

## Budget package clears first round

Following two days of debate, lawmakers gave first-round approval March 11 to three bills comprising the Appropriations Committee budget adjustment package.

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 \$8 billion budget.

The committee's funding recommendations would result in an increase in general fund appropriations of approximately \$28,000 over the two-year budget. It would leave approximately \$91.5 million above the state's required minimum reserve available to fund bills passed this session.

Appropriations Committee chairperson Omaha Sen. Heath Mello said



Sen. Heath Mello explains to fellow senators the potential impact of increasing the property tax relief contained in the budget.

the adjustments would retain a growth rate of 5.5 percent and address long-deferred priorities while maintaining a strong cash reserve.

"There's an overarching policy that the Appropriations Committee took

this year to help set the stage for what we feel is responsible, cautious [and] conservative fiscal policy for years to come," he said. "That is protecting and being very judicious with the use of our cash reserve fund."

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## Senators debate road construction bonds

Nebraska would borrow money to hasten road construction under a bill debated by senators March 12.

LB1092, as introduced by Fullerton Sen. Annette Dubas, would have authorized the State Highway Commission to issue up to \$400 million in bonds for highway construction projects. A Revenue Committee amendment, adopted 47-0, reduced the amount to \$200 million and specified that their interest rate be no greater than 5 percent.

At least 25 percent of the bond proceeds would be dedi-

cated to construction of federally designated, high priority corridors and the expressway system through Chadron, Alliance and Scottsbluff.

Dubas said roads projects over the next 20 years would cost \$14.1 billion, according to the most recent needs assessment compiled by the state Department of Roads.

"As these numbers show, Nebraska's existing funding structure is inadequate for our transportation infrastructure," she said.

The bonds would be repaid with revenue from the State Highway Capital Improvement Fund, which currently re-

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# Budget package clears first round

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## Mainline budget bill

LB905, introduced by York Sen. Greg Adams on behalf of the governor, would make various deficit appropriations. Following a failed attempt to divide it into component parts, an Appropriations Committee amendment was adopted March 11 on a 34-0 vote and replaced the bill.

Among other provisions, the amendment included the following adjustments:

- \$25 million to the state's Property Tax Relief Fund;
- \$14 million to address issues in the state's corrections system;
- \$10 million to the Job Training Cash Fund;
- \$5 million to provide service to individuals on the developmental disability waiting list; and
- \$2.5 million for the early childhood grant program.

During debate March 10, Kearney Sen. Galen Hadley offered an amendment that would have added an additional \$20 million to the state's Property Tax Relief Fund. He said property taxes were the number one issue heard by the Legislature's Tax Modernization

Committee during hearings over the summer.

Hadley said the credits paid by the fund, founded in 2007 to provide tax relief, have lessened in value to property owners over the years. The fund should be increased, he said, to make the credits more closely reflect their original worth.

"We haven't done anything to really help the property taxpayers of Nebraska," Hadley said, "and I think it's time we do so."

Lincoln Sen. Danielle Conrad opposed the amendment, saying the minimal amount of relief an additional \$20 million would provide to property tax payers would not be worth other cuts to programs and services that might result.

"That gives the average taxpayer an additional \$10 to \$12 dollars [a year]," she said.

Sen. Kate Sullivan of Cedar Rapids also opposed the amendment, saying property tax relief should not come at the expense of other programs.

"We heard that property tax relief



Sen. Galen Hadley said his amendment would better address the need for property tax relief.

was important, but we also heard that Nebraskans want quality education and they want the state to put more aid into funding our schools," she said. "Therein lies the challenge; therein lies the balancing."

Columbus Sen. Paul Schumacher supported the amendment, while acknowledging that the average property taxpayer would see a minimal benefit.

"Right now ... this is simply a message to our taxpayers that we hear you," Schumacher said.

The amendment failed on a 20-18 vote, five votes short of adoption.

## UNICAMERAL UPDATE

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THE NEBRASKA LEGISLATURE'S OFFICIAL NEWS SOURCE SINCE 1977

Papillion Sen. Bill Kintner offered an amendment that would have removed \$2.5 million proposed for four fountains in the State Capitol courtyards that were part of the Capitol's original design but were never constructed. The funding originally was proposed in LB797, introduced by Omaha Sen. John Nelson.

Kintner said the fountains are not a necessity and should not be funded if the state is unable to provide tax relief to Nebraskans.

"This is clearly a want; it's not a need," he said, adding that corporate sponsors could be found if senators insisted on installing the fountains.

