

Veto of syringe services program sustained

An attempt to override the governor's veto of a bill allowing local jurisdictions to implement Syringe Services Programs fell short March 12.

LB307, introduced by Omaha Sen. Megan Hunt, would have provided legal immunity to public and behavioral health programs, pharmacies and employees from drug paraphernalia offenses when implementing or participating in a program that provides safe use and disposal of syringes.

Under the bill, political subdivisions could have voluntarily established SSPs. Programs would have been required to satisfy minimum requirements, such as providing information on naloxone and referrals for mental health and other social services. Additionally, approved programs would not have been permitted to operate within 500 feet of a child care program, school or youth center or a public library, community center or swimming pool.

Lawmakers passed LB307 on a 30-7 vote Feb. 29. The bill subsequently was vetoed by Gov. Jim Pillen.

In his March 4 veto letter, Pillen said SSPs are not a proven remedy in reducing drug use or the spread of disease when compared to other means. In addition, he said, such programs have led to increased drug deaths in areas where they have been implemented and could expose citizens to health and safety risks due to improperly disposed needles.

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Budget advances with minor adjustments, more changes likely



Sens. Machaela Cavanaugh and Robert Clements confer during first-round debate on the budget adjustment package.

Lawmakers advanced two bills this week comprising the Appropriations Committee's mid-biennium budget adjustment package as several senators indicated that substantive amendments will be offered on the next round of debate.

The state budget is structured on a two-year basis, with the budget enacted during legislative sessions held in odd-numbered years. Adjustments are made during sessions held in even-numbered years.

The committee's proposed adjustments to the state's \$10 billion budget would result in a \$904 million balance in the state's Cash Reserve Fund, also known as the "rainy day" fund. The proposal reflects a 3.1% increase in state spending and would leave approximately \$23 million to fund legislative proposals this year.

Debate focused on proposed transfers from a number of state agency cash funds.

Cash transfers

LB1413, introduced by Speaker John Arch of La Vista at the request of Gov. Jim Pillen, would provide for the transfer of funds and create and change the use and distribution of funds.



Sen. John Arch

The governor's proposal called for a sweep of funds from 31 different agencies, transferring those dollars to the state General Fund. At the bill's public hearing, the state budget director described this as an attempt to "kick

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Veto of syringe services program sustained

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Hunt filed a motion to override the veto. She said the governor's veto letter contained "misinformation" and was inconsistent with the expertise of health professionals from the University of Nebraska Medical Center and Dr. Jerome Adams, who served as the U.S. Surgeon General under former President Donald Trump and is a proponent of SSPs.

Sustaining the veto also would diminish local control by preventing municipalities from implementing SSPs at a time when Nebraska is experiencing an increase in the spread of diseases linked to the sharing of needles, she said.

"Nebraska is one of the only states that has seen a rise in HIV and hepatitis C when the rest of the country is going down," Hunt said. "So what are we going to do about that?"

La Vista Sen. John Arch supported the override motion, saying SSPs are a harm reduction method that is part of a more significant effort to curb drug use and the spread of disease. He said SSPs are the best chance to connect individuals with professionals who can help them access treatment.

"Getting these folks who have this addiction in front of people who can refer [them] is what the SSP program is all about," Arch said. "That's why 45 other states are doing this."

Omaha Sen. Kathleen Kauth opposed the motion to override the veto and expressed concern that SSPs could incentivize addiction instead of treating it by providing people with clean needles.

"I think encouraging and enabling addictive behaviors is a step too far in the wrong direction," she said.

Hunt's motion to override the veto failed 27-20, three votes short of the number required. ■



Sen. Megan Hunt urged fellow senators to uphold their previous votes in support of LB307 and its policy goals.

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Budget advances with minor adjustments, more changes likely

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start” the revenue necessary to provide a 40% reduction in property taxes.

An Appropriations Committee amendment, adopted 39-1, replaced the bill. The amendment would make a number of changes to various fund transfers, including increasing by \$10 million a proposed \$60 million transfer from the State Unemployment Insurance Trust Fund, known as SUIT.

Committee chairperson Sen. Robert Clements of Elmwood said 11 transfers from Pillen’s original request ultimately were deemed “not appropriate” by the committee and were not included in the adjustment package, including transfers from funds with federal restrictions on their use.

