

Initial budget cuts approved after cloture vote



Appropriations Committee Chair Sen. John Stinner and Sen. Paul Schumacher discuss LB22.

Lawmakers voted to end debate and give final approval Feb. 13 to a bill that makes cuts to the state's budget for the current fiscal year. The reductions are a first step to offset an anticipated budget shortfall of nearly \$1 billion over the biennium.

LB22, introduced by Norfolk Sen. Jim Scheer at the request of Gov. Pete Ricketts, is part of the governor's expedited adjustments proposed for the state budget ending June 30, 2017. The regular budget process for setting spending for the next two fiscal years will be taken up separately later in the session.

The bill makes across-the-board cuts to funds previously appropriated to state agencies, with some exceptions. Among other provisions, the bill:

- cuts approximately \$4 million from the state Supreme Court budget;
- allows the University of Nebras-

ka to retain approximately \$5.2 million in unspent funds; and

- adds \$3.5 million to the state Department of Health and Human Services to offset the loss of federal funds for certain developmental disability providers.

Omaha Sen. Bob Krist offered a motion to return LB22 to select file for consideration of an amendment that would have exempted the Legislature's budget from the bill's provisions. He said lawmakers need to protect unappropriated funds to address ongoing upgrades to phone systems, public hearing rooms and logistics related to an overhaul of the Capitol's heating, ventilation and air-conditioning system.

"I just don't think we have to make this cut — this deep — right away," Krist said.

Gering Sen. John Stinner, chairperson of the Appropriations Committee,

Overtime limits proposed for Corrections staff

Limiting the amount of overtime state Department of Correctional Services staff members are required to work was the focus of a bill heard by the Judiciary Committee Feb. 16.

Under LB245, introduced by Lincoln Sen. Kate Bolz, correctional employees only could work 32 hours of overtime over any two-week period. Employees would be required



Sen. Kate Bolz

to have eight consecutive hours off from work between scheduled shifts.

Bolz said monthly overtime hours worked by correctional employees has doubled from 20,000 to 40,000 since 2014.

"When employees are not rested or are forced to work overtime when they're exhausted, the chances that they'll make a mistake or affect the safety of their colleagues or inmates increase," she said. "A safe environment means sufficient staffing [levels], well-trained officers and well-rested officers."

The bill would prohibit any adverse action against an employee who refuses to volunteer for additional overtime. Adverse action would include, but is not limited to: termination, demotion or an involuntary transfer from one correctional facility to another.

The director of Correctional Ser-

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said work is being done to address the Legislature's needs in another deficit bill and the regular biennial budget process.

"We're going to work with the Legislative Council," Stinner said. "We are committed to making sure that these projects get done."

Krist's motion failed on a vote of 11-30.

Sen. Ernie Chambers of Omaha then filed a motion to bracket the bill until Feb. 27, which failed on a vote of 2-42. He said senators should take more time to find a way to fund the Legislature at a level adequate to fulfill its lawmaking and oversight responsibilities.

"This is a point at which we should function as the third branch of government," Chambers said.

After two hours of debate, Stinner offered a motion to invoke cloture and cease debate on the bill. The motion was adopted 43-1 and LB22 passed 42-3. The bill takes effect immediately. ■

Overtime limits proposed for Corrections staff

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vices could suspend the overtime provisions proposed in LB245 in the event of a corrections-related emergency, such as a fire, riot or prisoner escape. The suspension could last up to two weeks or until the emergency order is rescinded, whichever occurs first.

The proposed overtime limits would take effect July 1, 2018.

Jim Maguire, representing the Nebraska Fraternal Order of Police, testified in support of the bill. He said correctional officers he has consulted prioritize concerns about mandatory overtime ahead of adequate pay and safety issues.

"I don't know whether or not the magic number is 32 hours, but the amount of forced overtime has to be addressed," he said. "I do know that working four or five days of mandatory double shifts in a row is absolutely excessive."

Scott Frakes, director of the department, opposed the measure. High levels of overtime absolutely is a problem, he said, but LB245 would

not adequately address the root cause of the issue.

"[High levels of] overtime is a symptom of the recruitment and retention issues faced by the department," Frakes said. "We already are working hard to address those issues through a combination of efforts involving the collective bargaining process and retention initiatives, among others."

The committee took no immediate action on the bill. ■

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UNICAMERAL UPDATE

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

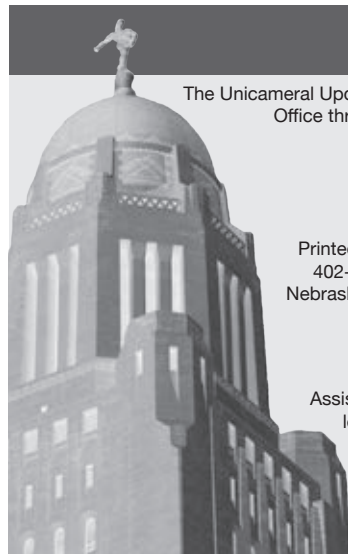
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MEET THE SENATOR

Brewer signs on for a new tour of duty

After spending 36 years in uniform, and being twice wounded in combat, Sen. Tom Brewer said it would have been easy for him to retire and take life easy. Instead, he chose to run for the Nebraska Legislature.

“Sometimes you have a fire in your gut to serve,” he said.

Brewer’s military service began when he enlisted in the Army National Guard while still in high school. It ended when he suffered serious wounds from a rocket-propelled grenade attack while deployed on his sixth tour of duty in Afghanistan in 2011.

Two years and multiple surgeries later, he joined Montana-based Horses and Heroes, leading wounded veterans on horse pack trips that teach teamwork and perseverance. Brewer, who has ridden horses since he was a boy, said the summer rides helped him feel normal again and that he still could contribute to society.

“It kind of gave me the idea that I should at least make a run at the Unicameral because I had things that I thought needed to be done,” he said. “The idea of being able to do some good was what inspired me.”

Brewer said serving in the Army, which emphasizes keeping an open mind and getting along with others, was good preparation for serving as a senator. In many ways, he said, working in the Unicameral is not much



Sen. Tom Brewer (left) and fellow soldier Erik Herring serving in northern Afghanistan in 2011.

different from being a soldier: political affiliation matters little if you want to accomplish the mission.

“What you have is a group of people trying to get the mission done and help others,” he said. “And that’s really, in the purest sense, the idea behind the Unicameral.”

Brewer said he is still getting used to the job’s pace, which is faster than he expected.

“I don’t think when you’re running you really have an appreciation for how much work it is,” he said.

He spends Saturdays in his Capitol office, catching up on mail and preparing for the coming week. Brewer said he has enjoyed meeting the other senators and legislative staff.

“You find out that the Capitol, for an ominous and huge structure, is just full of regular people, pretty much the same people you knew back home —

they just work in a bigger building,” he said. “It’s nice to go to work in an environment where you have good people wanting to do good things.”

When he has free time, he enjoys riding horses on his ranch in Gordon. A gifted marksman — he coached the 1996 U.S. Olympic shooting team — he also enjoys gunsmithing and competitive shooting. Brewer also participates with several programs that help wounded veterans.

Brewer, who flew attack helicopters in the 1980s, also mentors his daughter Kalee, who is training to fly helicopters in the army. His son Travis is a teacher in Omaha and serves in the Army National Guard. His wife Kelli retired from the military after 26 years.

An Oglala Sioux who grew up near the Pine Ridge Indian Reservation, Brewer is the first Native American to serve as a Nebraska state senator. ■

AGRICULTURE

Bill would discontinue prairie dog management

The Agriculture Committee heard a bill Feb. 14 that would repeal the Black-Tailed Prairie Dog Management Act.

LB449, introduced by Omaha Sen. Ernie Chambers, would eliminate the Nebraska Game and Parks Commission's authority to manage black-tailed prairie dogs. The act, which the Legislature passed in 2012, authorizes the commission to work with counties and individuals who request help controlling the animals.



Sen. Ernie Chambers

Chambers said the bill violates property owners' rights by allowing the government to come onto their land without a warrant or due process if a neighbor complains about prairie dogs on the property. The law is not needed to control prairie dogs, he said, and it is being used in only a single county: Sheridan.

"The language of that law is so abhorrent that if we struck it then we're not hindering or interfering with anything because it's not being used anyway," he said.

Jarel Vinduska, speaking on behalf of the Nebraska Wildlife Federation, testified in support of the bill. He said state and federal laws require the protection of threatened and endangered species, such as the black-footed ferret and burrowing owls, that depend on prairie dog towns for their survival.

"Why should we have the embarrassing situation in Nebraska where we have a law ... that conflicts with

our own law to protect native species?" Vinduska said.

John Hansen, president of the Nebraska Farmers Union, also testified in support of the bill, saying that the act infringes on landowners' right to determine how to address prairie dogs on their own property. Additionally, the act was modeled on a similar law meant to eradicate noxious weeds, he said, an approach that is inappropriate for controlling an indigenous animal species.

"In the process, we created one of the worst, most egregious, outlandish breaches of due process, in my opinion, that I've seen in my 27 years doing this job," Hansen said. "This particular law is atrocious."