Nelson opposed the amendment, saying it is important to add the fountains as the building's final design element and complete the architect's vision for the Capitol.

"I can't think of a better way and a more long-term way of leaving our mark on this building," he said. "The fountains will be a symbolic representation of the importance of our state's water ... which is otherwise unrepresented in the building's design."

The Kintner amendment failed on a 5-27 vote.



Sen. Bill Kintner offered an amendment to remove funding for fountains in the Capitol's courtyards.

Hoskins Sen. Dave Bloomfield offered and later withdrew an amendment that would have removed a \$60,000 appropriation to pay the state's Midwest Interstate Passenger Rail Compact dues. The funding originally was introduced as LB891, sponsored by Fullerton Sen. Annette Dubas, and was amended into the budget proposal.

Mello opposed the amendment, saying the state has an obligation to pay its dues, which have been in arrears since 2009.

"The Legislature has a financial obligation to pay its [dues] as a statutory member of this compact," Mello said.

Dubas also opposed the amendment, saying that as long as the state is a member of the compact, the dues should be paid. She said concerns regarding the value of the state's membership in the compact is a separate question.

"What we need to decide right now is: do we pay our bills?" Dubas said.

Lawmakers voted 37-2 to advance LB905 to select file.

### Additional provisions

Three additional components of the budget adjustment package also were advanced March 11.

LB906, introduced by Adams at the request of the governor, would make transfers between funds and create and eliminate funds. An Appropriations Committee amendment, adopted 31-0, became the bill.

Among other provisions, the amendment would create the following funds and make the following transfers:

- \$21 million to the Water Sustainability Fund;
- \$15 million to the Game and Parks Improvement and Maintenance Fund; and

- \$12 million to the Vehicle Title Registration System Replacement and Maintenance Cash Fund.

Mello said the funds and transfers represent important priorities for the state, including creation of a new vehicle title registration system and assistance to the Nebraska Game and Parks Commission for deferred maintenance projects.

The bill advanced on a 31-1 vote.

LB130, introduced by Mello, would make transfers from the state's Cash Reserve Fund. An Appropriations Committee amendment, adopted 35-0, replaced the bill.

The amendment would transfer \$50 million to the General Fund and \$14.5 million to the Nebraska Capitol Construction Fund to begin work on upgrading the State Capitol heating, ventilating and air-conditioning system.

Mello said the bill reflects the committee's desire to use the cash reserve only for one-time items and not for ongoing obligations. He said the approach would maintain a strong cash reserve in order to weather future economic downturns.

Senators advanced the bill 36-0.

Finally, LB949, introduced by the Business and Labor Committee, would approve claims against the state and agency write-offs.

Omaha Sen. Steve Lathrop, chairperson of the committee, offered an amendment that was adopted 33-0. It added a \$2 million claim made by the family of Joyce Meeks, who was killed in a vehicle accident by an inmate authorized to drive a state vehicle.

Following the 33-0 adoption of a committee amendment, which added three claims that were settled or adjudicated after the bill was introduced, senators advanced LB949 to select file on a 34-0 vote. ■

# Senators debate road construction bonds

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ceives .25 percent of the state sales and use tax. LB1092 also would pledge the revenue from all fuel taxes, registration fees and other highway user fees for the purpose of bond repayment.

“Nebraska’s highway system plays a critical role in our citizens’ quality of life and our potential for economic development,” Dubas said. “When you visit with businesses and ask what are they looking for when either planning to expand or locate a new business,” she said, “they are looking for states that place the importance on modern, safe and sound transportation infrastructure.”

Despite the steady funding stream generated by the sales tax, Dubas said, the bonds are necessary to make up for the uncertainty of federal funding and the decline in gas tax revenues that result from today’s more fuel-efficient practices.

Sen. Paul Schumacher of Columbus spoke in favor of the amended bill, calling it a conservative and prudent way to take advantage of historically low interest rates.

“Let’s get some roads built; let’s get some programs accelerated ... while the labor force is looking for work,” Schumacher said.

Papillion Sen. Jim Smith disagreed, saying senators should not saddle future legislatures with potential financial difficulty.

“My concern is that with the passage of [LB]1092, if



Sen. Annette Dubas explains the \$200 million bond proposal.

