voting board.

Flood said the amendment would reinstate the governor's budget recommendation to reduce the Medicaid appropriation by \$5 million per year based on utilization projections. He said the change could be made without reducing provider rates, benefits or services.

Omaha Sen. Heath Mello said the Appropriations Committee based its proposed \$3 million annual reduction on an understanding that Medicaid utilization fluctuates and that DHHS would require a deficit appropriation next year if costs increase.

Sen. Danielle Conrad of Lincoln also opposed the amendment, calling it a "budgetary gimmick." She said there is no guarantee that funds would be available in future budget cycles to address Medicaid needs.

"Using one-time funding strategies to take care of ongoing needs - it's putting together the budget with bubble gum and baling wire, and that's not

sound fiscal policy," Conrad said.

The amendment initially failed 23-21, two votes short of the required 25. Flood offered a successful motion to reconsider that vote, saying the amend-

ment was part of a package offered in consideration of a tax cut plan advanced by the Revenue Committee.

"I present these ideas with the idea of making room in the budget for what I think is going to be a decision we make here soon," Flood said.

The amendment was adopted 28-19 on a second vote.

Another Flood amendment would have reduced the state's appropriation to the Behavioral Health Aid program by \$1.85 million in FY2012-13.

Due to legislative rules, the amendment was unable to be withdrawn, but Flood said many senators had expressed concerns about reducing behavior health funding. As a result, Flood asked lawmakers to vote against the amendment and it failed on a 0-34 vote.

A third Flood amendment, adopted 25-1, would appropriate \$10 million transferred from the cash reserve to the general fund in LB131 for state aid to special education. The amendment also

would reappropriate to the general fund \$425,000 that was designated to the Community Corrections Council, which was eliminated in 2011.

Omaha Sen. Brad Ashford offered an amendment that would have appropriated \$907,000 in FY2012-13 and FY2013-14 to renovate dormitories at the Youth Rehabilitation and Treatment Center (YRTC) in Kearney.

Ashford said the dormitories are "totally and utterly inadequate" and have not been altered since they were built in 1953. The facility's open floor plan makes it difficult for staff to monitor the youth adequately, he said, which has resulted in an increased number of assaults as the center's population has grown to include young people with more violent backgrounds.

Sen. Bob Krist of Omaha supported the amendment, saying the funding was needed to protect staff and rehabilitate the youth who are sent to YTRC-Kearney.

"I think it is up to us to make sure
(continued next page)



Sen. Bob Krist explained the need for YRTC funding, which was not approved.

Budget package

(continued from previous page)

that the facility is properly configured and properly staffed,” he said.

Lincoln Sen. Colby Coash acknowledged that the center is outdated, but questioned whether investing in renovation was the best use of state dollars. The Appropriations Committee budget already includes funding for 15 additional staff members at YRTC-Kearney, he said, which should help decrease the number of assaults.

The amendment failed on a 20-20 vote.

A second Ashford amendment, adopted 25-11, would appropriate \$60,000 to the Nebraska State Patrol to contract with the University of Nebraska to study sex offender recidivism data before and after the 2009 passage of LB285, which changed the state’s sex offender classification system from an evaluation of risk assessment system to an offense-based assessment system.

Sen. Gwen Howard of Omaha also offered an amendment that would prohibit DHHS from using funds appropriated to the department in FY2011-12 and FY2012-13 to pay transition costs relating to the termination of DHHS’s contract with KVC.

Howard said DHHS has committed the state to providing a “golden parachute” to KVC, the latest lead agency to leave the state’s troubled child welfare reform effort. The department agreed to pay the Kansas-based agency \$6 million to cover various costs associated with ending their contract with the state, she said.

“We have much greater needs for our taxpayer dollars than contributing



Sens. Lavon Heidemann (left) and John Nelson review the budget adjustments.

money directly to the bank account of an agency in Kansas,” Howard said.

Sen. Steve Lathrop of Omaha spoke against the amendment, saying it was too late for the Legislature to act.

“If it is a signed contract or an agreement [that] we have entered into, we can pay it now or we can pay it in a court judgment,” he said. “We’re all frustrated with the cost of the cleanup, but we have to pay our bills.”