Jack Andersen, speaking on behalf of the Sheridan County Board of Commissioners, testified in opposition to the bill. He said the act allowed the county to coordinate efforts to address a prairie dog town spread across more than 700 acres owned by several landowners. Andersen acknowledged that the act could be modified to strengthen landowners' due process rights, but he said repealing it would be a step backwards for the county.

"This has really helped Sheridan County," he said, "and I would hate to see it go away when we seem to be making headway."

The committee took no immediate action on the bill.

Apiary registry proposed for hive locations

The Agriculture Committee heard testimony Feb. 14 on a bill meant to protect Nebraska apiaries from encroachment by out-of-state beekeeping operations.

Under LB499, sponsored by Sen. Tom Brewer of Gordon, Nebraska apiaries could voluntarily register the

location of their hives with the state Department of Agriculture. An owner or operator of an out-of-state commercial beekeeping operation would be barred from locating any hives within three miles of any registered Nebraska apiary or hive.



Sen. Tom Brewer

Registered beekeepers could report a violation of the quarantine to the department, which would investigate. If the out-of-state hive is too close, the department would issue a notice to remove or relocate it within three days.

Brewer said the bill is similar to legislation in surrounding states meant to prevent out-of-state beekeeping operations from consuming the forage that bees from local operations feed on.

"Imagine you have a herd of cattle that is grazing in a pasture," Brewer said. "One day I show up and put my herd of cattle in the same pasture as yours. Now your cattle and mine are competing for the same food source — the out-of-state beekeepers are doing just that, and Nebraska beekeepers must compete with them."

Edward McDonald, a commercial honey producer from western Nebraska, testified in support of the bill. He said Nebraska honey producers need protected areas to prevent out-of-state operations from driving them out of business.

In recent years, he said, California farmers have increased the acreage devoted to growing almonds. That means more demand for bees to pollinate those crops and less forage available to feed the bees. As a result, California beekeeping operations leave the state during the summer to find forage, often traveling to states like Nebraska. The out-of-state bees decimate the forage that local operations need to

produce honey.

“We are being destroyed by out-of-state beekeepers putting their bees on our locations,” he said.

Brian Nilson, vice president of the Nebraska Beekeepers Association, also testified in support of the bill but said he spotted several gaps in it. LB499 should include an exception in the three-mile encroachment radius for landowners who wish to keep their own bees, he said. That rule also would need to accommodate urban beekeepers – there are more than 40 within the Lincoln city limits, Nilson said.

Those matters aside, he said, encroachment makes it difficult for Nebraska honey producers to stay in business.

“Our beekeepers definitely need protection from encroachment,” Nilson said.

No one testified in opposition to the bill and the committee took no immediate action on it.

BUSINESS & LABOR

Grants proposed to address rural housing shortage

The Business and Labor Committee heard testimony Feb. 13 on a bill that would provide grant funds to communities looking to address workforce housing shortages.

Rural communities in counties of fewer than 100,000 people could apply for grant funds under LB518, introduced by Gothenburg Sen. Matt Williams, to build workforce housing. The grants would be funded



Sen. Matt Williams

by a one-time transfer of \$12 million from the Affordable Housing Trust Fund by July 1, 2017, followed by a transfer of \$1 million in both 2018 and 2019.

Williams said a lack of adequate housing in rural communities has hindered economic growth and made recruitment of young professionals difficult.

“We need to create the right environment so the state has the chance to grow,” he said. “We also need to put tools in the toolboxes of our communities and economic developers so they can do the things to help grow our state.”

The bill defines workforce housing as an owner-occupied home that costs between \$150,000 and \$275,000 to construct or rental housing units that cost between \$100,000 and \$200,000 to construct.

Grants would be available upon application by any nonprofit development organization in an eligible community. The maximum amount awarded would not exceed \$2.5 million to any one organization over a two-year period and no more than \$5 million through fiscal year 2019-20. Eligible applicants would provide one-to-one matching funds to be considered for a grant under LB518.

Priority would be given to communities that have demonstrated an ongoing need for housing through a housing study, a low unemployment rate, difficulty filling vacancies, a demonstrated commitment to growing their housing markets and potential projects that could be ready for occupancy within two years.

Mel McNea of North Platte testified in support of the bill. He said as chief executive officer of Great Plains Health, he personally has seen the impact of inadequate housing for professionals and their families. He said

many leave the area simply because they cannot find housing they desire.

“We have about 1,200 employees and we have done a lot of work in retention and recruitment,” McNea said. “What we have found is that because of low quality housing and less variety, it is very difficult to recruit professionals to North Platte.”

Representing the Nebraska Bankers Association, Richard Baier also supported the bill. He said a number of factors contribute to the lack of housing in rural communities, including higher construction costs and scarce down payment assistance for millennial home buyers.

“We have to do things to maintain and construct new housing for today’s workers,” Baier said. “[LB518] would be advantageous to communities looking to increase that supply of housing.”

Opposing the bill was Thomas Judds of Lincoln. He said using funds from the Affordable Housing Trust Fund for higher-income housing would violate the fund’s original purpose, adding that 4,000 people are on the wait list for housing assistance in Lincoln alone.

“The fundamental issue I have is that the trust funds were set up to specifically serve the low- to moderate-income families of Nebraska,” he said. “The trust funds have income restrictions currently and it appears those would be void if this transfer would be made.”

The committee took no immediate action on the bill.

EDUCATION

School aid certification delayed

Lawmakers passed a bill Feb. 13 that delays the deadline for certifying state

aid, budget authority and applicable allowable reserve percentages for state aid to schools.

Under LB119, introduced by Sen. Mike Groene of North Platte, the deadline is delayed from March 1 to June 1 for 2017 only. The later date will allow the Legislature to make adjustments as it considers options for addressing the state's budget shortfall.

Senators voted 45-0 to pass the bill.



Sen. Mike Groene

Private school scholarships proposed for public school students

Students enrolled in Nebraska's lowest-performing public schools would qualify for a scholarship to attend a private school under a bill heard by the Education Committee Feb. 13.

Under LB608, sponsored by Elkhorn Sen. Lou Ann Linehan, a student who resides in the attendance area of a public school with the lowest performance level established by the state Department of Education would qualify for a scholarship to enroll in a private school beginning with the 2018-19 school year.



Sen. Lou Ann Linehan

Linehan said thousands of Nebraska families use the state's option enrollment program, in which students may attend a public school in a district in which they do not live. But for students in the 87 schools identified by state Department of Education as low-performing, she said, options often are limited because higher performing schools are either full or too

far away.

Elkhorn Public Schools, for example, received 87 option enrollment applications from students outside the district for the 2016-17 school year, Linehan said. Only 13 seats were open.

LB608 would allow families to send their children to a higher quality private school if one is nearby or has open seats, she said.

"Clearly there are more students and parents wanting better options than are currently afforded to them by open or option enrollment," Linehan said.

For each student who participates in the program, school districts would be required to pay private schools either 75 percent of the expected revenue per student or the cost of tuition, books and uniforms, whichever is less. Once enrolled, the student may attend the school until graduation from high school or until he or she reaches the age of 21.

Each participating student would be counted in the enrollment figures for his or her resident school district when calculating aid under the state's school aid formula. A student's resident district would be responsible for transporting the student to the private school.

School districts would be required to transfer the remaining 25 percent of the expected revenue per student for each participating student to a property tax relief fund. The fund would be used to reduce the district's property tax request after the district's budget has been adopted.

The state Department of Education estimates that if 10 percent of students in schools in the lowest performing category opt for the proposed scholarships, public school districts would pay private schools approximately \$23.5 million in fiscal year 2018-19.

Cameron Gales of Omaha testified

in support of the bill. Gales said he and his wife chose to transfer their children from a school in the Omaha Public Schools district to St. Bernard Catholic School because they felt it would provide a better education. He said they could not wait for OPS to improve its underperforming schools, which often serve some of the city's poorest communities.

"Until there's competition or other options," Gale said, "there's no need [for OPS] to speed up the process or raise the bar or give teachers the freedom or material they need to succeed with teaching our children."

Michael McHale, speaking on behalf of the Nebraska Catholic Conference, also testified in support of the bill. He said it would remove barriers that currently prevent parents from exercising their right of directing the education of their children.

"That right is largely without substance in Nebraska given that the public funding is essentially exclusive for public schools," he said.

Kathy Danek, a Lincoln Public Schools board of education member, spoke in opposition to the bill. She said LB608 provides public funding to schools that offer religious instruction in a way that appears to conflict with the state constitution. It also mandates the transfer of public funds to private and parochial schools without requiring comparable systems of public governance or financial and academic accountability, Danek said.

"LB608 provides public funds to private entities for the purpose of educating students without proper oversight," she said.

Michele Tilley of Lincoln also testified in opposition to the bill. If some public schools are failing, she said, then the state should use its resources to improve those schools, not direct money toward private schools. Tilley

said her tax dollars are an investment in public education, which she called the backbone of a healthy community.