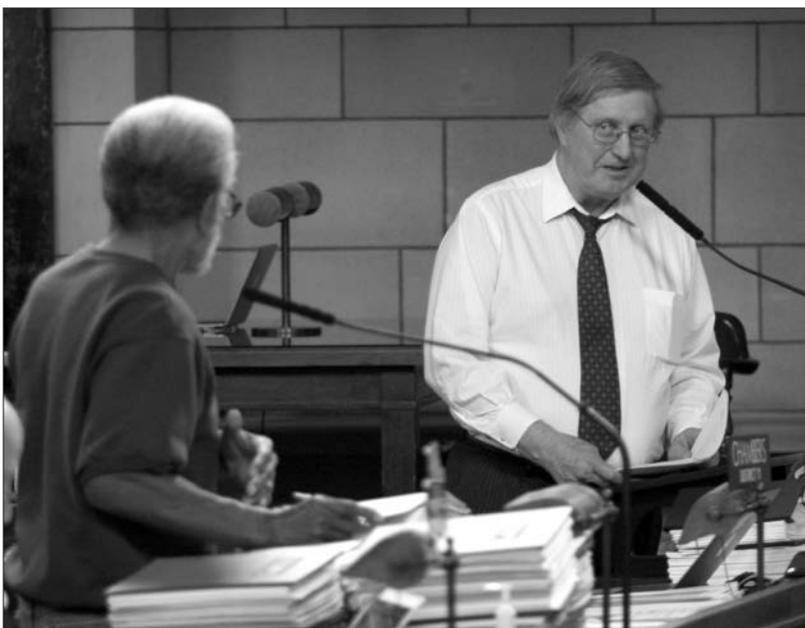
[sales tax] resources were cut in the future ... then that legislature would have no choice but to either cut other critical spending or to increase the motor fuel tax,” Smith said.

Omaha Sen. Ernie Chambers filed a motion to bracket the bill until April 17, citing the state Department of Roads’ opposition to the bill at the committee hearing.

“We should not force on an agency what the head of that agency does not want—unless there is a policy that is so important to the Legislature that it will be given as an order,” he said.

The bracket motion failed on a 17-27 vote, as did another Chambers amendment.

The Legislature moved on to another section of the agenda before taking further votes on LB1092. A Chambers amendment is pending. ■



Sens. Ernie Chambers (left) and Paul Schumacher debate the merits of borrowing money to accelerate completion of roads projects.

# APPROPRIATIONS

## Economic development changes advance

Lawmakers gave first-round approval March 13 to a bill that would make changes to two Nebraska economic development programs.

LB1114, introduced by Omaha Sen. Heath Mello, would place a pilot program currently under the Small Business Innovation Act under the umbrella of the Business Innovation Act. The pilot program provides technical support for Nebraska-based, high-growth businesses to foster growth and development.



Sen. Heath Mello

In addition, the bill would extend the Business Innovation Act termination date from Oct. 1, 2016 to Dec. 1, 2021.

LB1114 also would appropriate \$50,000 to a new High Growth Business Development Cash Fund, which would be administered by the state Department of Economic Development. The fund would be used to commission an analysis of ways to support and increase venture capital in Nebraska, including an examination of best practices in other states.

Finally, the bill would change a cap on grants in the Community Development Assistance Act. The current cap of \$350,000 per year would be reduced to \$300,000 for fiscal year 2014-15.

Mello said the reduction would be used to offset funding for LB1114's venture capital analysis provision.

Lincoln Sen. Danielle Conrad supported the bill, saying it is important for the state to evaluate existing programs in order to continue providing

appropriate support for small business innovation and entrepreneurship.

"We've seen continued improvement and progression in a variety of competitiveness rankings," Conrad said, but added that the state continues to lag in access to venture capital.

Following the 29-0 adoption of a technical amendment offered by Mello, senators advanced the bill to select file 31-0.

# BANKING, COMMERCE & INSURANCE

## Benefit corporations advanced

Senators gave first-round approval March 12 to a bill that would allow a corporation to become a benefit corporation.

Lincoln Sen. Danielle Conrad introduced LB751, which would allow entities to migrate between the benefit corporation classification and other corporation types.



Sen. Danielle Conrad

An entity could become a benefit corporation by a two-thirds vote of each class of shareholders. Conrad said the bill would offer social entrepreneurs an additional tool without giving preferential treatment.

"Electing to become a benefit corporation won't be a good fit for all businesses," she said, "but for businesses who seek to attract socially conscious investors and consumers, it will be."

The bill defines a benefit corporation as a domestic business corporation that would create a general public benefit, including:

- providing low-income or underserved individuals with benefit products or services;
- promoting economic opportu-

nity for individuals in communities beyond creation of jobs in normal courses of business;

- protecting or restoring the environment;
- improving public health;
- promoting the arts, sciences or advancement of knowledge;
- increasing the flow of capital to entities with a purpose to benefit society or the environment; and
- conferring any other particular benefit on society or the environment.