The amendment failed on a 4-32 vote.

Following adoption of a technical amendment, senators advanced LB968 to final reading by voice vote.

Other fund transfers

LB969, introduced by Flood at the request of the governor, would authorize various fund transfers.

Among other provisions, the bill would:

- authorize transfers up to \$3.8 million to the Ethanol Production Incentive Cash (EPIC) Fund;
- reduce by \$2.9 million annually, through 2015, the amount

transferred to the Nebraska Health Care Cash Fund;

- create the State Colleges Sport Facilities Cash Fund, consisting of transfers from the Civic and Community Center Financing Fund, gifts, grants and other contributions;
- transfer \$99,600 from the state Department of Administrative Services State Insurance Fund to the Roads Operations Cash Fund; and
- create the World Day on the Mall Cash Fund.

As amended on general file, LB969 also would transfer \$250,000 per year through 2014 from the Civic and Community Financing Fund to the State College Sports Facilities Cash Fund. The transfer would increase to \$400,000 annually beginning in 2015.

Fullerton Sen. Annette Dubas offered an amendment during select file debate to eliminate that transfer.

Dubas acknowledged that Nebraska’s state colleges are in need of funding for maintenance of sporting facilities, but said the money should come from the state’s general fund

and not at the expense of a fund designed to finance community and cultural centers.

She said the state Department of Economic Development, which administers the fund, allocated \$1.5 million in grant dollars last year. More Nebraska cities could benefit from the fund, she said, if more money were available.

“Grant applications are being turned down ... not because they don’t have merit, but because they don’t have resources to fund all the applications,” she said.

Sen. Lavon Heidemann of Elk Creek opposed the amendment, saying the Civic and Community Financing Fund would have enough money to support both priorities once Lincoln’s new arena begins contributing to the fund. In addition, he said, state college facilities are used for a variety of purposes and are as vital in rural areas as traditional community centers.

“This is not just a college thing,” he

said. “It’s a rural thing.”

The amendment failed on a 20-22 vote, five votes short of adoption.

A second Dubas amendment that would have stipulated that the Civic and Community Financing Fund be used to fund only projects proposed by municipalities in FY2012-13 and FY2013-14 also fell short on a vote of 19-22.

An Ashford amendment, adopted 27-6, would transfer \$60,000 from the Commission on Public Advocacy Operations Cash Fund to the Nebraska State Patrol Cash Fund to conduct the sex offender recidivism study authorized by his amendment to LB968.

Finally, an amendment offered by Flood and adopted on a 42-0 vote



Sen. Annette Dubas explains her amendment.

would reduce the general fund transfer to the EPIC fund by \$2.8 million. He said the fund does not need the additional appropriation to operate.

LB969 was advanced to final reading by voice vote. ■

UNICAMERAL UPDATE ONLINE

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Agriculture

Agricultural commodity checkoff increases advance

Senators gave first-round approval March 22 to two bills that would increase checkoff funds for wheat and corn commodities.

As introduced by Holdrege Sen. Tom Carlson, LB905 would amend the Nebraska Wheat Board's current excise tax levy of 1.25 cents per bushel of wheat to 0.5 percent of the net market value of wheat sold through commercial channels in Nebraska. The board could increase the excise tax by 0.75 percent of net market value.



Sen. Tom Carlson

The bill also would allow gifts, grants and other noncheckoff revenues to be remitted to the Nebraska Wheat Development, Utilization and Marketing Fund and would remove a restriction that limits wheat research contracts to one year.

An Agriculture Committee amendment, adopted 26-1, revised the proposed assessment rate to 0.4 percent of net market value and would authorize the board to make future rate adjustments to up to 0.5 percent of the net market value after Oct. 1, 2014.

The amendment also removed provisions of the bill that would have allowed gifts and grants to be placed in the cash fund.

Wheat prices vary greatly from year to year, Carlson said, and allowing the checkoff rate to vary with the market would help stabilize the fund, which supports research, marketing and promotion.

Sen. Chris Langemeier of Schuyler opposed making the rate variable. Be-

cause the board is appointed, he said, wheat producers cannot hold board members accountable if they increase the checkoff rate.

"I'm willing to support an increase," he said, "but I cannot support making it variable."

