

Second Medicaid expansion attempt stalls



Speaker Greg Adams and Sen. Kathy Campbell discuss LB887 during the first day of general file debate on the proposal.

After eight hours of debate over two days, an attempt to force a vote on a bill that would provide a new option for Medicaid expansion in Nebraska failed March 19.

LB887, sponsored by Lincoln Sen. Kathy Campbell, would establish the Wellness in Nebraska Act (WIN).

Campbell said the measure would provide health care coverage through a Medicaid expansion demonstration waiver to approximately 54,000 uninsured and underinsured individuals who are newly eligible under the federal Affordable Care Act (ACA).

Campbell said the proposal is a result of input from discussions on a similar bill that stalled during general file debate last year. Lawmakers

expressed concern about the previous Medicaid expansion proposal, she said, and asked for greater private sector involvement and that participants have “skin in the game.”

“You were right,” she said. “What we have before us in LB887 is a far different bill. Because of waiting and studying and research, we have a far better bill.”

Campbell said the bill would help the state bridge the coverage gap for those who earn too much to qualify for Medicaid, but too little to qualify for insurance premium tax credits under the ACA. The bill would provide coverage through the WIN Marketplace and WIN Medicaid.

Under the WIN Marketplace, the bill would provide coverage through

health insurance premiums paid by Medicaid funds to purchase qualified health plans on the marketplace for newly eligible individuals who earn between 100 and 133 percent of the Federal Poverty Level (FPL). The bill includes an option to cover premiums through payment of the employee portion of employer-sponsored insurance if it is determined to be cost effective.

Under WIN Medicaid coverage, Medicaid managed care would be available to newly eligible individuals at or below 100 percent FPL. Newly eligible individuals at or below 133

percent FPL would qualify if they are medically frail or have exceptional medical conditions.

Medicaid funding would be provided through an enhanced match of federal funds. Federal funds would cover 100 percent of costs from 2014 to 2016, and would decrease incrementally to 90 percent starting in 2020.

If federal funding under the ACA falls below 90 percent, the bill would require the Legislature, in the first regular session following the reduction, to review WIN to determine how to mitigate the impact on the state.

The bill also would create an oversight committee within the Legislature to work with DHHS and other stakeholders to apply for the Medicaid waiver and design a variety of innova-

(continued page 2)

Second Medicaid expansion attempt stalls

(continued from front page)

tions to improve the quality of health care provision and contain costs.

An amendment offered March 18 by Campbell, which initially fell one vote short of adoption, removed provisions requiring that the oversight committee participate in negotiations with the federal government regarding the state's Medicaid waiver.

Campbell offered a successful motion to reconsider the vote, saying the amendment was crucial to ensuring the constitutionality of LB887. The amendment was adopted on a second vote of 29-7.

Sen. Dan Watermeier of Syracuse offered an amendment March 18, adopted 34-0, which removed reference in the committee amendment to the Institute for Healthcare Improvement. He said state law should not include a reference to a "think tank."

A pending Health and Human Services Committee amendment would make several technical changes to the bill and add provisions of LB578, a bill originally introduced by Omaha Sen. Jeremy Nordquist. The provisions would redirect a portion of the funding previously used to subsidize health insurance coverage for Nebraskans with pre-existing

conditions to a newly created Health Care Access and Support Fund. The fund would be used to pay for health care coverage required under WIN for newly eligible adults below 133 percent FPL provided through the Medicaid state plan amendment and waivers.

Nordquist said that even without his amendment, LB887 would result in general fund spending of only \$61.6 million through 2020.

"This bill will cost us less than one-quarter of one percent of our total spending over the next six years," he said.

Papillion Sen. Bill Kintner opposed LB887, saying federal funding for Medicaid expansion relies solely on a promise from President Obama to fund the bill, adding that LB887 would cost 40 percent more than the Medicaid expansion bill introduced

last year.

"Considering the president's track record ... I'm not sure it makes sense for us to commit to a financial burden that we can't possibly afford if the federal government doesn't keep their promise," Kintner said.