Clements said the transfers outlined in the amendment, totaling \$244 million, would help fund the state’s budget for the next two years while also bolstering the rainy day fund. The Cash Reserve Fund balance at the end of the biennium would be 16.6% of annual expenses, which he said is the committee’s target funding level.

“I’m pleased to say that the cash reserve is fully funded,” Clements said. “Some people have been concerned about revenues falling, but the forecasting board – for the next two years – is still optimistic.”

Omaha Sen. Christy Armendariz supported LB1413 and the committee amendment. State agencies assured committee members that transfers from the various cash funds would

not jeopardize their ability to carry out necessary functions, she said, and cash funds should not be used as savings accounts. If agencies don’t need the funds to do their jobs, she said, those dollars should be used for other state purposes.

“I think it’s irresponsible for us to hold this money for a rainy day when I don’t believe taxpayers had that intent,” Armendariz said.

Sen. Machaela Cavanaugh of Omaha questioned whether sweeping those funds was the solution. If state agency cash funds consistently have high balances, lawmakers should be asking why that is the case, she said.

Sometimes entities don’t take advantage of funds because they don’t know they exist, Cavanaugh said, or agencies may not be maximizing the services that they provide.

“These cash funds were created for reasons and taking the funds out of them for a one-time sweep just doesn’t sit well with me,” she said. “Whether they are over-funded because we are charging too much in fees or taxes, or they’re underutilized, that’s something that we need to be examining, not just taking the money away.”

Lincoln Sen. Danielle Conrad offered an amendment during debate March 14 to strike the \$70 million transfer from the State Unemploy-



Sen. Christy Armendariz, a member of the Appropriations Committee, said lawmakers should repurpose unused agency cash funds.

ment Insurance Trust Fund. She said the SUIT fund was created by the Legislature in 1994 to serve as the state’s rainy day fund should the federal government ever not be able to provide for unemployment benefits.

Conrad said the legislative record and state law make clear that the fund, which is paid for by a tax levied on employers, is to be used only for unemployment benefits and job training programs – not as a way to balance the state’s budget or to provide property tax relief.

Supporting the amendment was Elkhorn Sen. R. Brad von Gillern, who said lawmakers should return SUIT funds to employers if those dollars aren’t needed instead of sweeping the fund for other purposes.

“As an employer, I’ve paid into this fund for 30 years,” he said.

Clements opposed the amendment. He said the fund hasn’t been

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used since it was created and that the \$70 million transfer would leave \$22 million in the fund, which he said grows by approximately \$2.5 million per year.

The amendment failed on a vote of 20-20. Twenty-five votes were needed. A motion to reconsider that vote by Ralston Sen. Merv Riepe was later withdrawn. Supporters indicated that negotiations were ongoing and that a similar amendment likely would be filed on the next round of debate.

An amendment offered by North Platte Sen. Mike Jacobson, adopted 43-0, would remove from the committee amendment a proposed one-time \$5 million transfer from the State Visitors Promotion Fund to the state Department of Economic Development for a statewide marketing campaign supported by the governor.

Jacobson said the funds, which come from the state lodging excise tax, are needed by the Tourism Com-



Sen. Mike Jacobson successfully removed a provision in LB1413 that would have taken \$5 million from the Nebraska Tourism Commission.

mission for a variety of marketing campaigns to promote a new state slogan.

"We should not be taking tourism dollars to fund business recruitment," he said.

Another amendment, offered by Cavanaugh and adopted 30-12, would change a proposed permanent transfer of interest earned on the Universal Service Fund — minus any amount transferred to the 211 Cash Fund — to the state's General Fund. The amendment instead would make it a one-time transfer in FY2024-25 of \$11.2 million in interest.

Plymouth Sen. Tom Brandt supported the amendment. Interest on the fund will be needed in the future to support broadband infrastructure once it is built out statewide in the coming years, he said, which is

the reason the USF exists.