“The school voucher system is seriously flawed, and it takes needed money from our already strapped but excellent public school system,” she said. “I am adamantly against having my tax dollars used for a private school.”

Amy Shane, superintendent of O’Neill Public Schools, also testified in opposition. She said there is no way to know that a private school is performing at a higher level than a public school because private schools are not required to take the same assessments or to complete other accountability measures.

Shane said LB608 also could force some school districts to raise property taxes to offset the cost of public school students leaving for private schools. If 30 O’Neill Public Schools students chose to attend the local Catholic school using the proposed scholarship program, she said, the district would face a \$100,000 shortfall.

“I think this is a bill that can divide our small community because of the requirements to fund the private school with public dollars,” Shane said.

The committee took no immediate action on the bill.

GENERAL AFFAIRS

Bill would raise age for tobacco, vaping products

A bill that would raise the legal age from 18 to 21 to purchase cigarettes, cigars, vapor products, alternative nicotine products and smokeless tobacco was heard Feb. 13 by the General Affairs Committee.

Ralston Sen. Merv Riepe, introducer of LB73, said that 90 percent of adult smokers start smoking before they turn 21. Delaying the age when young people first experiment can reduce the risk that they transition to regular tobacco use, he said, and raising the legal age likely would make both direct purchase and social acquisition more difficult for teens.



Sen. Merv Riepe

“Raising the drinking age to 21 is a prime example of the deterring effect raising the minimum age can have,” he said.

Linda Stones, representing the Nebraska Nurses Association, testified in support of the bill. She said the overwhelming majority of patients with pulmonary disease deeply regret their choice to have begun smoking. Reducing access to tobacco products is one way to address the \$96 billion in annual health care costs associated with smoking, she said.

“Americans’ dependency on tobacco comes with a high price tag,” Stones said.

Amanda Kis of the American Lung Association also supported the bill, saying the makers of vaping products specifically target young people with flavors like vanilla cupcake, maple pancake, cinnamon crunch and apple pie.

“Are those lollipops, desserts, ice cream? Those are e-cigarette flavors,” Kis said.

Sarah Linden, owner of Generation V E-Cigarettes and Vape Bar, testified in opposition. Vapor products should not be lumped together with smoking, she said, citing research that indicates vaping is 97 percent safer than cigarettes. In addition, she said, vapor products have helped more than 9 million Americans quit smoking.

Gregory Conley of the American

Vaping Association also opposed the bill, saying it would criminalize current smokers who could be saddled with a misdemeanor on their record for life.

“Existing 18-, 19- and 20-year-old smokers will become criminals under this bill,” he said. “There is no grandfathering in.”

The committee took no immediate action on LB73.

Omnibus liquor law changes proposed

A bill that would make numerous changes to Nebraska’s liquor laws was heard Feb. 13 by the General Affairs Committee.

As introduced, LB632, sponsored by O’Neill Sen. Tyson Larson, would make a number of changes to the Nebraska Liquor Control Act impacting craft brewers. The bill would require that all alcoholic



Sen. Tyson Larson

beverages purchased for resale in the state be at rest at a licensed wholesale warehouse prior to distribution. The wholesaler would be responsible for paying the excise tax.

During the hearing, Larson indicated that several other provisions of the bill would be removed through amendment, including a proposed limit on off-site retail expansion for craft brewery licensees and a requirement that retail locations engage in production.

Under current law, a licensee may operate up to five retail locations.

Testimony focused on the at rest provision of the bill.

Michael Madigan, testifying on behalf of the Associated Beverage Distributors of Nebraska, testified in support of LB632. Requiring all alcoholic beverages to be physically

possessed by a licensed wholesaler prior to distribution allows the state to ensure that all liquor laws are being complied with and all required taxes collected, he said.

In addition, Madigan said, Nebraska's three-tiered liquor control system — which separates producers, distributors and retailers — has served the state well. Allowing craft brewers an exception to essentially distribute their own product creates a system unfair to traditional distributors, he said, and likely is unconstitutional.

“The rule clearly runs afoul of the dormant commerce clause of the U.S. Constitution,” he said, which restricts a state's ability to differentiate between in-state and out-of-state entities engaging in interstate commerce.

Lester Jones, an economist for the National Beer Wholesalers Association, also supported the bill. Established industry entities have lived by the rules of the three-tier system for many years, he said, and craft brewers should as well. Everyone in the industry is vying for the same consumers, he said, and should play by the same rules.

“Competition for the share of a consumers' time, wallet and stomach are intense,” Jones said. “There is no new demand for alcoholic beverages.”

Tom Wilmot, co-founder of Lincoln's Zipline Brewing Company, testified in opposition to the bill, specifically the at rest provision. He said the provision would place a burden on rural craft brewers trying to get their product to retailers, because the only locally available warehouses belong to large beverage distributors.

“Basically, it would turn a 300-yard trip into a 300-mile round trip,” Wilmot said.

Caleb Pollard, president of Scratchtown Brewing Company in Ord, agreed. Currently, the at rest rule has been inter-

preted to mean that a distributor's truck is an extension of its warehouse, he said, but LB632 would require product to be physically returned to the warehouse prior to distribution.

Craft brewers are not circumventing the three-tiered system, Pollard said, because their beer ceases to be their product once it is placed on a distributor's vehicle. The current rule simply allows craft brewers to do business with distributors that align with their values but happen to be located some distance away, he said.

“The reasons why we chose a distributor out of Omaha [are] varied, but one particular reason that was important to us is it did not bear the logo of our competitor,” Pollard said.

Among other provisions, the bill also would:

- clarify the definition of a bottle club;
- increase from 32 to 64 ounces the container size under a limited bottling endorsement;
- require a third-party shipper to report to the state Liquor Control Commission when delivering out-of-state alcohol directly to a purchaser in Nebraska; and
- grant the commission authority to suspend a license for up to 48 hours for a first violation and up to 15 days for a third or subsequent violation in the same time period.

In addition, LB632 would create the Music Licensing Agency Act. The act would require a music licensing agency to register with the Nebraska secretary of state and file an annual electronic copy of each performing rights agreement that provides for payment of royalties made available from the music licensing agency to any Nebraska proprietor.

The committee took no immediate action on the bill.



Bill would consolidate veterans' services

The Government, Military and Veterans Affairs Committee heard testimony Feb. 15 on a bill that would consolidate veterans' services in Nebraska.

LB340, introduced by Gretna Sen. John Murante on behalf of the governor, would transfer all programs, services and duties of the state Department of Health and Human Services (DHHS) Division of Veterans' Homes to the state Department of Veterans' Affairs, effective July 1, 2017.



Sen. John Murante

The bill also would create the Department of Veterans' Affairs Cash Fund to receive all money paid to the state by members of the Nebraska veterans' homes. Division employees would be considered employees of the Department of Veterans' Affairs after the transition and retain their rights and service under the state personnel system.

Murante said the transfer would increase service efficiency and result in better care at the state's four veterans' homes, which provide skilled care and assisted living services. DHHS is a large organization with diverse goals and priorities, he said, while the department focuses only on veterans' issues.

“[This bill] works toward our shared goal of continuing to find ways to better serve Nebraska veterans,” Murante said.

John Hilgert, director of the Department of Veterans' Affairs — who also serves as the director of the Division of Veterans' Homes at DHHS

— testified in support of the measure. The transfer would bring 37 operational staff members to the department, he said, which would result in more efficient handling of purchasing, payroll and other administrative duties.

This would allow existing department team members to be more responsive and consider additional services and activities for the state’s veterans, Hilgert said.

“Our mission as state employees is to create an opportunity for more effective and more efficient customer-focused state government,” he said.

Greg Holloway, a member of the Nebraska Veterans’ Home Board, also testified in support of the bill. Management of the homes was moved to DHHS in the 1990s due to a restructuring, he said, and should be returned to the department, which manages all other veterans’ issues in the state.

“The time is right to move this back into the Nebraska Department of Veterans’ Affairs,” Holloway said. “We have the leadership. We have the organizational capability.”

No one testified in opposition to the bill and the committee took no immediate action on it.

HEALTH & HUMAN SERVICES

Food assistance eligibility changes proposed

The Health and Human Services Committee heard testimony Feb. 16 on two proposed eligibility changes to the Supplemental Nutritional Assistance Program (SNAP).

LB311, introduced by Lincoln Sen. Adam Morfeld, would remove a ban on food assistance eligibility for individuals with past drug felonies.

Under current state law, an individual is ineligible for SNAP benefits in Nebraska if he or she has three or more felony convictions for the possession or use of a controlled substance or has been convicted of a felony involving the sale, distribution — or intent to sell or distribute — a controlled substance.



Sen. Adam Morfeld

A person with one or two felony convictions for possession or use of a controlled substance is eligible only if he or she is participating in or has completed a state-licensed or nationally accredited substance abuse treatment program since the date of conviction.

LB311 would remove those restrictions.

Morfeld said that 43 states have modified the lifetime ban and 18 have removed it entirely, including Iowa, Kansas and South Dakota. Limiting access to food security is counterproductive and increases the likelihood of recidivism among drug offenders, he said.