Under LB751, the benefit director would be required to submit an annual report to shareholders explaining whether or not the corporation's actions were in accordance with its stated public benefit purposes. The annual report also would detail the impact of its actions on shareholders, employees, customers, the community and the ability of the corporation to achieve its general public benefit purpose.

Columbus Sen. Paul Schumacher supported the bill, saying it would provide a valuable marketing tool for no cost to the taxpayers.

"This bill makes that corporate organization — at no cost to anybody — available to entrepreneurs who agree with the notion that socially conscious corporations ... are a way to be highly profitable," he said. "It would marry the notion of capitalistic greed and entrepreneurship with the notion of social consciousness."

Senators advanced the bill on a 33-0 vote.

# EDUCATION

## Allied schools proposal bracketed

Lawmakers gave unanimous consent March 13 to bracket a bill that

would have required small schools to enter into allied systems.

Norfolk Sen. Jim Scheer introduced LB682, which called on school districts with fewer than 650 students to enter into an allied system with at least three other districts of the same size. The schools would operate on the same yearly calendar and daily schedule to allow for more collaboration, including conducting classes remotely.



Sen. Jim Scheer

The member districts would not be required to combine or coordinate revenue, spending, taxation or state aid.

“In education we talk a lot about best practices,” Scheer said. “We know one of those [best practices] is to get the broadest, best form of education to all students in Nebraska. [This bill] would allow [smaller rural districts] to have the educational opportunities that schools in larger districts have.”

Saying that more study is needed to address school district concerns, Scheer requested that the bill be bracketed until April 17.

Senators obliged with no objection, ending debate on LB682 for the session.

**Changes to education funding advanced**

A bill containing several changes for the Tax Equity and Educational Support Opportunities Act (TEEO-SA) and Education Innovation Fund was amended and advanced March 13.

LB967, introduced by the Education Committee, would reduce by half the teacher education and instructional time allowances and aid under TEEOSA for fiscal year 2015-16 and eliminate it completely in FY2016-17. The bill also would provide district

reorganization support grants.

An Education Committee amendment, adopted 30-0, incorporated the provisions of several additional bills into LB967. For 2014-15 and 2015-16, the amendment would make the following changes to allocations and transfers from the Education Innovation Fund:

- add \$200,000 per year to the existing transfers to the Enhancing Excellence in Teaching Cash Fund, per LB842 by Hyannis Sen. Al Davis;
- limit distance education equipment and incentives to \$2 million for 2014-15 and \$2.5 million for 2015-16;
- transfer \$1 million per year for reorganization support, per LB967;
- allocate \$145,000 per year to continue the college admissions test pilot project for two additional years, per LB835 by Lincoln Sen. Bill Avery; and
- allocate \$335,000 for 2014-15 and an estimated \$344,000 for 2015-16 for evaluating and improving career education programs to align with economic and workforce needs, per LB754 by Papillion Sen. Jim Smith.

Additional provisions related to the Education Innovation Fund would:

- allow lottery funds that are allocated to reorganization support grants and early childhood education prior to the termination of the Education Innovation Fund to be used after the fund terminates on June 30, 2016, per LB967 and LB984 by Cedar Rapids Sen. Kate Sullivan;
- transfer unspent funds from other allocations and transfers to the Nebraska Education Improvement Fund on Aug. 1, 2016, per LB967 and LB984;

- transfer the remaining funds in the Excellence in Teaching Cash Fund to the Nebraska Education Improvement Fund on Aug. 1, 2016;
- retain \$3 million to be transferred to the Nebraska Education Improvement Fund, which will receive lottery funds for education beginning July 1, 2016, per LB984; and
- further clarify the final deadlines for distance education incentives, per LB1069 by Sullivan.

Additional provisions from LB967 and LB984 would:

- phase out the teacher education and instructional time allowances and aid by 50 percent for 2015-16 and completely for 2016-17;
- add an intent for all children to have access to early childhood education programs in the year prior to kindergarten; and
- add intent for new appropriations to be used for such access to programs.

Additional provisions from LB1069 would:

- replace outdated references to the North Central Association for postsecondary education;
- harmonize department of education requirements with the Nebraska Publications Clearinghouse requirements;
- specifically authorize school district expenditures related to programs and activities;
- require the Early Childhood Training Center to approve training for the Step Up to Quality Child Care Act;
- update special education definitions; and
- include private postsecondary career schools in any interstate reciprocity agreements for post-

secondary distance education.