In addition to those changes, the following bills were included in the committee amendments to LB1413:

- LB975, introduced by Sumner Sen. Teresa Ibach, which would amend the Shovel-Ready Capital Recovery and Investment Act to include an additional type of qualified nonprofit;
- LB1233, sponsored by Sen. Justin Wayne of Omaha, which would authorize the Game and Parks Commission to award a



Sen. Teresa Ibach



Sen. Justin Wayne



Sen. Tom Brandt supported an amendment to limit future transfers of USF interest for other purposes.

grant to a federally recognized Indian tribe to construct, develop and manage a museum honoring Chief Standing Bear and transfer \$15.75 million from interest earned on the Perkins County Canal Project Fund to fund the grant;

- LB1245, introduced by Omaha Sen. Mike McDonnell, which would amend provisions related to the Lead Service Line Cash Fund to define terms;



Sen. Mike McDonnell

- LB1333, sponsored by Sen. Tony Vargas of Omaha, which would amend the Business Innovation Act to identify two types of planning grants;



Sen. Tony Vargas

- LB1352, introduced by Bennington Sen. Wendy DeBoer, which would authorize the state Auditor of Public Accounts to exercise exclusive authority to conduct the Statewide Single Audit for Federal Funds, including ARPA funds; and



Sen. Wendy DeBoer

- LB1407, sponsored by Sen. Rita Sanders of Bellevue, which would rename the Military



Sen. Rita Sanders

Base Development and Support Fund to the Military Installation Development and Support Fund and change permitted uses of the fund.

Lawmakers advanced LB1413 to select file March 14 on a vote of 37-5.

Mainline budget bill

LB1412, introduced by Arch at the request of the governor, is the mainline budget bill. The proposal would provide, change and eliminate appropriations for the operation of state government, postsecondary education, state aid, capital construction and federal funds allocated to the state from the federal American Rescue Plan Act of 2021.

Clements said the committee started with the governor's recommendations and made minor adjustments based on information gleaned from agency heads and the public. In addition, he said, the committee held hearings on 59 bills introduced by senators that included \$250 million of new general fund spending requests and approximately \$108 million in federal ARPA requests.

The only significant changes from the governor's original recommendation, Clements said, was a \$30.1 million increase in funding for the state's homestead exemption program over the biennium and a \$94.1 million increase in Nebraska Tax Equity and Educational Opportunities Support Act, or TEEOSA, funding. He said a "recalculation" of the state school funding formula in January indicated the need for additional dollars.

Cavanaugh offered a series of motions to extend debate on the proposal. After eight hours of discussion over two days, Arch filed a motion to invoke cloture March 13, which ceases debate and forces a vote on the bill.

The motion succeeded 38-4.

Lawmakers then voted 39-3 to adopt an Appropriations Committee amendment that incorporated the provisions of more than a dozen additional proposals, including:

- LB850, sponsored by Jacobson, which would clarify that \$10 million in ARPA funds appropriated to the state Department of Economic Development for the Rural Workforce Housing Act may be used for other specific types of housing projects administered by the department;

- LB930, introduced by Omaha Sen. John Fredrickson, which would allow an existing \$400,000 annual General Fund appropriation to the University of Nebraska to be used for youth rehabilitation and treatment centers and county correctional facility programs for students studying to become behavioral health professionals;



Sen. John Fredrickson

- LB941, sponsored by Sen. Myron Dorn of Adams, which would appropriate \$1.5 million in federal ARPA funds in FY2023-24 to increase to \$67 the daily reimbursement rate for Medicaid assisted-living facilities in rural parts of the state;



Sen. Myron Dorn

- LB1077, introduced by McDonnell, which would appropriate \$900,000 in federal ARPA funds in FY2023-24 to the state

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Department of Labor for workforce development and career readiness grants;

- LB1209, sponsored by Sen. Carolyn Bosn of Lincoln, which would appropriate \$2 million in ARPA funds in FY2023-24 to the state Department



Sen. Carolyn Bosn

of Health and Human Services for a grant to a licensed and accredited residential child-caring agency in a primary class city;

- LB1210, introduced by Clements, which would appropriate \$1.5 million from the Cash Reserve Fund to the Nebraska Capital Construction Fund for the 5th floor Capitol renovation; and

- LB1289, sponsored by Lincoln Sen. Eliot Bostar, which would appropriate \$3 million in general funds in FY2024-25 for a grant to a municipal airport located in a primary class city.