“It is much cheaper to provide minimal food support for someone facing reentry than it is to incarcerate,” Morfeld said, adding that the bill would save money long-term.

Natalie Nelson, SNAP intake manager for Omaha’s Food Bank for the Heartland, testified in support of LB311. The lifetime ban was enacted in 1996 as part of the war on drugs, she said, and is counterproductive for drug offenders who are trying to rebuild their lives.

“Individuals and families are being punished based on a completely arbitrary, outdated and limiting rule,” Nelson said.

Kaitlin Reece, policy coordinator for Voices for Children in Nebraska, also supported the bill, which she said would remove a barrier to stability for vulnerable children in the state. Many

drug offenders are single mothers, she said, and the current ban has a punitive impact on their children.

“The current ban makes the process of reentry all the more difficult for parents and can have collateral damage on their children,” Reece said.

Doug Weinberg, director of the state Department of Health and Human Services (DHHS) Division of Children and Family Services, testified in opposition. He said the ban on eligibility serves as an incentive for people to complete treatment programs and ensures that tax dollars are going to those who are trying to overcome addiction.

In addition, he said, the department would have to hire additional case managers to handle the estimated 746 newly eligible recipients created by the bill.

“I have stewardship of the tax dollars earned by the hard work of our neighbors,” Weinberg said.

Also introduced was LB358, sponsored by Omaha Sen. John McCollister, which would increase the SNAP gross income eligibility limit to 158 percent of the federal income poverty level (FPL) for fiscal year 2017-18 and to 185 percent for FY2018-19 and each fiscal year thereafter.



Sen. John McCollister

The bill would not increase the net income eligibility limit for the program.

McCollister said the bill would address a phenomenon known as the “cliff effect,” in which a SNAP recipient loses eligibility due to a minimal increase in income. The unintended consequence of the system is that it either creates a disincentive to work toward economic mobility or a situation where a parent is working harder but is financially worse off, he said.

“Most often, the single greatest bar-

rier to self-sufficiency for low-income individuals is what we commonly refer to as the cliff effect,” McCollister said.

Sarah Comer of the Food Bank of Lincoln testified in support of LB358. Emergency and episodic food distribution alone are not adequate to address food insecurity in the state, she said, which impacts 245,000 Nebraskans according to a 2016 report.

“We do not believe that Nebraska families should have to choose between food and other basic needs,” Comer said.

Jennifer Creager, testifying on behalf of the Greater Omaha Chamber of Commerce, also supported the bill, saying it would help employers fill positions and have a positive overall economic effect on the state in the form of increased income and sales tax revenues.

“There is immeasurable value in getting people on career paths that lead to economic stability,” she said.

Weinberg also testified against LB358, citing the need for additional social service workers, case aids and supervisors to handle the increase in SNAP recipients. He estimated the cost of those administrative duties at \$300,000 in state general funds in FY2017-18 and \$1 million in FY2018-19.

The committee took no immediate action on either bill.

New nurse licensure compact bill considered

A bill that would clear the way for Nebraska to join the Enhanced Nurse Licensure Compact was considered Feb. 15 by the Health and Human Services Committee.

Nebraska currently is a member of the Nurse Licensure Compact, which allows nurses to have a multi-state license with the ability to practice in both their home state and other compact states.

Introduced by Bayard Sen. Steve Erdman, LB342 would amend portions of the state’s Nurse Practice Act to allow Nebraska to join the enhanced compact when it takes effect – either on Dec. 31, 2018, or when 26 states have joined.



Sen. Steve Erdman

The bill also would streamline the licensure process for military spouses located in Nebraska if they are licensed in a state that is part of the compact.

Erdman said 25 states currently have enacted legislation to join the enhanced compact and Nebraska needs to update its Nurse Practice Act in order not to be left behind when the new compact takes effect.

“This legislation would benefit Nebraskans and reduce the nursing shortage by allowing military spouses with nursing licenses – who often relocate every two years – to practice in the state,” he said.

Jenifer Roberts-Johnson, deputy director of the state Department of Health and Human Services Division of Public Health, testified in support of the bill. Nebraska has been a member of the nursing compact since its inception, she said, and would benefit from joining the enhanced compact, which will increase interstate communication regarding disciplinary cases among other benefits.

“Adoption of the Enhanced Nurse Licensure Compact will ensure that Nebraska nurses continue to have mobility to practice in all participating states,” Roberts-Johnson said.

Kari Wade, testifying on behalf of the Nebraska Nurses Association, also supported the bill. The enhanced compact allows states to retain autonomy and authority to enforce their state practice acts, she said, and was developed by the National Council of State

Boards of Nursing.

“The enhanced compact supports mobility in the nursing workforce by reducing the barriers to licensure by military spouses and for authorization of practice in times of disaster or increased need [across state lines],” Wade said.

No one testified in opposition to LB342 and the committee took no immediate action on it.



Water augmentation project procedures discussed

The Natural Resources Committee heard testimony Feb. 15 on a bill intended to provide oversight of projects that help Nebraska meet its obligations under a multi-state agreement to conserve water in the Republican River Basin.

North Platte Sen. Mike Groene, sponsor of LB218, said the bill is aimed at providing oversight of the N-CORPE (Nebraska Cooperative Republican Platte Enhancement) project, an interlocal agency created in 2012 by four of the state’s natural resources districts.



Sen. Mike Groene

The project bought 19,500 acres in Lincoln County that it retired from irrigation so that it could pump groundwater into the Republican and Platte rivers to meet streamflow requirements under the compact, which allocates the use of surface water between Colorado, Kansas and Nebraska.

Groene said the bill would establish procedures for similar entities to buy and use land to pump groundwater to augment rivers and streams.

Before pumping water, any future entity would be required to hold a

public hearing on the need for the pumping, the governmental use of groundwater and the expected amount and duration of the pumping. After adopting a resolution on those points, the entity could buy land impacted by the pumping for fair market value and install wells and pumps.

Every five years after pumping begins, the entity would be required to hold a public hearing to review the pumping's effect on nearby landowners, the water table and other factors. After the first five years of pumping, the entity would be required to sell all or part of the land but would retain the irrigation water rights and easements to maintain the wells.

Groene said requiring the sale of N-CORPE's land to private purchasers would put it back on the county's property tax rolls. Taking the land out of production reduced Lincoln County's property tax revenue from approximately \$463,000 in 2013 to less than \$200,000 in 2016, he said.

"It is our citizens whose natural resource — groundwater — is being mined, lowering our water table and causing farmers near the project concern about their water levels dropping," Groene said. "It is our citizens who have lost the property tax dollars from productive farmland.

Bob Peterson of North Platte testified in support of the bill, saying that N-CORPE's land purchase was not subject to a public hearing. He said the land is suitable for rangeland and dryland farming and grazing cattle. Returning it to the county's property tax rolls would provide more revenue for local governments and school districts.

"As badly conceived as N-CORPE was, this would be some salvation to it and would help everybody in the community, especially the taxpayers and the residents who live there," Peterson said. "We desperately need

this to keep the community vibrant."

Also testifying in support was Robert Lundeen, a Lincoln County resident who manages an ethanol plant that used to buy corn grown on the land that was taken out of production. The plant now buys corn from farther away, costing it an additional \$125,000 to \$150,000 a year, he said. Lundeen said he accepts the necessity of the water conservation agreement that resulted in N-CORPE's purchase of the land.

"It's just that we want that land back in private hands, back on the tax base," he said. "We're willing to sacrifice the water."

Jay Schilling of McCook also testified in support of the bill. He said the NRDs rushed into the project in their efforts to comply with the compact.

"With projects of this scope, it is imperative to have a hearing process before making a final decision," he said. "I am aware that negotiations for land can be time sensitive, but when taxpayer money is at stake, everyone should be allowed to point out the pros and cons."

The proposed hearings at five-year intervals would be beneficial, Schilling said, by allowing a broader group of agencies to assess the project.

Dr. Jasper Fanning, speaking on behalf of the Nebraska Association of Resources Districts, testified in opposition to the bill. Fanning said the NRDs and the state Department of Natural Resources began the N-CORPE project after they held all public hearings required by law.

He said those who claim the project reduced property tax revenue by removing land from the tax rolls ignore its only alternative: shutting down 60 percent of the basin's irrigated land through voluntary programs or regulation.

"I don't agree with the fact that we put undue burden on anyone," he said. "What they're failing to realize is that they would only have about half of their

irrigated farm left to move forward in the future without a project like this."

Don Batie, speaking on behalf of the Nebraska Farm Bureau Federation, also testified in opposition to the bill, saying that it seems to allow the severing of groundwater rights from ownership of the overlying land. Water rights would then be treated much like mineral rights, which can be transferred or traded, he said.

"This would represent a major change in Nebraska groundwater law," Batie said.

The committee took no immediate action on the bill.

Bill allowing private electric retailers considered

The Natural Resources Committee heard testimony Feb. 16 on a bill that would allow private electricity companies to sell power to Nebraska customers.