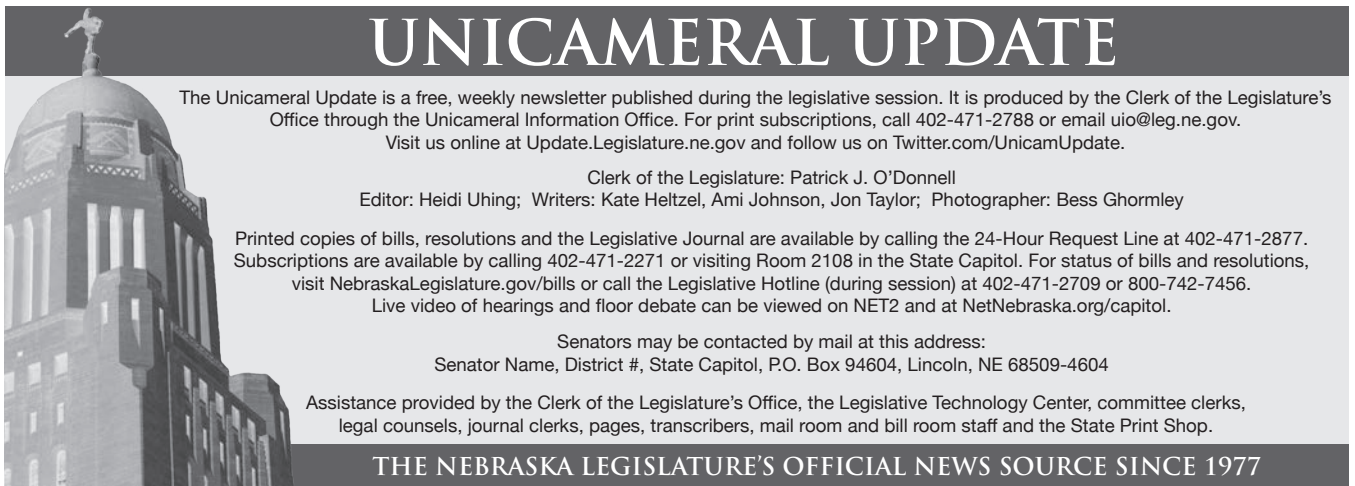
Omaha Sen. Pete Pirsch also expressed concern about the bill, citing Oregon's recent experience with Medicaid expansion.

Rather than decreasing reliance on emergency room care by increasing utilization of primary care providers and preventive wellness, he said,

Oregon's expansion of Medicaid to approximately 80,000 newly eligible individuals resulted in a 40 percent "surge" in emergency room visits. He said the state should carefully consider the possible unintended consequences of expanding the state's Medicaid program.

“ I’m not sure it makes sense for us to commit to a financial burden that we can’t possibly afford if the federal government doesn’t keep their promise. ”

-- Sen. Bill Kintner



UNICAMERAL UPDATE

The Unicameral Update is a free, weekly newsletter published during the legislative session. It is produced by the Clerk of the Legislature's Office through the Unicameral Information Office. For print subscriptions, call 402-471-2788 or email uio@leg.ne.gov. Visit us online at Update.Legislature.ne.gov and follow us on [Twitter.com/UnicamUpdate](https://twitter.com/UnicamUpdate).

Clerk of the Legislature: Patrick J. O'Donnell
Editor: Heidi Uhing; Writers: Kate Heltzel, Ami Johnson, Jon Taylor; Photographer: Bess Ghormley

Printed copies of bills, resolutions and the Legislative Journal are available by calling the 24-Hour Request Line at 402-471-2877. Subscriptions are available by calling 402-471-2271 or visiting Room 2108 in the State Capitol. For status of bills and resolutions, visit NebraskaLegislature.gov/bills or call the Legislative Hotline (during session) at 402-471-2709 or 800-742-7456. Live video of hearings and floor debate can be viewed on NET2 and at NetNebraska.org/capitol.

Senators may be contacted by mail at this address:
Senator Name, District #, State Capitol, P.O. Box 94604, Lincoln, NE 68509-4604

Assistance provided by the Clerk of the Legislature's Office, the Legislative Technology Center, committee clerks, legal counsels, journal clerks, pages, transcribers, mail room and bill room staff and the State Print Shop.

THE NEBRASKA LEGISLATURE'S OFFICIAL NEWS SOURCE SINCE 1977

“I do not want Nebraska being the canary going down the coal mine,” Pirsch said.

Grand Island Sen. Mike Gloor, who opposed last session’s Medicaid expansion proposal, spoke in support of LB887.

The current bill would do more

than simply expand Medicaid, Gloor said, and is a first step toward transforming Medicaid provision in the state using federal dollars rather than Nebraska taxpayer funds. He said the current system is not sustainable and needs to shift its focus to primary care and patient-centered medical homes.



Sen. Mike Gloor explains the evolution of his position on Medicaid expansion.

“We’ve got to change the Medicaid system,” Gloor said. “This is a Nebraska option. It makes sense for us to move in this direction.”

Under the bill, after the first year in WIN, a monthly contribution of 2 percent of income for adults with incomes greater than 50 percent of the FPL would

be required. Contributions would be waived if a member completes preventive services or wellness activities.

Omaha Sen. Beau McCoy offered an amendment during floor debate March 19 that would have increased the contribution to 5 percent. He said participants should be required to pay the maximum amount allowable under federal law.

“I think this is necessary to make sure that there is as much buy-in for members in this program – if this [bill] were to go forward – as possible,” McCoy said.

Campbell offered a motion to invoke cloture, which would end debate and force a vote on all pending action on the bill. The motion failed on a vote of 27-21, falling six votes short of the number required.

A failed cloture motion results in debate on a bill ceasing for the day. LB887 is not likely to be debate again this session. ■

APPROPRIATIONS

Budget package clears second round

Lawmakers gave second-round approval March 19 to four bills comprising the Appropriations Committee budget adjustment package.