Hoskins Sen. Dave Bloomfield supported the bill, saying the board would be constrained sufficiently by having the ability to raise the rate by 0.1 percent.

"This [change] was asked for by wheat growers and I think we should give it to them," he said.

The bill advanced to select file 28-0.

LB1057, also introduced by Carlson, would increase the current fee limit of 0.4 cents per bushel of corn to 0.5 cents per bushel levied by the Nebraska Corn Board. The board would be authorized to make future adjustments to the fee, not to exceed 1 cent per bushel.

An Agriculture Committee amendment, adopted 30-0, removed provisions that would have allowed the board to make future adjustments to the fee. In addition, the amendment would establish Oct. 1, 2012 as the operative date for the revised assessment.

Carlson said the date would coincide with the sunset date of a current 0.8 cent assessment paid by corn producers to the state's Ethanol Production Incentive Cash (EPIC) Fund.

He said the current fee rate has not been changed for 24 years and is the lowest among the top 12 corn producing states in the country. With more resources, he said, the corn board could engage in more research, marketing and promotion.

"Nobody likes additional fees," Carlson said. "But most growers understand what this money is used for."

Fullerton Sen. Annette Dubas, a corn producer, supported the bill. The Corn Board helps individual produc-

ers who operate independently but share the same goals, she said.

"I don't set aside money to promote my product ... [but] collectively we can pay into this fund and it can be used to promote our business at large," she said.

LB1057 advanced to select file 27-0.

Banking, Commerce & Insurance

Bill would clarify regulation of ancillary auto products

Senators gave first-round approval March 22 to a bill meant to clarify the regulatory framework for motor vehicle ancillary product contracts.

LB1054, introduced by Omaha Sen. Beau McCoy, would specify that service contracts for ancillary motor vehicle products are not insurance and not otherwise subject to the state's insurance code.



Sen. Beau McCoy

The bill defines ancillary products as a protective chemical, substance, device, system or service installed on or applied to a motor vehicle, which is designed to prevent loss or damage from a specific cause.

Such products would include, but not be limited to:

- additives;
- alarm systems;
- steering locks;
- fuel and ignition kill switches;
- part marketing products; and
- electronic, radio and satellite tracking devices.

A Banking, Commerce and Insurance Committee amendment, adopt-

ed 32-0, expanded the bill's ancillary auto product definition to include contracts or agreements for repair or replacement of:

- windshields damaged by road hazards;
- inoperable or lost keys or key fobs;
- tires or wheels damaged by road hazards; and
- dents, dings or creases using paintless dent removal.

The bill advanced to select file 31-0.

Business & Labor

Immunity for employer referrals amended, advanced

Employers providing job references for a current or former employee would receive civil immunity under a bill advanced from general file March 19.

LB959, introduced by Fremont Sen. Charlie Janssen, would provide immunity to an employer who discloses factual information during a reference check. Janssen said the protection is necessary because employers currently are reluctant to offer full information regarding former employees due to legal liability concerns.



Sen. Charlie Janssen

"Nebraska is one of the few remaining states without a job reference statute," Janssen said. "It is important to our state because it will open the flow of communication between employers and employees."

A Business and Labor Committee amendment, adopted 33-0, replaced the bill and would provide civil immunity to a current or former employer who provides certain information to

a prospective employer only upon written consent of the prospective employee.

Under the amendment, a consent form would be provided during the application process and would be valid only for the length of time that the application is considered active by the prospective employer but no longer than six months.

Information that may be provided would include:

- employment date and duration;
- job description and duties;
- pay rate and wage history;
- attendance information;
- drug and alcohol test results;
- threatening or harassing behavior;
- most recent written performance evaluation; and
- whether the employee is eligible for rehire.

An employer providing information pursuant to a written consent would be immune from civil liability and presumed to be acting in good faith. The good faith presumption could be rebutted upon a showing by a preponderance of the evidence that the information was known to be false or that the employer acted with malice or reckless disregard for the truth.

Omaha Sen. Steve Lathrop, chairperson of the committee, said the amendment was modeled on an Arkansas law and would put clear parameters around the information that a prospective employee would consent to have released by a present or former employer.