Finally, provisions of LB958 by Omaha Sen. Tanya Cook would create the position of achievement coordinator in the state Department of Education and provide intent for early childhood education appropriations.



Sen. Tanya Cook

Senators advanced the bill on a 31-0 vote.

### Visioning process for state education advances

A common statewide vision for education is the focus of a bill advanced from general file March 11.

LB1103, introduced by the Education Committee, would authorize members of the committee to conduct a strategic planning process to create the statewide plan. Committee chairperson Sen. Kate Sullivan of Cedar Rapids said there are many school districts that already are engaged in a strategic planning process.

“While we are going to lead the process, it will not be just [the Education Committee],” she said. “We want to develop a framework and structure that engages a lot of different groups in conversations about education. We have to do better.”

Members of the committee could conduct meetings, working sessions and focus groups to discuss aspirational goals, visionary objectives, meaningful priorities and practical strategies. The committee also would be required to hold at least three public hearings throughout the state to receive testimony from the general public.

The committee would be required to submit a report to the clerk of the Legislature by Dec. 31, 2014.

Senators advanced the bill on a 33-0 vote.

## GENERAL AFFAIRS

### Hard cider, bottling endorsement stripped from bill

Lawmakers advanced a bill from general file March 11 that would eliminate an antiquated requirement in state law regarding hard liquor sales.

As introduced by Wilber Sen. Russ Karpisek, LB863 would remove a petition and voting procedure requirement in the Liquor Control Act for allowing the sale of hard liquor by the drink in Nebraska.



Sen. Russ Karpisek

A General Affairs Committee amendment contained provisions of several additional bills:

- LB855, introduced by Cortland Sen. Norm Wallman, which would provide a process to transfer responsibility for an abandoned cemetery from a county to a cemetery association;
- LB861, introduced by Karpisek, which would add vapor products to the list of tobacco-based items that are illegal to sell to minors younger than 18;
- LB888, introduced by Gretna Sen. John Murante, which would allow a local governing body to approve off-sale alcohol purchases until 2 a.m. by a two-thirds vote;
- LB899, introduced by Karpisek, which would reclassify hard cider as beer;
- LB914, introduced by Karpisek, which would establish a limited bottling endorsement; and
- LB1052, introduced by Kar-

pisek, which would allow any licensed retailer engaged in the sale of distilled spirits to issue tasting cards to customers.

During debate March 10, the committee amendment was divided into seven components at the request of Scottsbluff Sen. John Harms, which allowed each of the bills contained in the amendment to be considered individually. Harms said he had concerns regarding the proposals dealing with changes to the Liquor Control Act and said senators shouldn't be afraid to challenge the appropriateness of clustering committee bills together in an omnibus or “Christmas tree” bill.

“I don't really think that it's setting a dangerous precedent,” Harms said.

The first component of the divided amendment, adopted 39-0 on March 10, added provisions of LB855 to the bill. The amendment would require a cemetery association that takes over a cemetery from a county to mow it at least once a year and to make a good faith effort to map the cemetery.

A cemetery association with less than \$10,000 in its perpetual care trust fund would not be required to file an annual audit. For each plot sold in a qualifying cemetery, \$100 would be placed in the perpetual care trust fund.

Hoskins Sen. Dave Bloomfield supported the amendment, saying it would help several rural counties with aging cemeteries, including one in his district.

“It's a small, historical cemetery and ... I think we as a state need to see that these historical cemeteries are maintained and can be active again,” Bloomfield said.

The second component of the divided committee amendment, adopted 28-0 on March 11, added provisions of LB861 to the bill.

As introduced by Karpisek, LB861 would add vapor products to the list of tobacco-based items that are illegal to sell to minors younger than 18. In Nebraska, a vapor product is defined as any noncombustible tobacco-derived product containing nicotine that employs a mechanical heating element, battery or circuit.

Vapor product use by a minor would be a Class V misdemeanor. Selling a vapor product to a minor would be a Class III misdemeanor, which is the current penalty applied for selling other tobacco products to a minor.

The bill also would prohibit the sale of vapor products through a self-service display. Tobacco and vapor product specialty businesses that do not permit minors on the premises unless accompanied by a parent or legal guardian would be exempt from the restriction.

An amendment offered by Sen. Jerry Johnson of Wahoo would have removed the prohibition on selling vapor products through a self-service display. Vapor products can be a valuable smoking cessation tool for adults, he said, and should be more visible in the marketplace to encourage adults considering quitting smoking to try them.