LB660, sponsored by Sen. Justin Wayne of Omaha, would authorize private electric suppliers to sell electricity in Nebraska beginning in July 2018. It also would require the Public Service Commission to establish criteria for retail electric competition in Nebraska by holding a series of public hearings across the state.

Wayne said the electricity market has changed significantly in the last few years because of Nebraska's entry into the Southwest Power Pool (SPP), a group of utilities, power generation and transmission companies that oversees electricity infrastructure in 14 states.

Electricity is now a commodity bought and sold on the market, Wayne said, and the SPP determines which generating sites to draw from depending on demand and which form of energy



Sen. Justin Wayne

is cheapest. This means that Nebraska's coal-fired plants could sit idle more often, forcing public utilities to increase their rates to cover fixed operating costs. The state's electric rates have increased 20 percent since 2008, he said.

Wayne said LB660 is meant to start a conversation in the Legislature about the future of public power in the state so that Nebraska's ratepayers and taxpayers are not paying unnecessary costs.

"The market has clearly changed," he said. "Our customer rates are not as competitive as they used to be."

Philip Young of Americans for Electricity Choice testified in support of the bill. He said electricity service has become an emotional issue for many Nebraskans because they believe the state relies 100 percent on public power. But since Nebraska joined the SPP, the state receives electricity generated from sites across the region. Allowing private retailers to sell electricity in the state would benefit Nebraskans without damaging the state's public power system, Young said.

"The lines, wires and reliability Nebraskans expect will still be there with retail choice," he said, "and the SPP will make sure the electricity is always there when you need it."

Darrin Pfannenstiel, president of the Retail Energy Supply Association, also testified in support. He said more than 16.4 million Americans in several states benefit from the cost savings and improvements to the grid that electric retail choice can bring.

"Competition delivers choice," he said. "It delivers renewable products and innovation."

Testifying in opposition to the bill was Robert Hanson, founder and COO of Monolith Materials, which is building a plant in Hallam to produce carbon black and hydrogen. When the plant is completed, Hanson said, it will use 5 percent of the state's electricity

demand, similar to the city of Lincoln. The company chose to build the plant in Nebraska because of the state's low electricity rates and stable market.

"We should be very deliberate prior to making anything that would shift a stable electric industry," he said, "and I would really challenge the proponents to this bill to show how it would save consumers money."

John McClure, speaking on behalf of the Nebraska Power Association, also testified in opposition. He said states with high electric rates that have adopted retail choice continue to have high costs.

Retail choice also could result in stranded assets, McClure said. Nebraska utilities have made long-term investments in power generation and transmission infrastructure to serve their customers. If the Legislature allows private retailers to enter the market and draw those customers away, he said, existing utilities would not be able to cover those costs.

"If the rules are going to change, who are going to be the winners and who are going to be the losers?" McClure said.

Troy Bredenkamp, speaking on behalf of the Nebraska Rural Electric Association, also spoke in opposition to LB660. He said Nebraska's average residential electric rate is 10.7 cents per kilowatt-hour, 31 percent less than states with retail choice. Nebraska's rates increased 46.7 percent between 2006 and 2015, Bredenkamp said, dropping the state's national ranking to 15th best from sixth best.

"While public power is not satisfied with that rate increase ... a top 15 ranking is still very respectable."

Gary Hedman, who serves on the board of Southern Power District, also testified in opposition to the bill. He said public utilities provide local control and transparency because they are

composed of representatives elected to act in their customers' best interest.

"Having a reliable source that plans for long-range power supply for our customers and is not motivated by earnings per share of a stockholder gives us the best chance of a balance of reliability, dependability, responsiveness, [and] reasonable cost," Hedman said.

The committee took no immediate action on the bill.



Bill would change tax brackets, rates and end some exemptions

The Revenue Committee heard testimony Feb. 15 on a bill that would restructure the state's income tax brackets and expand the sales tax base.

LB452, sponsored by Omaha Sen. Brett Lindstrom, would eliminate the lowest income tax bracket and gradually reduce the top income tax rate beginning with the 2018 tax year. The current top tax rate of 6.84 percent would be reduced annually through 2025 until that rate is reduced 5.99 percent.



Sen. Brett Lindstrom

Lindstrom said reducing personal and corporate income taxes is an important first step in providing broader tax relief.

"We [would] collapse the tax brackets to help out working families and give the majority of Nebraskans income tax relief," he said. "LB452 should be part of a comprehensive package and a prudent step forward with triggers to achieve tax relief."

Under the bill, the Tax Rate Review Committee would be directed to examine the expected rate of revenue

growth each year, beginning in 2019. If the expected rate of growth does not exceed 3.5 percent, any reductions in the top tax rate would be deferred. Such a deferral would remain in effect until the expected rate of growth exceeds 4.2 percent.

LB452 also would create one single corporate income tax rate of 7.58 percent. It similarly would be reduced each year through 2025 until that rate is 5.99 percent. Reductions in the corporate tax rate likewise would be subject to the expected rate of growth limitations placed on the income tax rate reductions.

The personal exemption credit would be reduced incrementally based upon federal adjusted gross income (AGI) for single, head of household and married, filing separately as follows:

- 10 percent if AGI is greater than or equal to \$75,000 but less than \$85,000;
- 20 percent if AGI is greater than or equal to \$85,000 but less than \$95,000;
- 30 percent if AGI is greater than or equal to \$95,000 but less than \$105,000;
- 50 percent if AGI is greater than or equal to \$105,000 but less than \$115,000;
- 75 percent if AGI is greater than or equal to \$115,000 but less than \$125,000; and
- 100 percent if AGI is greater than \$125,000.

For married filing jointly, the phase-out percentages remain the same but the AGI thresholds are double the amounts listed for the other filing statuses.

The bill also would impose sales and use tax on services including:

- storage and moving services;
- personal care services including hair care, hair removal, massage, nail care, skin care, tanning, tattoos, other body

modifications and other beauty and personal care services;

- local taxi, limousine or other luxury vehicle services and any other local ground transportation services provided by motor vehicle;
- dry cleaning and other laundry services, including coin-operated machines used for dry cleaning or other laundry services; and
- newspapers and lottery tickets.

Jim Vokal, chief executive officer for the Platte Institute, testified in support of the bill. He said it would simplify and unify the state income tax system and create a standard tax rate for all businesses in Nebraska.

Sales tax exemptions for services have become outdated as the economy has transitioned from a goods to service-based economy, Vokal said.

“Today we have an increasingly service-based economy and the sales tax code needs to be updated to reflect this change,” Vokal said. “LB452 provides many tools for building a tax system in Nebraska that provides needed revenue and can help remove barriers to economic growth.”

Renee Fry, executive director of the OpenSky Policy Institute, opposed the bill, saying the proposed tax cuts would provide very little relief to most Nebraskans and large tax cuts for the wealthiest citizens.

“Nebraska earners who make between \$43,000 and \$67,000 would see an average annual tax cut of \$14,” she said. “On the other hand, the wealthiest 1 percent of Nebraskans – those who make more than \$509,000 annually – would receive average tax cuts of \$5,381.”

Representing the Nebraska Board of Massage Therapy, Steve Carper opposed LB452, saying that categorizing massage therapy as a personal care service is inaccurate. Massage therapy

is not only a luxury service, but a form of healthcare for many people, he said.

“We do not feel massage therapy should be taxed as a personal care service because it really belongs in the category of alternative and complementary medicine,” he said. “Imposing a tax on massage therapy would be doing a disservice to the clients who rely on those services for pain relief.”

Opposing the tax on lottery tickets was Chris Kircher, chairman of the Nebraska State Fair Board. Taxing lottery tickets could lead to declining sales, which in turn would lead to declining funding for the state fair, he said.

“A tax on lottery ticket sales will seriously damage our ability to continue providing a first rate event that Nebraskans have come to expect,” he said. “It could lead to a possible rise in ticket prices that won’t allow all Nebraskans to attend the fair.”

The committee took no immediate action on the bill.

Two-year freeze recommended for certain tax provisions

Members of the Revenue Committee heard testimony Feb. 15 on a bill that would temporarily halt certain tax provisions to raise general fund revenue.

LB468, introduced by Omaha Sen. Bob Krist, would delay until 2019-20 a \$224 million transfer passed last year that would provide property tax relief to agricultural and horticultural land owners.



Sen. Bob Krist

The bill would cancel the tangible personal property exemption and the special capital gains election for 2018 and 2019. Similarly, state income tax brackets would not be adjusted for inflation during those two years.

Sales tax revenue generated from the sale and lease of motor vehicles would not be transferred to the Highway Trust Fund and the Highway Allocation Fund in fiscal year 2017-18 and FY2018-19.

Finally, the regular transfer of sales tax revenue generated from the sale and lease of motorboats, personal watercraft, ATVs and utility vehicles to the state Game and Parks Commission would terminate on June 30, 2017 rather than June 30, 2019.

The bill is projected to save the state \$504 million in FY2017-18 and \$543 million in FY2018-19.