"I believe this is a good compromise as it provides protection for both employees and employers," he said.

The bill advanced to select file 33-0.

Education

Blood-lead testing and outreach bill advanced

A bill that would create a lead poisoning prevention program was advanced from general file March 22.

LB1038, introduced by Omaha Sen.

Brenda Council, originally would have required all students entering kindergarten to have undergone blood-lead testing.



Sen. Brenda Council

An Education Committee amendment, adopted 34-0, replaced the bill and instead would authorize the state Department of Health and Human Services (DHHS) division of public health to create an education and outreach program for school children. Under the program, a coordinated plan to prevent childhood lead poisoning would:

- educate health care providers, child care providers, public school personnel and parents about the risks of lead poisoning;
- provide a standard to be used in identifying elevated blood-lead levels; and
- recommend that a child be tested for elevated blood-lead levels if the child resides in a zip code with a high prevalence of children with elevated blood-lead levels or if the child meets one of the criteria in a screening questionnaire developed by DHHS.

The amendment specifies that the department would not be required to pay the cost of elevated blood-lead testing except for children who participate in the Medicaid program.

Senators advanced the bill to select file on a 32-0 vote.

Government, Military & Veterans Affairs

Unclaimed military medal bill advanced

Senators advanced a bill from general file March 22 meant to address the handling of unclaimed military medals.

Under LB819 as introduced, any unclaimed military medal, decoration or award removed from a safe deposit or collateral deposit box in Nebraska would be delivered to the state treasurer's office.

Bellevue Sen. Scott Price, sponsor of LB819, said some other states melt unclaimed military decorations for the value of the medal and that he introduced the bill to prevent the same action from being taken in Nebraska.



Sen. Scott Price

A Government, Military and Veterans Affairs Committee amendment, adopted 34-0, clarified that unclaimed medals would be reported to the treasurer's office on the same schedule as other unclaimed property and would allow the treasurer's office to make a veterans' organization or other entity the custodian of any unclaimed medals after 10 years.

The bill advanced on a 30-0 vote.

Bill would tighten state contracting requirements

Lawmakers gave first-round approval March 19 to a bill that seeks to improve the procedure by which state agencies contract for services.

LB858, as introduced by Lincoln

Sen. Bill Avery, would apply to contracts valued at more than \$25 million and would require the involvement of the state Department of Administrative Services (DAS).



Sen. Bill Avery

Avery said the measures resulted from concern over contracting practices undertaken during the state Department of Health and Human Services (DHHS) reform of the child welfare system.

The bill would require a state agency to submit a copy of a proposed contract and a proof-of-need analysis to DAS, which would certify a submitted analysis as complete before an agency could proceed with contracting services.

Currently, contracts with direct providers of medical, behavioral or development health services, child care or child welfare service to an individual are exempt from the state's bidding requirements.

LB858 would remove the exception for a personal services contract valued at \$25 million or more.

"This provision is important because DHHS relied on the child welfare exception in order to enter into the contracts to privatize child welfare," Avery said.

A Government, Military and Veterans Affairs Committee amendment, adopted 37-0, lowered from \$25 million to \$15 million the threshold for DAS involvement in the contracting process. The exemption for child welfare service contracts also was lowered to \$15 million.

Among other provisions, the amendment specifies that a proof of need analysis include a:

- review and analysis of feasible alternatives;

- review of the projected long-term cost savings;
- justification for entering into a contract if it will not result in cost savings;
- rationale for purchasing a service rather than using state employees;
- designation of state agency employees to monitor the contract for performance; and
- demonstration by the state agency that it has taken formal and positive steps to consider alternatives to private contracting, such as agency reorganization.

Sen. Bob Krist of Omaha supported the bill, saying it would provide accountability in state contracting.

"It is extremely important that if we ... enter into a contract and spend the taxpayers' dollars, we need to be accountable at the end of the day," he said.

The bill advanced on a 35-0 vote.

Creation of Nebraska Tourism Commission advances

A bill relating to tourism advanced from general file March 20.

LB1053, introduced by Ellsworth Sen. LeRoy Loudon, would create the Nebraska Tourism Commission. All powers and duties currently held by the travel and tourism division of the state Department of Economic Development would be transferred to the newly formed commission.