“It is a vehicle that will help break the habit of those people that are smoking,” Johnson said.

Karpisek opposed the Johnson amendment, saying the bill would not inhibit retailers’ ability to market vapor products to adults. The products still could be displayed on counters, he said, if contained in a locked plexiglass display.

The amendment failed on a 4-24 vote.

A second amendment, offered and later withdrawn by Papillion Sen. Bill Kintner, would have stricken the prohibition on selling vapor products to

minors. Kintner said parents who wish to help a child stop smoking tobacco cigarettes should be allowed to provide e-cigarettes as a safer alternative without facing criminal penalties.

Three additional components of the committee amendment were adopted March 11, which added the following bills:

- LB863, adopted 32-0, which would remove a petition and voting procedure requirement for allowing the sale of hard liquor by the drink;
- LB888, adopted 32-0, which would allow a local governing body to approve off-sale alcohol purchases until 2 a.m. by a two-thirds vote; and
- LB1052, adopted 37-0, which would allow any licensed retailer engaged in the sale of distilled spirits to issue tasting cards to customers.

Karpisek asked fellow senators to vote against the two remaining components of the committee amendment, saying he had been unable to reach a compromise and avoid a potential filibuster of the entire proposal. He said the Legislature had other important business to accomplish during the remainder of the session.

“It’s not what I want to do, but I know Sen. Harms has negotiated in good faith,” Karpisek said. “At the end of the day, we have to do what we think is right.”

Senators obliged by failing to adopt components containing the following bills:

- LB899, on a vote of 3-24, which would have reclassified hard cider as beer; and
- LB914, on a vote of 0-24, which would have established a limited bottling endorsement.

LB863 advanced to select file on a 38-0 vote.



### Election guideline changes advanced

New guidelines for county election practices were advanced from general file March 13.

LB946, introduced by Gretna Sen. John Murante, makes numerous changes to the Election Act, including:



Sen. John Murante

- providing that the workers appointed to the counting board for the purpose of counting ballots for school district bonds receive minimum wage;
- allowing for a special election for a Class IV or Class V school district to be held in conjunction with the primary or general election for a city of the primary or metropolitan class which is governed by a home rule charter; and
- allowing the election commissioner or county clerk to mail a notice explaining how to obtain a ballot in place of a ballot to all registered voters who have been sent a notice and failed to respond in a special election by mail.

A Government, Military and Veterans Affairs Committee amendment, adopted 31-0, made three changes that would:

- change reporting thresholds in the Nebraska Political Accountability and Disclosure Act.
- delay from noon to 8 p.m. the deadline for a voter to return the statement declaring the original early ballot was lost or on the day of the election; and

- maintain statute preventing an election commissioner from holding elective office or becoming a candidate for elective office within six months after leaving office, which would have been removed by the original bill.

The amendment also included provisions of four other bills:

- LB726, introduced by Norfolk Sen. Jim Scheer, would change the number of school board members for Class II and Class III school districts and outline their election procedures;
- LB743, introduced by Murante, would specify when terms of elected officials begin;
- LB833, introduced by Fullerton Sen. Annette Dubas, would define how county surveyors can be elected or appointed; and
- LB1084, introduced by Bellevue Sen. Tommy Garrett, would clarify how city council vacancies are filled.

The bill would go into effect Jan. 1, 2015.

Lincoln Sen. Bill Avery brought an amendment to the committee amendment, adopted 30-0, which would allow any registered voter who was not a candidate in the primary election and who was not registered to vote with a party affiliation on or after March 1 and before the general election in the calendar year of the general election, to have his or her name placed on the general election ballot for a partisan office by filing petitions or by nomination by political party convention or committee.

Murante also brought an amendment to the committee amendment, adopted 27-0, which would require presidential electors to take a pledge and cast a ballot for the presidential and vice presidential candidates who receive the highest number of votes in their district.

Following adoption of a technical amendment, senators advanced the bill to select file on a 31-0 vote.

## HEALTH & HUMAN SERVICES

### Extension of child welfare pilot project advanced

A pilot project authorized as part of the Legislature's response to the state's troubled child welfare reform effort would be extended under a bill given first-round approval March 12.

Efforts undertaken by the 2012 Legislature to address child welfare reform included returning child welfare case management to the state Department of Health and Human Services (DHHS) except in the eastern service area (ESA), where the department was allowed to contract for lead agency case management as a pilot project.