Sen. Eliot Bostar

Following adoption of the committee amendment, LB1412 advanced to select file on a 39-4 vote. ■

AGRICULTURE

Agriculture proposal amended, advanced

An omnibus Agriculture Committee measure was amended and advanced from select file March 15.

LB262, as introduced last session by the committee, would clarify and combine terms within the Nebraska Pure Food Act to align with the federal Food and Drug Administration Food Code. The bill was amended on general file to include the provisions of four additional bills considered by the committee this session.

Hastings Sen. Steve Halloran, chairperson of the committee, offered an amendment on select file that would strike most of the provisions amended into the bill on the first round of debate that were intended to remove conflicts between state law and the USDA Final Rule implementing the hemp provisions of the 2018 Farm Bill.

Halloran said his amendment would incorporate portions of Sumner Sen. Teresa Ibach's LB999 that instead would transfer licensure and regulation of hemp cultivation from the state Department of Agriculture to the U.S. Department of Agriculture, beginning Jan. 1, 2025.

Hemp production in Nebraska has declined significantly in recent years, Halloran said, and the few Nebraskans who are engaged in hemp cultivation would be better served by federal regulations — including a lack of licensure fees.

The amendment would require

the state to continue to regulate the transportation of hemp. It also would terminate the state Hemp Commission and the Hemp Promotion Fund, and transfer any money in the fund to the state's Noxious Weed Cash Fund.

The Halloran amendment was adopted 34-1.

Ibach also offered an amendment, adopted 29-1, to add provisions of her LB1061 that would change the Nebraska Corn Resources Act. The amendment would increase the checkoff assessment collected at the time corn enters commercial channels from 0.5 cents per bushel to 1 cent per bushel, beginning Oct. 1.

The current levy has not increased since 2012, Ibach said, and higher than average inflation rates and two years of drought has "significantly diminished" the actual value of the checkoff. She said the increase would bring Nebraska in line with other states and provide more resources to the Nebraska Corn Board to encourage producers to engage in research, education, market development and promotional programs.

Bayard Sen. Steve Erdman questioned the need for the increase. He opposed the amendment, saying Nebraska corn growers currently sell all of their product, which does not indicate a need for more money for the corn board to engage in promotional activities.

"I'm trying to figure out how this enhances more sales of corn that we already sell every year," Erdman said.

North Platte Sen. Mike Jacobson supported the amendment, saying greater promotional efforts could increase the price at which corn is sold and create stronger local demand.

Among other changes, the amendment also would reduce the percent of budgeted expenditures of the Nebraska Corn Board that could be used



Sen. Teresa Ibach

to influence federal legislation and eliminate a provision providing for collection of the checkoff from loan proceeds at the time grain is pledged as collateral under a federal farm loan program.

An amendment offered by Bayard Sen. Tom Brandt, adopted 34-0, added provisions of his LB321. The amendment would change regulations under the Nebraska Pure Food Act related to the cottage food industry — which authorizes the sale of foods prepared in private homes and sold directly to consumers.

The amendment would expand the cottage food exemption to include additional foods. Brandt said the changes would allow producers to sell certain non-refrigerated foods and other specific time- and temperature-controlled items.

“One of the benefits of cottage foods is that they provide a way for individuals to start their own small business from home,” Brandt said.

Finally, an amendment offered by Thurston Sen. Joni Albrecht and adopted 31-0, would add insect production to the definition of an agricultural product in state law. Lawmakers then advanced LB262 to final reading by voice vote.

Detasseling measure approved

Lawmakers passed a bill March 15 clarifying how seed corn companies solicit bids for contract labor for roguing — eliminating undesired corn plants — and detasseling in Nebraska.

The federal H-2A temporary agricultural program allows employers who anticipate a lack of available domestic workers to bring foreign

workers to the U.S. to perform temporary or seasonal agricultural work including detasseling and roguing.

LB844, sponsored by Bayard Sen. Steve Erdman, amends the state Farm Labor Contractors Act to require seed corn producers who contract for detasseling and roguing services to solicit bids from local contractors before employing H-2A workers.