Sen. LeRoy Loudon

"Travel and tourism is an important part of the Nebraska economy," Loudon said. "It's time for the industry to have its own commission to coordinate tourism projects statewide."

The commission would consist of one representative from each of the state's tourism regions. Members would be appointed by the governor and confirmed by the Legislature. All current employees of the travel and tourism division would become employees of the commission.

Ogallala Sen. Ken Schilz supported the bill, saying a tourism commission would be able to focus on bringing more visitors to the state.

"People want to come to Nebraska," Schilz said. "We just have to show them where to go and provide the opportunities."

Senators advanced the bill to select file on a 31-1 vote.

Health & Human Services

Scope of practice broadened for respiratory therapy services

Nurse practitioners and physician assistants could order respiratory therapy services under a bill advanced from general file March 22.

LB788, introduced by Lincoln Sen. Kathy Campbell, would change current state statute to reflect the standards adopted by the federal government and Centers for Medicare and Medicaid Services.

A Health and Human Services Committee amendment, adopted 32-0, would extend the scope of practice to include certified residential nurse anesthetists.

Senators advanced the bill to select file on a 32-0 vote.



Sen. Kathy Campbell

State-funded nursing care for family, friends advanced

A bill meant to clarify permitted practices under the Nebraska Nurse Practitioner Act was given first-round approval March 22.

Hoskins Sen. Dave Bloomfield said he introduced LB1083 to clarify for the state Department of Health and Human Services that they may hire nurses to provide home health care to family members or friends.

Bloomfield said he believes the department is misinterpreting recent changes in state law. The changes made to the Nurse Practitioner Act do not apply to family members providing home health care, he said, adding that such care can be essential for patients and cost effective for the state.

A Health and Human Services Committee amendment, adopted 28-0, clarified that the bill would apply to licensed nurses only.

LB1083 advanced to select file on a 28-0 vote.

Marriage and family therapist certification changes advance

Lawmakers gave first-round approval March 22 to a bill that would change Nebraska's supervision requirement for attaining certification as a marriage and family therapist.

As introduced, LB1148 would specify that the current 3,000 hours of supervised experience include:

- 1,500 hours of direct client contact during the five years preceding application for certification;
- at least 100 hours of supervisor-supervisee contact hours with a



Sen. Dave Bloomfield

- qualified supervisor; and
- supervision provided at least one hour per week or two hours every two weeks.

This bill also would amend the definition of qualified supervisor.

Grand Island Sen. Mike Gloor, sponsor of the bill, said the measure is aimed at addressing a shortage of marriage and family therapists in Nebraska.



Sen. Mike Gloor

Following adoption of a technical Health and Human Services Committee amendment on a 34-0 vote, senators advance the bill to select file 33-0.

Judiciary

Fine deductions from bonds clear first round

A bill that would authorize the deduction of fines or costs from a defendant's bond advanced from general file March 22.

Under LB722, introduced by Lincoln Sen. Colby Coash, courts would be allowed to deduct fines or costs owed by an offender from his or her cash bond as an alternative to ordering a lump sum payment of court costs.

Coash said the bill would provide a mechanism to withhold portions of a bond to recover court costs and would provide additional revenue for courts.

A Judiciary Committee amendment, adopted 29-0, clarified that the provision would apply to all bonds except those encumbered by a valid lien, levy, execution or assignment to



Sen. Colby Coash

counsel of record or the person who posted the bond.

The bill advanced to select file on a 35-0 vote.

Pari-mutuel wagering on historic horse races advanced

Senators advanced a bill from general file March 21 that would authorize the state Racing Commission to license and regulate pari-mutuel wagering on historic horse races.

A historic horse race creates a pari-mutuel pool from wagers placed on a previously held race at a licensed racetrack.

LB806, introduced by Omaha Sen. Scott Lautenbaugh, originally would have allowed instant racing terminals at licensed horse



Sen. Scott Lautenbaugh

racing premises only with the approval from the county board where the licensed facility is located.

With the relocation of the state fair and closing of a horse racing venue in Lincoln, Lautenbaugh said, the horse racing industry has suffered statewide. Allowing terminals to feature historic races would generate revenue to build a new track in Lincoln, he said.