As introduced by Omaha Sen. Bob Krist, LB660 would require DHHS by June 30, 2014, to extend the pilot project, which is currently under contract with the Nebraska Families Collaborative (NFC). The bill



Sen. Bob Krist

also would require that the ESA pilot project be evaluated to determine whether case management should be returned to DHHS and whether private contractors should be utilized in the case management process.

Evaluation results would be reported to the Legislature, DHHS and NFC by Dec. 31, 2015.

A Health and Human Services Committee amendment, adopted 34-0, would allow DHHS to extend the contract rather than require them to

do so and changed the report deadline to Dec. 31, 2014. The amendment also would require that the Legislature, rather than DHHS, evaluate the ESA pilot program if it is extended.

Krist said the amendment should alleviate any concerns that the bill could be regarded as unconstitutional special legislation.

"This is about providing stability and continuity for our kids and for our families in the Eastern Service Area," he said.

The bill advanced to select file on a 34-0 vote.

## REVENUE

### Flexible rental car fees advanced

Rental car companies could adjust certain fees under a bill advanced from general file March 12.

LB251, introduced by North Platte Sen. Tom Hansen, would allow rental car companies to charge a fee of up to 5.75 percent to cover licensing costs for the cars in their fleets.



Sen. Tom Hansen

Currently, car rental companies are required to charge a 4.5 percent fee and remit excess funds to their county treasurers. Under LB251, companies could vary the fee to recover licensing costs but would not be forced to collect the fee if it is not needed.

Hansen said the bill would encourage rental companies to license their cars in Nebraska because it likely would reduce overall fees charged to customers.

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

**Bill would identify goals for tax incentive programs**

Senators advanced a bill from general file March 13 that would add basic goal language to certain Nebraska tax incentive programs.

Syracuse Sen. Dan Watermeier, vice chairperson of the Legislative Performance Audit Committee, said the bill would add language to the state’s tax incentive programs indicating legislative intent regarding the type of jobs and industries that the programs are meant to encourage.



Sen. Dan Watermeier

A report issued by the committee in 2013 indicated an absence of clear, measurable goals for each program, Watermeier said, which made it difficult to assess whether the programs are accomplishing what the Legislature intends them to do.

“It’s easy to audit something ... but the hard work really lies ahead of us in the analysis,” he said.

LB836 would specify that the goal of the Nebraska Advantage Rural Development Act is to make tax structure revisions that encourage businesses to locate in rural Nebraska in order to decrease unemployment, create new jobs and increase investment.

The bill also would specify that it is Nebraska state policy to encourage modernization of livestock facilities, increase research and development and create quality jobs – specifically those related to research and development, manufacturing and large data centers.

LB836 also would add language to the Angel Investment Tax Credit Act stating that it is state policy to encourage entrepreneurship and increase investment in high technology industries in underserved areas of Nebraska.

Kearney Sen. Galen Hadley supported the bill, saying concerns are raised every year regarding the state’s tax incentive programs. The Legislature needs a means of answering those questions, he said.

“We have been putting millions and millions of dollars into a program that we have no way to evaluate,” Hadley said.

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

**Adjustments to state income, social security taxes advanced**

Senators gave first-round approval March 11 to a bill that would index state income tax brackets for inflation.

Under LB987, introduced by the Revenue Committee, state income tax brackets would be indexed annually by the state tax commissioner.

Kearney Sen. Galen Hadley said the bill is a response to what taxpayers told members of the Legislature’s Tax Modernization Committee during interim hearings held across the state.

“[Not indexing brackets] is a way that, over the years, the state government has had additional money to spend, but it’s come out of taxpayers’ pockets,” he said. “[This bill] is a significant tax cut to every person who pays income taxes in the state of Nebraska.”

The bill also would reduce the amount of Social Security benefits that are included in the federal adjusted gross income (AGI) for state income tax purposes. The adjustment would apply to taxpayers with an AGI of \$58,000 or less for married persons filing jointly and \$43,000 or less for all other returns.

The estimated reduction in state General Fund revenue would be as follows:

- \$8.3 million in fiscal year 2014-15;
- \$24.9 million in FY2015-16;

- \$37.3 million in FY2016-17; and
- \$51.6 million in FY2017-18.

Omaha Sen. Jeremy Nordquist supported the bill, saying the revenue lost at the state level would be reinvested at the local level.

“This approach is a great start for us and a responsible approach forward,” he said. “These dollars for these families ... go right back into our local economy. We have really addressed the concerns that Nebraskans brought to us during the Tax Modernization Committee [hearings].”