The committee offered an amendment to LB905, the mainline budget bill, which was adopted 31-0. In addition to a series of technical changes, the amendment would establish a contingency appropriation of \$7.4 million for a potential budget shortfall in community corrections.

Omaha Sen. Heath Mello, Appropriations Committee chairperson,

said corresponding cuts had been made to other programs so that the amendment would have no impact on the overall budget.

The amendment also increased funding to the Tax Equity and Educational Opportunities Support Act (TEEOSA) by \$110,322 to reflect the final calculation of certified aid for fiscal year 2014-15.

Omaha Sen. Ernie Chambers offered an amendment that would have eliminated a one-time \$5 million appropriation to temporarily move certain state prisoners into county jails.

Chambers said the state Department of Correctional Services’ plan to help alleviate overcrowding in Nebraska prisons is flawed. County jails likely would not be certified to hold state inmates, he said, which could result

in liability issues. In addition, he said, the number of inmates who could be moved would do nothing substantive to address prison overcrowding.

“Prison inmates – state prisoners – are the responsibility of the state,” he said.

Mello conceded that the number of inmates impacted by the appropriation would be small – approximately 150 – and said the plan was a “band-aid approach” to the state’s overcrowding problem. Inmates chosen would be low-management individuals without significant programming needs, he said, adding that long-term prison reform was a separate issue.

“[This] just gives us a little more breathing room as a state,” Mello said.

The Chambers amendment failed on a vote of 16-22.

An amendment offered by Omaha Sen. Scott Lautenbaugh, which would have removed \$60,000 allocated to pay the state's Midwest Interstate Passenger Rail Compact dues, failed on a 3-34 vote.

Senators advanced LB905 to final reading by voice vote.

Additional components of the budget package also advanced:

- LB130, introduced by Mello, which would make transfers from the state's Cash Reserve Fund;
- LB906, introduced by York Sen. Greg Adams at the request of the governor, which would make transfers between funds and create and eliminate funds; and
- LB949, introduced by the Business and Labor Committee, which would approve claims against the state and agency write-offs.



Changes to property appraiser law advanced

Lawmakers gave first-round approval March 20 to a bill that would update the Nebraska Real Property Appraiser Act.

Grand Island Sen. Mike Gloor, who introduced LB717 at the request of the Real Property Appraiser Board, said the bill would bring Nebraska law into compliance with new federal real property appraiser qualification criteria that will become effective Jan. 1, 2015.



Sen. Mike Gloor

Updates in the bill primarily would affect qualifications for each level of appraiser credential under the Appraiser Qualifications Board. The

provisions also affect reciprocal credentialing and continuing education.

In addition, the bill would:

- establish a fee of no more than \$100 for a criminal history record check;
- establish a random fingerprint-based national criminal history record check audit program; and
- specify additional acts and omissions that are considered grounds for disciplinary action or denial of an application by the Real Property Appraiser Board.

Gloor said that if Nebraska falls out of compliance with federal regulations, all the state's credentialed appraisers would be disqualified to appraise real property in connection with federally related transactions.

"This [would impact] about 80 to 90 percent of all mortgage loans in the state," he said.

Following the 31-0 adoption of a technical amendment offered by Gloor, lawmakers advanced LB717 on 26-0 vote.

Changes to enforcement and servicing of real estate loans advanced

Senators gave first-round approval March 21 to a bill that would restrict local ordinances regarding real estate loans.

Under LB810, introduced by Syracuse Sen. Dan Watermeier, no local ordinance or resolution could interfere with the enforcement and servicing of any real estate loan agreement or any mortgage, deed of trust or other security instrument by which the loan is secured.



Sen. Dan Watermeier

The bill would apply to any local ordinance or resolution adopted before,

on or after the effective date of the bill.

Local political subdivisions in other parts of the country are passing "intrusive" local ordinances relating to foreclosures, Watermeier said, which could create a complex web of inconsistent regulation.

"LB810 assures that real estate loan agreements will continue to be regulated by state and federal law only," he said.

A Banking, Commerce and Insurance Committee amendment, adopted 28-0, clarified that the bill would not apply to a local ordinance or resolution related to tax increment financing.

Following the 26-0 adoption of a technical amendment offered by Watermeier, the bill advanced to select file on a 31-0 vote.



Reactivation of enterprise zones advances

Senators gave first-round approval March 20 to a bill that would reactivate and modernize an economic development program in Nebraska.

LB800, introduced by Omaha Sen. Heath Mello, would reauthorize and update the Enterprise Zone Act. He said the original enterprise zones, implemented in 1993, were designed to expire after a decade and the act has gone unused since that time.



Sen. Heath Mello

Mello said LB800 would be a positive step toward encouraging economic development in areas of the state with high poverty levels and high unemployment rates.

"[This bill] is an attempt to focus existing and somewhat limited resources where we think the need is

the greatest,” Mello said.