Beginning Jan. 1, 2025, producers who intend to contract for detasseling and roguing labor must file a notarized report with the state Department of Agriculture listing the number of acres of hybrid seed corn produced, in addition to other information. Under the bill, the department is required to publish a report of that aggregated data annually.

LB844 passed on a 45-0 vote.



Omnibus election bill amended, advanced to final round

Lawmakers added provisions of three bills to an omnibus elections measure March 15 before advancing the proposal to final reading.

As amended on general file, LB287, sponsored by Gordon Sen. Tom Brewer, became an elections cleanup proposal that includes the provisions of several bills heard by the Government, Military and Vet-

erans Affairs committee this session.

The measure was amended on select file to add the provisions of three additional proposals.

Under current law, the state attorney general is required to file an action in the appropriate court within 10 days of any state officer's refusal to implement an act that has been deemed unconstitutional by a prior attorney general's written opinion.

Lincoln Sen. Danielle Conrad offered an amendment during select file debate to include provisions of her LB1191, which would repeal that section of state law. Conrad said Nebraska Attorney General Mike Hilgers testified in favor of the bill at its public hearing and that the measure had no opposition.

The amendment was adopted 34-0.

Another amendment, offered by Brewer and adopted 33-0, added the provisions of his LB1152. The bill is an annual cleanup measure that contains suggested revisions from the Nebraska secretary of state's office including, among other provisions:

- changes to procedures for voter registration removal;
- presidential elector meeting locations and dates; and
- verification of driver's licenses or state identification cards.

The Brewer amendment also includes provisions of LB861, sponsored by Elkhorn Sen. Lou Ann Linehan, which would change the processes for removing a signer's name from a petition.

The amendment would eliminate



Sen. Tom Brandt



Sen. Steve Erdman



Sen. Danielle Conrad



Sen. Tom Brewer



Sen. Lou Ann Linehan

the current requirement of a signed, sworn affidavit executed in the presence of an election commissioner, county clerk or notary public. Instead, a signer would be able to remove their name by signing and delivering a written letter to the secretary of state, election commissioner or county clerk.

Election officials would be required to verify the signature on the removal letter with the signature appearing in voter registration records. The criminal penalty for falsifying a signature withdrawal letter would be the same as the penalty for signing a petition when not legally qualified to do so.

As amended on general file, LB287 also includes provisions of:

- LB47, introduced by Sen. Myron Dorn of Adams, which would amend the Open Meetings Act to authorize rural fire districts to post notice of their meetings prominently in three conspicuous places, instead of the current requirement to publish in a newspaper of general circulation in the public body's jurisdiction;



Sen. Myron Dorn

- LB269, sponsored by Bayard Sen. Steve Erdman, which would remove obsolete language in state law related to the 2021 redistricting process;
- LB302, introduced by Linehan, which would make a number of changes to the Nebraska Accountability and Disclosure Act regarding salary and conflict of interest disclosures;



Sen. Steve Erdman

- LB313, sponsored by Kearney Sen. John Lowe, which would amend state election law regarding the process for filling vacancies in Nebraska's delegations to the U.S. Senate and House of Representatives; and



Sen. John Lowe

- LB513, introduced by Brewer, which would provide for alternative means of public notice under the Open Meetings Act when timely newspaper publication is unavailable and add two categories of public bodies that may expand use of videoconferencing for their public meetings.

Following the 30-0 adoption of an additional technical amendment, lawmakers advanced LB287 to final reading by voice vote.



Broadened omnibus health services bill clears second round

An omnibus health services bill was broadened to include four additional measures heard by the Health and Human Services Committee and given second-round approval March 15.

As amended during the first round of debate, LB1215, sponsored by Blair Sen. Ben Hansen, contains the provisions of more than a dozen bills considered by the committee this session.



Sen. Ben Hansen

Bellevue Sen. Carol Blood success-

fully amended the bill on select file to add provisions of two measures she sponsored. LB1373 would create the Dietitian Licensure Compact and add dietitians to the health professions that require a background check in Nebraska.



Sen. Carol Blood

Blood said the compact would take effect when seven states pass enacting legislation. The compact would not alter dietitians' scope of practice, she said, and would facilitate the mobility of licensed dietitians and reduce licensure barriers. The amendment was adopted 29-0.