Krist said it is time to seriously evaluate all sources of lost potential revenue and practice fiscal restraint in the face of a \$900 million budget shortfall.

“The spending now occurs automatically, going unchecked with no legislative review of their magnitude or their merit,” he said. “Without regular review, we’re not watching the dollars escaping from the revenue [funds].”

Renee Fry, executive director of the OpenSky Policy Institute, testified in support of the bill. She said it is difficult to evaluate the state budget with so many earmarks and other tax expenditures.

“Some portions of state spending have escaped the regular review of the appropriations process and now occur automatically,” Fry said. “Many transfers and tax expenditures in LB468 should be examined just like appropriations, especially in the face of the budget shortfall.”

State Department of Roads Director Kyle Schneweis opposed the bill, specifically the provision halting transfers to the Highway Trust Fund and Highway Allocation Fund. He said freezing those transfers would result in a loss of \$228 million to the department over two years.

“For every \$1 reduction in funding, we would have to cancel \$5 in sched-

uled construction,” he said. “As a result, we may have to stop construction projects that are already in progress.”

Timothy McCoy, deputy director of the Game and Parks Commission, opposed the loss in funding to the commission. He said the funds are slated to help eliminate the backlog of infrastructure updates needed throughout the state’s park system.

“We had, through years of delaying those [projects], really built a large backlog,” McCoy said. “The list doesn’t get any smaller but the costs to complete those projects only goes up.”

The committee took no immediate action on the bill.

TRANSPORTATION & TELECOMMUNICATIONS

Judicial discretion requested before driver license revocation

Judges could sentence probation instead of driver license revocation in some cases under a bill discussed by the Transportation and Telecommunications Committee Feb. 14.

Operating a motor vehicle during a period of revocation is a Class II misdemeanor, punishable by up to six months in prison, a \$1,000 fine, or both. A person convicted of such an offense also must relinquish his or her driver license for one year.

LB70, introduced by Lincoln Sen. Patty Pansing Brooks, would provide judges flexibility in imposing a sentence of probation in lieu of automatic revocation of the driver license for a person convicted of driving with a revoked license. If a judge



Sen. Patty Pansing Brooks

chooses to not impose a sentence of probation, the person’s driver license automatically would be revoked.

Pansing Brooks said some people will take a chance and drive on a revoked license to get to work or drive their kids to school. The bill, she said, would remove a major barrier to people making positive changes in their lives.

“[LB70] is not done to ‘reward’ a person for driving on a revoked license,” she said. “It does, however, address the reality that people need to drive to be productive members of society.”

Bethany Heirigs, a public defender in Douglas County, testified in support of the bill. She said a 2015 Nebraska Supreme Court decision removing judicial discretion in this matter has made it difficult for her clients to drive to work and appear in court.

“Public transportation in Omaha is not the best. It can take one hour to travel from north Omaha to the Douglas County courthouse by bus,” she said. “Passing this bill will address a lot of the issues my clients have.”

No one testified in opposition to the bill and the committee took no immediate action on it.

URBAN AFFAIRS

County population threshold bill advanced

Lawmakers gave first-round approval Feb. 16 to a bill that would clarify references to certain county population thresholds in Nebraska.

Bellevue Sen. Sue Crawford, sponsor of LB74, said laws passed several years ago created different annexation and development review procedures for municipalities of different sizes located within a county with a population between 100,000 and 200,000.

“LB74 would align the county population threshold for annexation, review of proposed subdivision plats and the approval of planned unit developments at a range between 100,000 and 250,000,” she said.

Currently, Sarpy County is the only Nebraska county that falls within the population range covered by the bill.

Crawford said the bill also would clarify that the population thresholds would be determined by the most recent federal decennial census or the most recent revised certified count by the U.S. Bureau of the Census.

LB74 advanced to select file on a 33-0 vote.

Riverfront development authority proposed

A new economic development tool aimed at riverfront areas was proposed Feb. 14 in an Urban Affairs Committee hearing.

LB97, sponsored by Bellevue Sen. Sue Crawford, would adopt the Riverfront Development District Act. Crawford said the bill would provide a framework for city leaders that could be tailored to the needs of an individual municipality.



Sen. Sue Crawford

The bill mirrors a measure introduced last session, she said, and addresses concerns that were raised at the previous bill’s public hearing.

Crawford said a city would have the power, by ordinance, to decide whether to utilize the bill’s provisions as an economic development tool and decide the amount of power and resources to grant to a riverfront development district (RDD).

“This is entirely up to the city whether or not to use it,” she said.

“RDDs are a tool that can be used by municipalities across the state to effectively fund, manage and promote economic development and tourism efforts on riverfronts.”

Under the bill, a metropolitan, primary or first- or second-class city could create a riverfront development district and appoint an authority of five or more members to oversee and manage the district. Two or more cities with a contiguous riverfront could enter into a joint authority.

A city would be required to set a cap on bonding and could limit an authority’s power by ordinance. In addition, an occupation or special assessment could not be imposed on the same property by both a riverfront development district and a business improvement district if the districts overlap.

Among other provisions, an authority — in conjunction with a city — would have the power to:

- fix, charge and collect rents and fees;
- invest in instruments, obligations, securities or property;
- install pedestrian shopping malls or plazas and other facilities;
- construct, install and maintain boardwalks, barges, docks and wharves;
- develop, manage and coordinate public activities and events within the district; and
- issue limited obligation bonds secured by a pledge of any revenue of the authority or by mortgage of property owned by the authority.

Josh Moenning, mayor of Norfolk, testified in support of LB97. The bill would formally recognize the state’s natural waterways, he said, which currently are an underdeveloped resource.

Norfolk’s riverfront corridor is blighted and underutilized, he said, and rural communities have few incentives for

redevelopment to enhance retail, residential and recreational opportunities.

“This policy could help us grow in a positive way that strengthens sense of place, boosts regional identity and retains young people,” Moenning said.

Cassie Paben, deputy chief of staff for economic development for the city of Omaha, testified in opposition. Implementation of the bill would result in a tax increase in Omaha, she said, either through an occupation tax within the district’s boundaries or a special assessment to the property owners within the district.

“We have heard repeatedly and consistently from the citizens of our community that they do not want a tax increase,” Paben said.

Testifying in a neutral capacity, Lynn Rex of the League of Nebraska Municipalities, said all of the organization’s members that would be impacted by the bill supported it, with the exception of Omaha. While the bill is optional for cities, she said, the organization cannot testify in support without unanimous agreement from its members.

“The first and second class cities would like to have this measure move forward,” Rex said.

The committee voted 5-0 to advance the bill to general file.

City population clarification advanced

A bill that would clarify how population thresholds for certain cities are met and verified in state law advanced to select file Feb. 16.

Lincoln Sen. Matt Hansen introduced LB113, which he said arose from an interim study to clarify how population thresholds are measured



Sen. Matt Hansen

and verified in Nebraska. He said that while the state has clear threshold numbers for the five classifications of municipalities, clarification is needed to determine when those thresholds are met.

“[The interim study] pointed out several issues that needed to be updated,” Hansen said. “Since the interim hearing, we’ve been working with committee members and legal counsel to find the best way to update the statutes in a clear and concise way.”

Under the bill, all municipalities would notify the Nebraska secretary of state when a population threshold is crossed. Currently, some classifications of municipalities are required to provide notification to the governor.

In addition, the bill provides a mechanism for a primary class city with a population of more than 300,000 to become a city of the metropolitan class.

An Urban Affairs Committee amendment, adopted 40-0, clarifies that thresholds are met based on either the most recent federal decennial census or the most recent revised certified count by the U.S. Census Bureau.

Omaha Sen. Justin Wayne spoke in favor of the amendment, saying

Nebraska communities need clarification regarding how to move from one classification to another.

“It clarifies some procedures for them to do that, which right now in statute we don’t have,” Wayne said.

The bill advanced to select file 41-0.

Bill would remove economic development cap

The Urban Affairs Committee heard testimony Feb. 14 on a bill that would remove one of the caps in state law on an economic development program available to cities.

Currently, under the Local Option Municipal Economic Development Act, a cap of 0.4 percent of the taxable valuation of a city is placed on funds derived from local sources of revenue that a city can use for approved economic development programs.

LB614, introduced by Omaha Sen. Justin Wayne, would remove the cap based on taxable valuation while leaving in place a second, flat-dollar spending cap. Wayne said



Sen. Justin Wayne

the taxable valuation cap is arbitrary and has negatively impacted small communities with a lower valuation base.

“This addresses the potential inequity created by the [taxable valuation] cap,” Wayne said. “[The bill] also simplifies the statutes to make it easier for municipalities to administer their programs.”

Lynn Rex, executive director of the League of Nebraska Municipalities, testified in support of the bill. Currently, she said, voters can approve funds for local economic development programs under the act that are capped at:

- \$5 million for Omaha and Lincoln;
- \$4 million for first-class cities; and
- \$3 million for second-class cities and villages.

Rex said that the flat-dollar spending cap is sufficient and the taxable valuation cap is not necessary.