Norfolk Sen. Jim Scheer also spoke in support of the bill. He said it is a tax cut that affects all Nebraskans.

“This is helping everyone because when the tax brackets creep up with inflation ... pretty soon most of the population is at the highest level that we have,” he said. “If we can start adjusting that and make the difference in those brackets, it becomes a fairer tax.”

Senators advanced the bill on a 36-1 vote.

**Full homestead exemption for disabled veterans, spouses advanced**

Senators advanced a bill from general file March 13 that would extend a homestead exemption to disabled veterans.

LB1087, introduced by Omaha Sen. Pete Pirsch, would provide a 100 percent property tax exemption for a veteran with an honorable or general discharge who is drawing compensation for a 100 percent disability, but not eligible for the existing total homestead exemption.



Sen. Pete Pirsch

Pirsch said the proposal is a small step in recognizing veterans.

“We need to look at the individuals

whose lives have been affected, whose service needs to be recognized," he said.

The bill also would provide a 100 percent exemption to the single widow or widower of any honorably or generally discharged veteran who died because of a service-related disability. The single widow or widower of a veteran killed while on active duty also would be eligible for the exemption.

The exemption would take effect Jan. 1, 2015. The bill would decrease General Fund revenue by an estimated \$406,000 in fiscal year 2015-16 and \$416,000 in FY2016-17.

Bancroft Sen. Lydia Brasch supported the bill, saying that a favorable tax climate would encourage veterans to settle in the state.

"These are men and women that have taken extreme risks with their lives," she said. "This is an attempt to help make those individuals stay in Nebraska."

Columbus Sen. Paul Schumacher

said he supported the bill, but cautioned other senators that exemptions like the one proposed in LB1087 could lead to a slippery slope.

"This is an absolute exemption, without regard to combat duty or how the injury occurred," he said. "Are we also going to do this for police officers? Firefighters? Teachers?"

Senators advanced the bill on a 28-0 vote.

## URBAN AFFAIRS

### Defense sites could be excluded from blight totals

Guidelines for the accounting of blighted properties would be revised under a bill advanced from general file March 11.

LB1012, introduced by Ogallala Sen. Ken Schilz, would permit cities to

exempt redevelopment projects utilizing formerly used defense sites when determining the amount of blighted land in their municipalities.



Sen. Ken Schilz

Currently, metropolitan, primary and first class cities cannot designate more than 35 percent of the city as blighted. Second class cities may not designate more than 50 percent of the city as blighted and villages may not designate more than 100 percent of the village as blighted.

Schilz said that by excluding formerly used defense sites when calculating percent limitations of blighted property, the bill would allow cities to make land outside of their corporate boundaries eligible for tax increment financing.

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

## SEARCH FOR BILLS

Learn more about bills considered by the Unicameral by logging on to [www.NebraskaLegislature.gov](http://www.NebraskaLegislature.gov).

The Legislature's website offers a bill search on the upper-right portion of the home page. Entering a bill number will retrieve the bill's text, fiscal note, statement of intent, transcripts and more.

You also can search current laws using the keyword search found below the bill search.

The screenshot shows the homepage of the Nebraska Legislature website. At the top, there is a navigation bar with the text "NEBRASKA LEGISLATURE" and "The official site of the Nebraska Unicameral Legislature". Below this, there is a search area for "Search Current Bills" and "Search Past Legislation". The "Search Current Bills" section includes a dropdown menu for "LB" and a "Go" button. Below this is a "Search Laws" section with a "Keywords" input field and a "Go" button. There is also a "Browse Statutes by Chapter" link. On the right side, there is a "Live Video Streaming" section with a "net" logo and text indicating streaming video provided by Nebraska Educational Telecommunications. On the left side, there is a "Home" section with links to "About the Legislature", "Bills and Laws", "Calendar", "Committees", "Contact", "FAQs", "Glossary of terms", "Legislative Divisions", "News", "Reports", "Senators", "Session Information", and "Transcripts". In the center, there is a section for "103rd Legislature, 2nd Session - Day 3\*" with a note that the legislature is adjourned until Friday, January 10, 2014 at 10:00 am. Below this is a "Recent Legislative Information" section with links to various reports and documents, including "LR155 Tax Modernization Committee report (12/13/2013)", "2014 Session Calendar", "2014 Senator List", "Introduced Legislation", "Hearing schedules", "2013 Biennial Budget Report (8/28/2013)", "2013 Passed Subject and Section Index", "2013 Carryover Bills and Resolutions", and "Interim Study Listing".

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