"This is a jobs bill," Lautenbaugh said. "We can't afford to turn our backs on these people. We can't afford to turn our backs on these jobs."

A Judiciary Committee amendment, adopted March 7 on a 25-19 vote, eliminated the bill's requirement that a county board adopt a resolution before the Racing Commission may grant a historic horse racing license.

The amended bill would establish a Historic Horse Racing Distribution Fund comprising taxes collected from the races and licensing fees, which

would be \$1,000 per machine. Half of the fund's proceeds would be credited to the Racing Commissions Cash Fund to be used by the commission for equitable treatment of equine species and the other half would be directed to the Compulsive Gambler's Assistance Fund.

Proponents of the bill said it would create and maintain jobs in the state - many of which are agricultural jobs.

Wilber Sen. Russ Karpisek supported the bill. He said lawmakers are quick to help other industries that seek assistance through tax breaks and other incentive programs, but seem unwilling to do the same for the state's horse racing industry.

"We bend over backward for the big guy to come in here," Karpisek said. "I don't think we do enough for the little guy."

Ogallala Sen. Ken Schilz also supported the bill, saying historic horse racing would allow the industry to help itself at no cost to the state.

But opponents argued that racing terminals are similar to slot machines and could be considered expanded gambling.

Scottsbluff Sen. John Harms said historic horse racing would not be enough to save the industry in Nebraska. Times have changed, he said, and young people are not drawn to horse racing.

"How much more do we want to expand gambling to save this industry?" he asked.

Omaha Sen. Beau McCoy also opposed the bill, saying racing terminals look like and are used as slot machines. Therefore, he said, historic horse racing would be an unconstitutional expansion of gambling and not pari-mutuel wagering.

Sen. John Nelson of Omaha agreed.

"However you configure this machine ... the only thing different from a

slot machine is that there's not a lever there to pull," he said. "It is an end run around what our [state] constitution expressly forbids."

Lautenbaugh said the terminals can be configured in a number of ways and that the appearance of the machine is irrelevant.

"I have a cigarette lighter that looks like a gun," he said. "That doesn't make it a gun. What matters is what is inside."

Opponents of the bill filed a number of amendments in an attempt to filibuster LB806 and Lincoln Sen. Tony Fulton offered a motion to indefinitely postpone the bill. He said the Legislature had many important bills waiting to be debated and suggested lawmakers vote to end debate on LB806 rather than spend hours on a filibuster.

The motion failed on a 14-28 vote.

An amendment offered by Harms, which failed 8-14, would have required that live racing be conducted at the licensed racetrack enclosure for 150 percent or more of the days assigned to the racetrack in 1988 in order to qualify for an historic horse racing license.

Following rejection of the Harms amendment, Lautenbaugh made a motion to invoke cloture - a procedural tool used to end debate and require an immediate vote on advancement of a bill.

The motion succeeded on a 33-11 vote, the minimum required for adoption.

Senators then voted 26-18 to advance the bill to select file.

Human trafficking bill amended, advanced

Senators advanced a bill from general file March 21 that would increase awareness of human trafficking and

enhance penalties for pandering.

As introduced by Lincoln Sen. Amanda McGill, LB1145 would:



Sen. Amanda McGill

- establish a commission on human trafficking;
- require training for government officials on human trafficking;
- allow a victim of sex trafficking to file a motion to vacate a conviction of prostitution;
- authorize law enforcement officials to seize property obtained due to a violation of the state human trafficking statute, which would then be subject to forfeiture; and
- require that the National Human Trafficking Resource Center Hotline number be posted in key establishments throughout the state.

Under the bill, forcing or enticing a person into prostitution would be a Class IV felony for a first offense. If the victim is younger than 18, it would be a Class III felony for the first and subsequent offenses. Pandering currently is a misdemeanor offense in Nebraska.

A Judiciary Committee amendment, adopted 35-0, removed provisions that would allow a victim to file a motion to vacate a prostitution conviction and authorize forfeiture of seized property.

Sen. Brenda Council of Omaha said the committee removed the provisions due to constitutional concerns. The resulting bill still would make progress toward the goal of protecting vulnerable Nebraskans from being victimized by human traffickers, she said.