Under the bill, the state Department of Economic Development would designate five areas as enterprise zones, with no more than one zone in a city of the metropolitan class and no more than one zone in a city of the primary class.

An enterprise zone would be required to meet two of the following criteria:

- the area’s population had decreased by 10 percent;
- the average unemployment is at least 200 percent of the state average; or
- the average poverty rate exceeds 20 percent for the total federal census tract.

Projects located within a designated enterprise zone would be given preference for various business incentive and grant programs. Enterprise zone designations would last for 10 years and projects within the zones would receive preference for funding from the following:

- Job Training Cash Fund;
- Business Innovation Act;
- Affordable Housing Trust Fund;
- Site and Building Development Fund; and
- Nebraska Advantage Microenterprise Tax Credit Act.

A Business and Labor Committee amendment, adopted 27-0, removed the Nebraska Advantage Microenterprise Tax Credit Act from the bill’s provisions.

Omaha Sen. Steve Lathrop, chairperson of the committee, said the state Department of Revenue expressed concerns about the ability to apply preferences under the act.

Sen. Tanya Cook of Omaha spoke in support of the bill, calling it an important economic development tool.

“The creation of enterprise zones across the state will encourage investment and economic growth in communities in need,” Cook said.

The bill advanced to select file on a 29-0 vote.

EDUCATION

Streamlined process for capital construction projects passed

Senators passed a bill March 20 that streamlines the approval process for certain bond projects.

Under LB546, introduced by Omaha Sen. Rick Kolowski, revenue bond projects proposed by the state university or college systems will no longer require review and approval from the Legislature or Coordinating Commission for Post-secondary Education. Instead, bond projects will be allowed to proceed following Board of Regents approval.



Sen. Rick Kolowski

The bill also retains legislative approval for capital construction projects if any part of the funds used for repayment of the bonds comes from state general funds, funds received by the University of Nebraska or any state college, tuition or the state’s operating investment pool investment income.

Senators passed the bill on a 40-2 vote.

GOVERNMENT, MILITARY & VETERANS AFFAIRS

Tied election procedures passed

A bill that allows a tied candidate in the primary election to file as a write-in candidate in the general election was passed March 20.

Under LB144, as introduced by

Bancroft Sen. Lydia Brasch, candidates for all but statewide offices who lose a primary election decision “by lot” are eligible to file as a write-in candidate in the general election for the same office.



Sen. Lydia Brasch

Currently, these primary elections that result in a tie are decided by lot —such as a coin toss or the drawing of a card used to determine a question by chance. The loser of the decision by lot is ineligible to run for the same office in the general election, including write-in candidacy, filing by petition or filing a nomination. The only exception is when there is a vacancy on the ballot for that office.

The bill excludes candidates for statewide office, including governor, state senator, attorney general and state auditor, as well as candidates for federal offices.

Senators passed the bill on a 43-0 vote.

Government procurement transparency bill approved

Lawmakers passed a bill March 20 that adopts the Transparency in Procurement Act.

Introduced by Omaha Sen. Heath Mello, LB371 requires state agencies to provide a report to the Legislature regarding contracts awarded by the state Department of Administrative Services (DAS) on or after July 1, 2014.

The bill requires DAS to create an annual report that includes the total number and value of contracts awarded by the department. The report also will differentiate between contracts awarded within the state and to foreign contractors and include the number of contracts for which a preference was given.

The report will be submitted to the

governor and the Legislature annually, beginning Sept. 1, 2015.

LB371 passed on a 42-0 vote.

Changes to election provisions advanced

Senators gave first-round approval to a bill March 20 that would make several changes to the state's current election laws.

LB1048, introduced by Gretna Sen. John Murante, would require political parties to file a copy of the party's plan for selecting national convention delegates with the secretary of state by Dec. 1 of the year prior to a presidential election. Murante said the bill would allow the voters of Nebraska to be the real decision makers.



Sen. John Murante

"If we don't pass this, the state of Nebraska will not have a seat at the table when it comes to nominating a candidate for president of the United States," he said. "The voice of the people in the primary elections is the one that will finally be heard."

Under the bill, the delegate selection plan would require that at least 80 percent of the delegates commit to choosing a presidential candidate based on the results of the caucus or primary election.

It also would require that the delegates are awarded to the winner of the caucus or primary election, or awarded proportionally based on the number of votes received by each candidate receiving at least 15 percent of the votes.

A Government, Military and Veterans Affairs Committee amendment, adopted 27-0, would require the secretary of state to deliver a copy of the official election calendar to the state party headquarters of each party within 10 days of publication of the calendar.

Committee chairperson Sen. Bill

Avery of Lincoln said the amendment addressed concerns of both parties.

"There is, in all parties, a high turnover in staff," he said. "It would be helpful to the parties to have the election calendars to be sent to them directly instead of staff persons."

The amendment also would allow the delegate selection plan to specify if delegates are committed to a presidential candidate based on the results of a combination of a caucus system and a statewide primary election.