“This cap has really been a burden on cities,” she said. “[This program] has been the single most important tool for economic development, other than tax increment financing, that these cities have.”

The committee voted 7-0 to advance LB614 to general file. ■

U.S. CONGRESS CONTACT INFORMATION

Senator Deb Fischer
United States Senate
454 Russell Senate Office Building
Washington, D.C. 20510
Tel. (202) 224-6551

Senator Ben Sasse
United States Senate
386A Russell Senate Office Building
Washington, D.C. 20510
Tel. (202) 224-4224

Congressman Jeff Fortenberry
(District 1)
1514 Longworth House Office Building
Washington, D.C. 20515
Tel. (202) 225-4806

Congressman Don Bacon
(District 2)
1516 Longworth House Office Building
Washington, D.C. 20515
Tel. (202) 225-4155

Congressman Adrian Smith
(District 3)
320 Canon House Office Building
Washington, D.C. 20515
Tel. (202) 225-6435

COMMITTEE HEARINGS

*Current hearing schedules are always available at: NebraskaLegislature.gov/calendar

Tuesday, February 21

Agriculture

Room 2102 - 1:30 p.m.

LB617 (Wayne) Adopt the Industrial Hemp Act

Appropriations

Room 1524 - 1:30 p.m.

Budget bills scheduled at this time for official record purposes. Testimony on the overall budget is appropriate, however testimony on specific issues and/or agencies should be presented at the date scheduled for the relevant agency.

LB327 (Scheer) Appropriate funds for the expenses of Nebraska State Government for the biennium ending June 30, 2019

LB328 (Scheer) Appropriate funds for salaries of members of the Legislature

LB329 (Scheer) Appropriate funds for salaries of constitutional officers

LB330 (Scheer) Appropriate funds for capital construction and property acquisition

LB331 (Scheer) Create funds, provide for transfers, and change provisions governing funds

LB332 (Scheer) Change Cash Reserve Fund provisions

LB150 (Stinner) Provide for a transfer from the Cash Reserve Fund

Banking, Commerce & Insurance

Room 1507 - 1:30 p.m.

LB194 (Vargas) Change provisions of the Credit Services Organization Act, Delayed Deposit Services Licensing

Act, and Nebraska Installment Loan Act

LB286 (Craighead) Adopt the Nebraska Flexible Loan Act and change provisions of the Delayed Deposit Services Licensing Act

LB386 (Lindstrom) Change time period a licensee under the Delayed Deposit Services Licensing Act may hold a check

Nebraska Retirement Systems

Room 1525 - 12:00 p.m.

LB412 (Bolz) Provide duties for the state investment officer relating to investment in energy-related companies or funds

Transportation & Telecommunications

Room 1113 - 2:00 p.m.

LB156 (Friesen) Eliminate a termination date under the 911 Service System Act

LB43 (Hilkemann) Change provisions relating to surcharges for 911 service

LB483 (Hilgers) Provide a rules of procedure exemption for the Public Service Commission

LB389 (Friesen) Adopt the Small Wireless Facilities Act

LB472 (Bostelman) Change provisions relating to signs and advertising on highways

LB612 (Wayne) Require direct access to 911 emergency service from certain telephone systems using Internet protocol-enabled services

Appointment: Schworer, Dennis - Motor Vehicle Industry Licensing Board

Urban Affairs

Room 1510 - 1:30 p.m.

LB579 (McDonnell) Provide for termination of city occupation taxes subject to a vote and require vote on tax rate changes

LB262 (Groene) Change provisions relating to undeveloped vacant land under the Community Development Law

LB489 (Groene) Redefine development project under the Community Development Law

LB597 (Groene) Provide for application process through county assessor and Tax Commissioner prior to using tax-increment financing

Wednesday, February 22

Appropriations

Room 1003 - 1:30 p.m.

Agency 45: Board of Barber Examiners

Agency 30: State Electrical Board

Agency 74: Neb. Power Review Board

Agency 41: State Real Estate Commission

Agency 53: Real Property Appraiser Board

Agency 63: Neb. Board of Public Accountancy

Agency 36: State Racing Commission

Agency 58: Board of Engineers and Architects

Agency 59: Board of Geologists

Agency 62: State Board of Examiners for Land Surveyors

Agency 66: Abstracters Board of Examiners

Agency 73: State Board of Landscape Architects

Government, Military & Veterans Affairs

Room 1507 - 1:30 p.m.

LB508 (Hilgers) Change the population threshold for the county civil service system

LB567 (Bolz) Change funding for county public assistance offices

LB603 (Riepe) Require a high-deductible plan for state employees' health insurance

Judiciary

Room 1113 - 1:30 p.m.

LB165 (Brewer) Require employer identification numbers and use of the federal immigration verification system

LB173 (Morfeld) Prohibit discrimination based upon sexual orientation and gender identity

LB192 (Pansing Brooks) Change and modernize provisions relating to the qualifying and summoning of jurors

LB526 (Morfeld) Change provisions relating to debtor's rights, garnishment, attachment, and other debt collection procedures

Natural Resources

Room 1525 - 1:30 p.m.

LB429 (Wishart) Provide for virtual net metering

LB87 (Blood) Redefine a qualified facility and authorize local distribution utilities to waive certain requirements relating to net metering

LB610 (Kolowski) Adopt the Community Solar Energy Economic Development Act

Revenue

Room 1524 - 1:30 p.m.

LB535 (Hughes) Provide an exception for filing a statement with the register of deeds when recording an oil, gas, or mineral lease

LB313 (Briese) Change the sales tax rate and the earned income tax credit and provide property tax credits

COMMITTEE HEARINGS

*Current hearing schedules are always available at: NebraskaLegislature.gov/calendar

LB312 (Briese) Change and eliminate revenue and taxation provisions
LB563 (McCollister) Impose sales tax on certain services and eliminate certain sales tax exemptions

Thursday, February 23

Appropriations

Room 1003 - 1:30 p.m.

Agency 18: Dept. of Agriculture
Agency 18: Dept. of Agriculture
Note: Potato Board & Poultry/Egg
Agency 39: Neb. Brand Committee
Agency 60: Neb. Ethanol Board
Agency 56: Neb. Wheat Board
Agency 61: Neb. Dairy Industry Development Board
Agency 86: Dry Bean Commission
Agency 88: Corn Development, Utilization and Marketing Board
Agency 92: Neb. Grain Sorghum Board

Government, Military & Veterans Affairs

Room 1507 - 1:30 p.m.

LB644 (Committee) Provide, change, and eliminate provisions governing boards, commissions, and similar entities

Health & Human Services

Room 1510 - 1:30 p.m.

LB298 (Baker) Change provisions relating to the Nebraska Strengthening Families Act and a task force
LB179 (Bolz) Change provisions relating to transition of young adults to independence
LB297 (McCollister) Create Children and Juveniles Data Pilot Project

Judiciary

Room 1113 - 1:30 p.m.

LB178 (Bolz) Provide for sexual assault protection order
LB191 (Pansing Brooks) Provide for renewals of domestic violence protection orders
LB289 (Pansing Brooks) Change provisions and penalties relating to pandering, human trafficking, labor trafficking, and sex trafficking and prohibit solicitation of a trafficking victim
LB394 (Morfeld) Change provisions relating to possession of a deadly

weapon by person subject to a domestic violence protection order
LB487 (Morfeld) Provide exception to certain crimes for persons witnessing or experiencing drug overdoses and provide protection from civil liability for emergency responders and peace officers administering naloxone

Natural Resources

Room 1525 - 1:30 p.m.

LB547 (Watermeier) State legislative findings and change provisions relating to eminent domain and review by the Nebraska Power Review Board
LB448 (Chambers) Eliminate provisions relating to the hunting of mountain lions

Nebraska Retirement Systems

Room 1525 - 12:00 p.m.

LB548 (Lindstrom) Provide for the consolidation of the Class V school employees' retirement system and the School Employees Retirement System of the State of Nebraska

Revenue

Room 1524 - 1:30 p.m.

LB232 (Kolterman) Provide a property tax exemption for property leased to the state or a governmental subdivision
LB236 (Erdman) Change provisions relating to the inclusion of multiple lots in one parcel
LB238 (Erdman) Change provisions of the Nebraska Budget Act relating to certifying taxable values
LB249 (Harr) Expand business inventory property tax exemption

Friday, February 24

Appropriations

Room 1003 - 1:30 p.m.

LB416 (Vargas) Appropriate funds to the Department of Labor and make changes to uses of the Employment Security Administration Fund
Agency 28: Dept. of Veterans' Affairs
Agency 23: Dept. of Labor
Agency 37: Workers' Compensation Court
Agency 77: Commission of Industrial Relations
Agency 85: Public Employees Retirement Board

Government, Military & Veterans Affairs Room 1507 - 1:30 p.m.

LB299 (Ebke) Adopt the Occupational Board Reform Act and change procedures for rules and regulations
LB320 (Lowe) Change provisions relating to bidding and purchases, conflicts of interest in the materiel division, and facilities construction and administration
LB482 (Smith) Adopt the Government Neutrality in Contracting Act

Health & Human Services

Room 1510 - 1:30 p.m.