Omaha Sen. Brad Ashford, chairperson of the committee, said trafficking is a serious problem in Nebraska, particularly for young female

runaways.

“It is slavery,” he said. “It takes them away from their homes and puts them in a terrible environment.”

Sen. Mark Christensen of Imperial supported the bill, saying increased penalties for pandering were overdue.

“Nebraska is the leading researcher in the nation on human trafficking,” he said. “Yet we have some of the weakest laws.”

The bill advanced to select file on a 36-0 vote.

Retirement

Reduction sought in Lancaster County retirement match

Senators advanced a bill from general file March 19 that would allow certain counties containing a city of the first class to reduce the employer’s contribution to the county employees retirement plan.

The bill, which would affect only Lancaster County, would cap the contribution rate at 100 percent of the employee’s contribution for individuals hired after July 1, 2012. The current contribution rate is set in state law as 150 percent of an employee’s contribution.

Wilber Sen. Russ Karpisek said he introduced LB867 at the request of the Lancaster County Board of Commissioners. He said the board sought the change to lower personnel costs and bring the county’s contribution rate in line with nongovernmental entities.



Sen. Russ Karpisek

“The match is significantly out of line with the private sector,” Karpisek said.

He said the bill was projected to save Lancaster County approximately

\$35,000 to \$40,000 annually, noting that personnel costs constitute 85 percent of the county’s budget.

Holdrege Sen. Tom Carlson supported the bill, saying very few private sector businesses contribute more than a 50 percent match of an employee’s contribution.

The bill advanced to select file on a 37-0 vote.

Revenue

Clarification proposed to valuation of farm home sites

A bill that seeks to clarify the types of comparable properties that could be used to value farm home sites was advanced from general file March 20.

LB750, introduced by Bellevue Sen. Abbie Cornett, would clarify the types of property that could be used as comparable lands for the purpose of valuing farm home sites. Cornett said the bill was the result of confusion over which properties could be used.



Sen. Abbie Cornett

“An assessor was using residential land platted in a zoned subdivision to value a farm home sight,” Cornett said. “This bill would clarify that the two properties are not comparable.”

The bill would specify that residential land located within a platted and zoned residential subdivision is not comparable to land that is part of a farm home site.

Plattsmouth Sen. Paul Lambert said property owners in his district saw increases of up to six times the previous valuation.

“This bill would offer a solution to a problem that has existed for almost four years in my district,” he said.

A Revenue Committee amend-

ment, adopted 32-0, further clarified that sales of land which do not include a farm home site shall not constitute a comparable sale when determining the actual value for farm home sites. The amendment also would require the state Department of Revenue to conduct an annual analysis of market premiums to ensure accurate valuations of farm home sites.

A Cornett amendment to the committee amendment, adopted 29-0, also would define a farm home site or rural residential site as land contiguous to a farm site that includes an inhabitable residence and improvements used for residential purposes and that is located outside of urban areas or outside a platted and zoned subdivision.

Senators advanced the bill to select file on a 30-0 vote.

Property valuation notices could change

Notifications of property valuation would be changed by a bill advanced from general file March 22.

Currently, when a property is assessed at a value different from the previous year, the county assessor must notify the property owner. The notice includes the old and new assessed values, dates to file a protest and the median value of all property in the county.

York Sen. Greg Adams said he introduced LB822 on behalf of county assessors who reported confusion among property owners about the median value. Originally, the bill would have provided an explanation of the median value figures at the top of each valuation notification.

A Revenue Committee amend-



Sen. Greg Adams

ment, adopted 29-0, instead would remove the figure from the notifications altogether.

Senators voted to advance the bill on a 26-0 vote.

Tax exemption proposed for mental health centers

The taxation of nonprofit mental health centers would be clarified by a bill advanced from general file March 19.

Under LB1097, introduced by Omaha Sen. Pete Pirsch, purchases made by nonprofit mental health centers would not be subject to sales and use taxes.



Sen. Pete Pirsch

“Within the tax policy of Nebraska it’s never been the intent to tax nonprofit health care,” Pirsch said. “It is not sound policy to expect these providers to pay sales and use taxes.”