Senators advanced the bill on a 27-0 vote.



Child welfare training, stipends added to foster care bill

A bill that would update a program to provide foster care transition services and authorize a pilot program for alternative response in certain Nebraska child welfare cases was amended March 19 to include a bill related to child welfare case management.

LB853, introduced by Lincoln Sen. Amanda McGill, would rename, amend and update the Young Adult Voluntary Services and Support Act that was passed by the Legislature in 2013. The measure was intended to ease the transition for young people aging out of the foster care system.



Sen. Amanda McGill

Omaha Sen. Sara Howard offered an amendment during select file debate, adopted 32-0, that would incorporate provisions of LB790, a bill she introduced. The amendment would require the same initial training for all

child welfare case managers, whether employed by the state Department of Health and Human Services (DHHS) or an organization under contract with the department.



Sen. Sara Howard

The amendment also would require DHHS to collaborate with social work programs at Nebraska public colleges and universities to establish a program to provide stipends for undergraduate and graduate students who are committed to working in the child welfare services field. The stipends would be funded with federal Title IV-E dollars.

Howard said the amendment would help Nebraska develop a high-quality, consistently trained child welfare workforce.

LB853 also was amended on general file to require DHHS, in consultation with the Nebraska Children's Commission, to develop an alternative response implementation pilot program. Implementation would include the provision of concrete supports and voluntary services, including mental health and substance abuse services and assistance with child care, food, clothing, housing and transportation.

When the plan has been developed, DHHS would begin using alternative response in up to five project locations designated by the department. DHHS would provide a report on evaluation of the status of the pilot program by Dec. 15, 2015, and could begin using alternative response in up to five additional locations after Jan. 1, 2016, and another five after Jan. 1, 2017.

Continuation of the pilot program beyond that date would require legislative approval.

Following adoption of a technical amendment, senators advanced LB853 to final reading by voice vote.

JUDICIARY



Juvenile court, truancy bill advanced

Fewer juvenile offenders would be tried in adult court under a bill advanced from select file March 18.

As introduced by Omaha Sen. Brad Ashford, LB464 would have required that all charges against juveniles younger than 18 years old be filed in juvenile court. Cases could be transferred to adult court upon a



Sen. Brad Ashford

motion by the prosecutor and be heard before the juvenile court for a felony violation or for misdemeanor violations if a juvenile was 16 or 17 years old at the time the crime was committed.

An amendment brought by Omaha Sen. Bob Krist, adopted 29-0, would require that only misdemeanors and Class IIIA and IV felonies be initiated in juvenile court. Further, the amendment would exempt Class I, II and III felonies for minors aged 14 and older from the mandatory juvenile court initiation.

Krist spoke in favor of the amended bill, saying that youth are too vulnerable to be placed in adult prisons. The state saves money by engaging young offenders as early as possible, he added.

“The time is now to starting treating kids like kids,” he said. “You have a choice: spend money in the playpen or a lot more money in the state pen.”

Ashford also proposed an amendment, adopted 28-0, which outlines a plan for school districts and families to address student attendance problems. The plan may consider:

- illness related to physical or

- behavioral health of the child;
- educational counseling;
- educational evaluation;
- referral to community agencies for economic services;
- family or individual counseling; and
- assisting the family in working with other community services.

If the plan is unsuccessful and a student had missed 20 days of school, the school could submit a report to the county attorney. Illness that makes attendance impossible or impracticable would not be included as the basis for referral to the county attorney.

Further, the amendment replaces the three-member Truancy Intervention Task Force established in 2010 with a 10-person Council on Student Attendance. The council, which would include a student and parents in addition to education officials and a county attorney, would review school district absentee policies and be required to report to the Legislature annually.

Ashford said addressing absenteeism is the first line of defense in reducing youth violence and incarceration.

“We are arriving at a place where parents and schools and the juvenile justice system can work collaboratively to identify those children who are in significant need of further help,” he said.

Following adoption of two technical amendments, senators advanced LB464 from select file by voice vote.

Penalty increase for animal neglect advanced

Those convicted of neglecting animals could face a stiffer penalty under a bill advanced to select file March 21.

LB674, introduced by Omaha Sen. Ernie Chambers, would en-



Sen. Ernie Chambers

able judges to impose the same animal ownership restrictions for cruel neglect of animals as can be imposed for the cruel mistreatment of animals.

Currently, cruel mistreatment of an animal is a Class I misdemeanor, punishable by up to one year imprisonment, a \$1,000 fine or both. The court has the option to order that a person not own, possess or reside with an animal for up to five years.

LB674 clarifies that cruel neglect of an animal also would be a Class I misdemeanor with an offender subject to the same animal ownership restrictions.

Chambers cited a case in which a Lancaster County judge, who convicted a person of operating a puppy mill, was surprised to learn he could not sentence the offender to more than two years of ownership restriction. LB674 gives judges more discretion when deciding penalties for animal cruelty, Chambers said.

Senators advanced the bill on a 25-0 vote.