Appointment: Hanus, Mary Beth - Neb. Child Abuse Prevention Fund Board
LB588 (Crawford) Exempt reflexology from licensure under the Massage Therapy Practice Act

Judiciary

Room 1113 - 2:00 p.m.

LB188 (Howard) Change provisions relating to paternity of a child conceived as a result of sexual assault
LB300 (Krist) Eliminate the statute of limitations on civil actions for sexual assault of a child
LB367 (Krist) Change provisions relating to payment of costs in juvenile matters
LB411 (Bolz) Change Nebraska Juvenile Code provisions relating to placement of siblings

Revenue

Room 1524 - 1:30 p.m.

LB602 (Erdman) Change and eliminate provisions relating to the valuation of agricultural land
LB498 (Brewer) Change provisions relating to transfer of homestead exemptions
LB253 (Crawford) Authorize intergovernmental service agreements under the County Industrial Sewer Construction Act and provide for a special tax levy
LB288 (Harr) Change provisions relating to service of notice when applying for a tax deed and the laws governing tax sale certificates ■

SENATOR CONTACT INFO

Updated 2/6/2017

Sen. Joni Albrecht Thurston, District 17 Room 2010 (402) 471-2716 jalbrecht@leg.ne.gov news.legislature.ne.gov/dist17	Sen. Joni Craighead Omaha, District 6 Room 2107 (402) 471-2714 jcraighead@leg.ne.gov news.legislature.ne.gov/dist06	Sen. Mike Hilgers Lincoln, District 21 Room 1404 (402) 471-2673 mhilgers@leg.ne.gov news.legislature.ne.gov/dist21	Sen. Lou Ann Linehan Elkhorn, District 39 Room 1117 (402) 471-2885 llinehan@leg.ne.gov news.legislature.ne.gov/dist39	Sen. Paul Schumacher Columbus, District 22 Room 1124 (402) 471-2715 pschumacher@leg.ne.gov news.legislature.ne.gov/dist22
Sen. Roy Baker Lincoln, District 30 Room 1208 (402) 471-2620 rbaker@leg.ne.gov news.legislature.ne.gov/dist30	Sen. Sue Crawford Bellevue, District 45 Room 1016 (402) 471-2615 scrawford@leg.ne.gov news.legislature.ne.gov/dist45	Sen. Robert Hilkemann Omaha, District 4 Room 2028 (402) 471-2621 rhilkemann@leg.ne.gov news.legislature.ne.gov/dist04	Sen. John Lowe Kearney, District 37 Room 1528 (402) 471-2726 jlowe@leg.ne.gov news.legislature.ne.gov/dist37	Sen. Jim Smith Papillion, District 14 Room 1116 (402) 471-2730 jsmith@leg.ne.gov news.legislature.ne.gov/dist14
Sen. Carol Blood Bellevue, District 3 Room 1021 (402) 471-2627 cblood@leg.ne.gov news.legislature.ne.gov/dist03	Sen. Laura Ebke Crete, District 32 Room 1103 (402) 471-2711 lebke@leg.ne.gov news.legislature.ne.gov/dist32	Sen. Sara Howard Omaha, District 9 Room 1012 (402) 471-2723 showard@leg.ne.gov news.legislature.ne.gov/dist09	Sen. John McCollister Omaha, District 20 Room 1101 (402) 471-2622 jmcollister@leg.ne.gov news.legislature.ne.gov/dist20	Sen. John Stinner Gering, District 48 Room 1004 (402) 471-2802 jstinner@leg.ne.gov news.legislature.ne.gov/dist48
Sen. Kate Bolz Lincoln, District 29 Room 1015 (402) 471-2734 kbolz@leg.ne.gov news.legislature.ne.gov/dist29	Sen. Steve Erdman Bayard, District 47 Room 1529 (402) 471-2616 serdman@leg.ne.gov news.legislature.ne.gov/dist47	Sen. Dan Hughes Venango, District 44 Room 1210 (402) 471-2805 dhughes@leg.ne.gov news.legislature.ne.gov/dist44	Sen. Mike McDonnell Omaha, District 5 Room 1522 (402) 471-2710 mcdonnell@leg.ne.gov news.legislature.ne.gov/dist05	Sen. Tony Vargas Omaha, District 7 Room 1000 (402) 471-2721 tvargas@leg.ne.gov news.legislature.ne.gov/dist07
Sen. Bruce Bostelman Brainard, District 23 Room 1118 (402) 471-2719 bbostelman@leg.ne.gov news.legislature.ne.gov/dist23	Sen. Curt Friesen Henderson, District 34 Room 1110 (402) 471-2630 cfriesen@leg.ne.gov news.legislature.ne.gov/dist34	Sen. Rick Kolowski Omaha, District 31 Room 1018 (402) 471-2327 rkolowski@leg.ne.gov news.legislature.ne.gov/dist31	Sen. Adam Morfeld Lincoln, District 46 Room 1008 (402) 471-2720 amorfeld@leg.ne.gov news.legislature.ne.gov/dist46	Sen. Lynne Walz Fremont, District 15 Room 1403 (402) 471-2625 lwalz@leg.ne.gov news.legislature.ne.gov/dist15
Sen. Lydia Brasch Bancroft, District 16 Room 1022 (402) 471-2728 lbrasch@leg.ne.gov news.legislature.ne.gov/dist16	Sen. Suzanne Geist Lincoln, District 25 Room 1115 (402) 471-2731 sgeist@leg.ne.gov news.legislature.ne.gov/dist25	Sen. Mark Kolterman Seward, District 24 Room 2004 (402) 471-2756 mkolterman@leg.ne.gov news.legislature.ne.gov/dist24	Sen. John Murante Gretna, District 49 Room 1423 (402) 471-2725 jmurante@leg.ne.gov news.legislature.ne.gov/dist49	Sen. Dan Watermeier Syracuse, District 1 Room 2108 (402) 471-2733 dwatermeier@leg.ne.gov news.legislature.ne.gov/dist01
Sen. Tom Brewer Gordon, District 43 Room 1202 (402) 471-2628 tbrewer@leg.ne.gov news.legislature.ne.gov/dist43	Sen. Mike Groene North Platte, District 42 Room 1107 (402) 471-2729 mgroene@leg.ne.gov news.legislature.ne.gov/dist42	Sen. Bob Krist Omaha, District 10 Room 1114 (402) 471-2718 bkrist@leg.ne.gov news.legislature.ne.gov/dist10	Sen. Patty Pansing Brooks Lincoln, District 28 Room 1206 (402) 471-2633 ppansingbrooks@leg.ne.gov news.legislature.ne.gov/dist28	Sen. Justin Wayne Omaha, District 13 Room 1212 (402) 471-2727 jwayne@leg.ne.gov news.legislature.ne.gov/dist13
Sen. Tom Briese Albion, District 41 Room 1120 (402) 471-2631 tbriese@leg.ne.gov news.legislature.ne.gov/dist41	Sen. Steve Halloran Hastings, District 33 Room 1306 (402) 471-2712 shalloran@leg.ne.gov news.legislature.ne.gov/dist33	Sen. John Kuehn Heartwell, District 38 Room 2000 (402) 471-2732 jkuehn@leg.ne.gov news.legislature.ne.gov/dist38	Sen. Dan Quick Grand Island, District 35 Room 1406 (402) 471-2617 dquick@leg.ne.gov news.legislature.ne.gov/dist35	Sen. Matt Williams Gothenburg, District 36 Room 2015 (402) 471-2642 mwilliams@leg.ne.gov news.legislature.ne.gov/dist36
Sen. Ernie Chambers Omaha, District 11 Room 1302 (402) 471-2612 news.legislature.ne.gov/dist11	Sen. Matt Hansen Lincoln, District 26 Room 1017 (402) 471-2610 mhansen@leg.ne.gov news.legislature.ne.gov/dist26	Sen. Tyson Larson O'Neill, District 40 Room 1019 (402) 471-2801 tlarson@leg.ne.gov news.legislature.ne.gov/dist40	Sen. Merv Riepe Ralston, District 12 Room 1402 (402) 471-2623 mriepe@leg.ne.gov news.legislature.ne.gov/dist12	Sen. Anna Wishart Lincoln, District 27 Room 1308 (402) 471-2632 awishart@leg.ne.gov news.legislature.ne.gov/dist27
Sen. Robert Clements Elmwood, District 2 Room 1523 (402) 471-2613 rclements@leg.ne.gov news.legislature.ne.gov/dist02	Sen. Burke Harr Omaha, District 8 Room 2011 (402) 471-2722 bharr@leg.ne.gov news.legislature.ne.gov/dist08	Sen. Brett Lindstrom Omaha, District 18 Room 1401 (402) 471-2618 blindstrom@leg.ne.gov news.legislature.ne.gov/dist18	Sen. Jim Scheer Norfolk, District 19 Room 2103 (402) 471-2929 jscheer@leg.ne.gov news.legislature.ne.gov/dist19	

Unicameral Information Office
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