Bellevue Sen. Abbie Cornett spoke in support of the bill, saying it was necessary to put the exemption into statute.

“This is a bill that will finally give the Department of Revenue the clarification they have been asking for in regard to nonprofit mental health centers,” she said.

Senators advanced the bill to select file on a 32-0 vote.

Bill would encourage investment in low-income areas

Investors certified as community development entities could receive income, corporate and premium tax credits under a bill advanced from general file March 20.

LB1128, introduced by Columbus Sen. Paul Schumacher, would provide

tax credits to entities that invest in low-income rural and urban areas. Schumacher said the bill is patterned after the federal New Markets Tax Credit program and would stimulate job growth in underdeveloped areas.



Sen. Paul Schumacher

“Studies have shown having a state-based program boosts development in low-income communities,” Schumacher said. “This would provide job-creating small businesses with increased access to growth capital.”

Under the bill, community development entities must be certified by the state tax commissioner to receive the tax credit. To achieve certification, the development entity must provide:

- evidence of its certification as a qualified community development entity;
- a copy of the allocation agreement executed by the entity;
- a description of the proposed amount, structure and purchaser of the equity investment or long-term debt security; and
- a nonrefundable application fee of \$5,000.

The tax credit could be used against the financial institutions’ tax, insurance premium tax and income taxes. Credits could not be claimed for the first two years of investment, but could be claimed for the next five years.

Certified development entities would receive a 7 percent tax credit during the third year and an 8 percent tax credit for the next four years. The total amount of credits awarded by the state could not exceed \$15 million in any fiscal year.

Omaha Sen. Brenda Council supported the bill, saying it would create jobs statewide.

“This removes a major barrier by providing means for businesses located in low-income communities to access growth capital,” Council said. “This makes Nebraska far more attractive for these kinds of investments.”

Senators advanced the bill on a 36-0 vote.

Transportation & Telecommunications

Special permits proposed for longer combination vehicles

Permits would be granted for vehicles hauling seasonally harvested products under a bill advanced from general file March 22.

LB740, introduced by Ogallala Sen. Ken Schilz, would allow longer combination vehicles that are up to 10 percent greater than the maximum

length specified by law to carry an additional 15 percent of the maximum weight allowed for up to 70 miles.

“This will allow Nebraska to keep up with neighboring states, especially when it comes to conducting business in other states,” Schilz said.

Under the bill, such permits would be valid for up to 120 total days per calendar year.

A Transportation and Telecommunications Committee amendment, adopted 34-0, would allow a semitrailer operator to exceed the 40 foot length limitation without exceeding a length of 59 feet 6 inches, including the load.

Senators advanced the bill on a 34-0 vote.



Sen. Ken Schilz

Increased clearance for pedestrians and cyclists advanced

Drivers would be required to maintain a minimum distance from pedestrians and cyclists under a bill advanced from general file March 22.

LB1030, introduced by North Platte Sen. Tom Hansen, would require drivers to leave a minimum distance of 3 feet when passing a pedestrian, bicycle or electric assistive mobility device traveling in the same direction on a roadway.



Sen. Tom Hansen

Violators would be fined \$100 to \$300, depending upon the frequency of the offense in one year.

Senators advanced the bill to select file on a 32-0 vote. ■

UNICAMERAL YOUTH LEGISLATURE



High school students who want to learn what it's like to be a senator in the Nebraska Legislature are encouraged to register for the 2012 Unicameral Youth Legislature, which will convene June 10-13.

The Unicameral Youth Legislature is a four-day legislative simulation conducted at the State Capitol Building and coordinated by the Clerk's Office of the Nebraska Legislature. Student senators will sponsor bills, conduct committee hearings, debate legislation and discover the unique process of the nation's only unicameral.

Students will learn about the inner workings of the Legislature directly from senators, staff and lobbyists. Bills will be based on legislation considered during the current legislative session.

Registration forms can be obtained from the Legislature's Unicameral Youth Legislature page: www.nebraskalegislature.gov/education/unicamyouth.php The registration deadline is May 15.

The Unicameral Youth Legislature is organized by University of Nebraska 4-H and has been supported by AmeriCorp VISTA, the Nebraska Cooperative Extension and the Southeast Research and Extension Center.

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