Guardianship, adoption clarifications advanced

Senators advanced a bill from general file March 20 that would change several statutes relating to children.

LB908, introduced by Lincoln Sen. Colby Coash, primarily would:

- permit juvenile courts to appoint guardians for abused or abandoned children;
- define “abandonment” as a parent’s act of intentionally withholding from a child without just cause or excuse: presence, care, love, protection, maintenance and the opportunity to display affection;
- clarify that guardianships and



Sen. Colby Coash

guardianship funding assistance can be extended when a child reaches 19 years old; and

- allow a biological father to file an objection to an adoption and seek custody of a child at any time during a pregnancy and up to five days after receiving notification of the child's birth.

Currently, Coash said, guardianships in Nebraska are treated as temporary, out-of-home placements. The bill would make it easier for children to find permanent homes by making guardianships mirror adoptions as closely as possible, he said.

"LB908 puts children on the path to safe, loving and permanent homes," he said.

A Judiciary Committee amendment, adopted 27-0, would enable young adults to request guardianship past the age of 19 years old and would require that guardianship assistance funding be used specifically for their benefit.

Senators advanced the bill to select file on a 31-0 vote.

Relaxed penalties for interlock violations advanced

Some penalties for violating ignition interlock device restrictions would be relaxed under a bill advanced from general file March 20.

Introduced by Wilber Sen. Russ Karpisek, LB998 would downgrade the penalty for using a vehicle not equipped with an ignition interlock device for those restricted to driving only vehicles with the device. Ignition interlock devices prevent a vehicle from starting if the driver has a blood-alcohol level of .03 or higher.

The penalty would be reduced from a Class IV felony—punishable by up to five



Sen. Russ Karpisek

years imprisonment, a \$10,000 fine or both—to a Class I misdemeanor which is punishable by up to one year imprisonment, a \$1,000 fine or both. The felony penalty still would apply if the driver has a blood-alcohol level of .02 or more and would include revocation of the offender's driver's license for 15 years.

A Judiciary Committee amendment, adopted 25-0, extended the penalty reduction to the offense of tampering with or bypassing an interlock device and added an emergency clause.

Karpisek said drivers with these restrictions sometimes must drive vehicles without those devices due to mechanical breakdowns or emergency situations. In cases when the drivers are sober, the current law is too severe, he said.

"People do need to be responsible and pay their dues, but to make felons out of people who are driving without the ignition interlock, who haven't been drinking, is just too harsh," Karpisek said.

Senators advanced the bill to select file on a 25-0 vote.

Industrial hemp narrowed to research, advanced

Industrial hemp could be grown only for research in Nebraska under a bill amended on select file March 19.

As introduced by Cortland Sen. Norm Wallman, LB1001 originally would have allowed anyone licensed by the state Department of Agriculture to grow industrial hemp in Nebraska for commercial purposes and exempted it from the Uniform Controlled Substances Act.

An amendment brought by Wallman, adopted 35-0, narrowed the bill to allow only postsecondary institutions or the state Department of Agriculture



Sen. Norm Wallman

to grow industrial hemp for agricultural or academic research. The department would be required to develop regulations for industrial hemp cultivation and certify sites where it is grown.

Wallman said he brought the amendment because federal regulations allow the growth of industrial hemp only for research purposes and not for commercial use.

Only plants containing three-tenths percent or less of tetrahydrocannabinols (THC), the active ingredient of the cannabis plant, would be approved for use.

Senators advanced the bill from select file by voice vote.



Mountain lion hunting repeal vote delayed

A vote to pass a bill that would prohibit the hunting of mountain lions was delayed March 20.

LB671, introduced by Omaha Sen. Ernie Chambers, would repeal the law passed in 2012 that authorizes the state Game and Parks Commission to hold a mountain lion hunting season.



Sen. Ernie Chambers

The bill would allow farmers and ranchers to kill a mountain lion they perceive to be a threat.

Omaha Sen. Scott Lautenbaugh filed a motion to return the bill to select file to consider an amendment that would strike the bill's enacting clause, saying it is bad policy to reverse legislation passed as recently as 2012.

Senators moved on to other bills on the agenda without taking a vote on the bill. LB671 remains on final reading.

Funding for electricity transmission study advanced

Lawmakers gave first-round approval March 20 to a bill that would fund an electricity transmission study to be conducted by the Nebraska Power Review Board.

LB1115, introduced by Hyannis Sen. Al Davis, would appropriate \$200,000 from the General Fund to study existing and future state, regional and national transmission infrastructure and policy in the state.

Davis said the study would help the state learn to maximize the state's potential for exporting electricity.

"Nebraska has a significant opportunity to export electricity to other states," he said. "[This bill] would ensure Nebraska's potential future as a significant supplier in the national electricity market."

The bill also would establish a working group, including five members of the Legislature, which would provide input to the board. A report detailing the results of the study would be provided by the board to the governor by Dec. 15, 2014.

Holdrege Sen. Tom Carlson supported the bill, saying Nebraska currently has excess energy that could be put to better use.

"We have wonderful wind energy potential, so we should research how to export it," he said. "The question is: Where is the market and how can we take advantage of the market? I think that justifies [investing money] to fund a study by a professional consultant to identify potential markets."

Following the adoption of a technical amendment, senators advanced the bill to select file on a 30-1 vote.



Sen. Al Davis

NEBRASKA RETIREMENT SYSTEMS

Omnibus retirement bill advanced

A bill that would require certain political subdivisions to file an annual retirement plan report was amended March 20 to become the Nebraska Retirement Systems Committee omnibus bill.

Under LB759, introduced by Omaha Sen. Heath Mello, any political subdivision that offers a defined benefit retirement plan would be required to file a report with the committee if plan contributions do not equal the actuarial requirement for funding or the funded ratio of the plan is less than 80 percent.

The report would include an analysis of the conditions and recommendations for corrective actions.

Mello said the state currently engages in minimal oversight of such defined benefit plans and should encourage local government to adopt best practices to ensure their financial solvency.

"There is currently no requirement that political subdivisions notify the state that they have a defined benefit plan and thus should be meeting the reporting requirement," he said.

A committee amendment, adopted 30-0, would clarify various aspects of LB759. The amendment would:

- clarify that only those political subdivisions that offer a defined benefit plan open to new members on Jan. 1, 2004, would be required to notify the Nebraska Retirement Systems Committee on or before Nov. 1, 2014, that it offers such a plan;



Sen. Heath Mello

- clarify that all political subdivisions that offer such a plan must file a copy of the most recent actuarial valuation report with the committee on or before Nov. 15, 2014; and
- authorize the state auditor of public accounts to audit, or caused to be audited, the political subdivision at the political subdivision's expense, if the report is not filed on time.

The amendment also added provisions of four additional bills.

LB713, introduced by Grand Island Sen. Mike Gloor, which would increase from \$1 million to \$6 million the maximum amount of time deposit open accounts made available to banks, capital stock financial institutions and qualifying mutual financial institutions willing to meet the rate and other requirements of the Nebraska Capital Expansion Act.

LB918, introduced by Omaha Sen. Jeremy Nordquist, which would remove a limitation on investment options for participants in the county and state employees defined contribution plans.

LB929, also introduced by Gloor, which would amend the city of the first class police and firefighter retirement acts to define the term sex-neutral basis.

LB977, introduced by Lincoln Sen. Danielle Conrad, which would add a city of the primary class and public power districts to the list of exempt entities that can offer investment in a fund as long as it is a prudent investment. Currently, only a city of the metropolitan class, a metropolitan utilities district and a county in which a city of the metropolitan class is located are exempt.

Following adoption of the committee amendment, LB759 advanced to select file on a 31-0 vote.

REVENUE

Occupation tax limitation adopted

Senators passed a bill March 20 that prohibits cities from imposing a city occupation tax on any transaction subject to a state tax, such as purchases of alcohol, gas and tobacco.

LB474, introduced by Omaha Sen. Bob Krist, prevents a municipality from levying an occupation tax on an item that is subject to a state excise tax, which includes alcohol, tobacco, groceries and motor fuel.



Sen. Bob Krist

Senators passed the bill on a 45-0 vote.

Proposal to fund Game and Parks amended, advanced

A bill that would divert state sales tax revenue to the state Game and Parks Commission was amended and advanced from select file March 19.

LB814, introduced by Lincoln Sen. Bill Avery, would dedicate the state sales tax revenue derived from the sale or lease of motorboats and personal watercraft for commission infrastructure maintenance projects.



Sen. Bill Avery

Currently, state sales tax revenue is deposited into the state General Fund, the State Highway Capital Improvement Fund and the Highway Allocation Fund. Under LB814, the revenue also would be directed to a newly created Game and Parks Commission Capital Maintenance Fund.

The state sales tax revenue collected from all-terrain and utility-type vehicles that have been titled in Nebraska also would be dedicated to the Game and Parks Commission Capital Maintenance Fund under the bill.

Avery introduced an amendment that incorporated provisions of LB982, a bill originally introduced by Fullerton Sen. Annette Dubas. The amendment would expand the definitions of all-terrain vehicle and utility-type vehicles to incorporate advances in product development.



Sen. Annette Dubas

Current statute limits vehicles to those with "low pressure tires." The amendment would change the definition to "nonhighway tires."

Under the amendment, all-terrain vehicles are defined as vehicles 50 inches or less in width with a weight of 1,200 pounds or less. A utility-type vehicle is defined as 74 inches or less in width with a weight of 2,000 pounds or less.

Senators adopted the amendment on a 36-0 vote and advanced the bill to final reading on a voice vote.

Advanced tax code adjustments include land donations, natural gas

Senators amended and advanced a bill from select file March 19 that would make several technical changes to the state tax code regarding auto museums, sports arenas, bouillon and postage.

Currently, only a municipal employee is authorized to access sales and use tax information of permit holders within city limits. LB867, introduced by Kearney Sen. Galen Hadley, would broaden the statute



Sen. Galen Hadley

to include any person certified by the municipality seeking the information. Confidentiality provisions already in statute still would bind the certified person, who could include a financial or accounting contractor.

Omaha Sen. John Nelson introduced an amendment, adopted 33-0, which incorporated provisions of his LB1043. The amendment would exempt from the documentary stamp tax charitable donations of land to nonprofits. Nelson said it represented good tax policy.



Sen. John Nelson

"Our public charities provide aid for the poor, the sick, the hungry where the state cannot," he said. "[This amendment] reflects the fact that good public policy does not tax charitable gifts."

A second amendment, introduced by Omaha Sen. Jeremy Nordquist and adopted 28-0, incorporated provisions of his LB150.

Currently, the Metropolitan Utilities District (MUD) remits the equivalent of 2 percent of the annual gross revenue derived from all retail sales of water and gas sold by MUD to Omaha.

The Nordquist amendment would exempt from the calculation the retail sale of natural gas used as vehicular fuel. It also would exempt the energy used in the compression of natural gas for sale as vehicular fuel.

A Revenue Committee amendment, adopted 35-0 on general file, would incorporate the provisions of several bills, including:

- LB809, originally introduced by Lincoln Sen. Colby Coash, which would exempt from sales and use taxes purchases made by historic automobile museums;
- LB783, originally introduced by Omaha Sen. Steve Lathrop,

which would change the annual determination and certification of sales tax revenue under the Sports Arena Financing Act to a quarterly determination and certification;

- LB159, originally introduced by Columbus Sen. Paul Schumacher, which would exempt the sale, lease or rental of currency or bouillon from sales and use taxes; and
- LB829, also introduced by Schumacher, which would exempt separately stated postage charges from sales and use taxes.

Following the adoption of a technical amendment, senators advanced the bill to final reading on a voice vote.

Adjustments to state income, social security taxes amended, advanced

Senators amended and advanced a bill from select file March 19 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.

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.

Fremont Sen. Charlie Janssen introduced an amendment, adopted 36-0, that incorporated provisions of

Janssen’s LB75.

The amended bill would allow an individual to make a one-time election to exclude a portion of his or her military retirement income from state income tax within two years of retirement. The individual could either choose to exempt 40 percent of military retirement income for seven consecutive years or 15 percent for each year, beginning with the year he or she turns 67.

The exemption would apply only to individuals retiring after Jan. 1, 2015. Janssen said he hopes to eventually see an exemption for all retirees but is happy with the modest compromise.

“It’s important for our state and economy to make progress in this area,” he said. “It may not be perfect, but I believe it is a good [solution].”

Senators advanced the bill to final reading on a voice vote.

Nebraska Advantage Act extensions advanced

Senators gave first-round approval March 20 to a bill that would extend sunset dates for the Nebraska Advantage Act.

LB1067, introduced by Kearney Sen. Galen Hadley, would extend the current application deadline for Tier 1 and Tier 3 projects under the Nebraska Advantage Act from Dec. 31, 2015 to Dec. 31, 2017. The deadline for Tier 6 projects under the Act would be extended from Jan. 1, 2016 to Jan. 1, 2018.

Hadley said there is an immediate need to extend the sunset dates.

“If we do not pass this, these tax incentives will soon disappear forever,” he said.

The bill also would change the year in which a business may first claim a tax credit under the Nebraska Advan-



Sen. Charlie Janssen

tage Research and Development Act from tax years beginning Dec. 31, 2015 to tax years beginning Dec. 31, 2017.

The state Department of Revenue’s deadline to approve applications under the Nebraska Advantage Microenterprise Tax Credit Act would be extended from Dec. 31, 2015 to Dec. 31, 2017.

Under an amendment introduced by Hadley, adopted 30-0, cities of the first, second and village classes would have one year before being required to remit sales tax revenue to the state for any exemptions claimed under the Nebraska Advantage Act and could remit them over the course of one year.

Hadley offered an additional amendment that would direct the state Department of Revenue to inform cities of pending sales tax debts only if the debt exceeds \$1,500.

After adopting the amendment 28-0, senators advanced the bill to select file on a 34-0 vote. ■

SEARCH FOR BILLS

Learn more about bills considered by the Unicameral by logging on to 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.

Search Current Bills

LB

[Search Past Legislation](#)

Search Laws

Keywords

[Browse Statutes by Chapter](#)

Unicameral Information Office
Nebraska Legislature
P.O. Box 94604
Lincoln, NE 68509
03-23-05

PRESRT STD
U.S. POSTAGE PAID
LINCOLN, NE
PERMIT NO. 212



Former senators were invited to the Capitol March 19 to be recognized by the Legislature. Top: Former Sen. Vickie McDonald was escorted to the front of the Norris Chamber by Sen. Ernie Chambers.