A second Blood amendment, adopted 33-0, would add her LB823. The provisions would adopt the Physician Assistant Licensure Compact, which she said would ease an existing burden on physician assistants licensed in other states who move to Nebraska by allowing them to practice without having to obtain another license.

Sen. Jen Day of Omaha offered an amendment to add provisions of her LB1106 and LB1107, meant to increase access to breastfeeding services for Medicaid recipients in Nebraska.



Sen. Jen Day

LB1106 would require Medicaid to cover a minimum of 10 lactation consultations for every mother or child covered under Medicaid. It also would increase current lactation consultant provider rates by 145%.

Provisions of LB1107 would require the state Department of Health and Human Services to provide Medicaid coverage for electric breast pumps for every qualified pregnant woman, beginning no later than Jan. 1, 2025.

“This change will not affect the vast majority of mothers on Medicaid, but for the ones that it does affect, it has the potential to make a world of difference,” Day said.

The Day amendment was adopted on a 37-0 vote and LB1215 advanced to final reading by voice vote.

NATURAL RESOURCES

Natural resources omnibus bill amended, advanced

A bill containing several natural resources-related proposals advanced to the final round of debate March 15 after lawmakers amended it to include a measure that would prohibit Nebraska communities from banning natural gas service.

LB867, as introduced by Sen. Bruce Bostelman of Brainard, would allow the state Game and Parks Commission to create an online hunting and fishing guide and outfitter database. The provisions of five other bills heard by the committee this session were included on general file.

Thurston Sen. Joni Albrecht introduced an amendment on select file to include provisions of her LB636, which would prohibit political subdivisions from enacting any ordinance or other policy that restricts or prohibits the types or fuel sources of energy that natural gas utilities, natural gas transmission companies and certain other entities may use or deliver to customers.



Sen. Bruce Bostelman



Sen. Joni Albrecht

Albrecht said she introduced the bill on behalf of Black Hills Energy.

“Bans can cost jobs in the [industries that] rely on affordable energy — like agriculture — can hurt a community’s competitiveness and negatively impact the economy,” she said.

After adopting the amendment on a vote of 32-0, senators advanced LB867 to final reading by voice vote.

TRANSPORTATION & TELECOMMUNICATIONS

Dark fiber licensing authorized

Lawmakers passed a bill March 15 intended to speed the deployment of broadband internet service to Nebraska’s rural areas.

Under LB61, introduced by Plymouth Sen. Tom Brandt, any agency or political subdivision of the state may lease or license the unused or “dark” portions of its fiber optic telecommunications infrastructure.



Sen. Tom Brandt

Dark fiber licenses are allowed only if they are used to provide service to unserved locations, which the bill defines as locations where broadband:

- is not available by certain technologies at speeds of at least 100 megabits per second for downloading and at least 20 megabits per second for uploading; and
- no internet service provider has a legal agreement with the federal government or the state to make broadband service available at those speeds.

The license rate must be within or

above the safe harbor range of market rates established by the Nebraska Public Service Commission.

The bill requires that revenue from a dark fiber license be used only for costs associated with the license or existing dark fiber infrastructure. Revenue from the sale or delivery of electricity may not be used for costs associated with the licensing of dark fiber.

LB61 also creates a process by which an internet service provider may file a challenge with the commission alleging that a dark fiber license does not serve an unserved location.

Senators voted 47-0 to pass the bill. ■



CRAFTING THE STATE BUDGET

The primary constitutional duty of the Legislature is to pass the state budget. Before a budget is passed, however, the Legislature must consider hundreds of funding requests for the creation, maintenance or improvement of government services, programs, equipment and infrastructure.

This lengthy process is governed and guided by provisions of the Nebraska Constitution, state statutes and legislative rules.

BIENNIUM

Nebraska's budget cycle consists of two fiscal years, called a biennium. Biennial budgets are enacted during regular 90-day legislative sessions held in odd-numbered years. Budget adjustments are made during regular 60-day sessions held in even-numbered years. Consequently, the volume of issues and dollar value of decisions during short sessions typically are less.

The Legislature's Appropriations Committee is responsible for reviewing budget requests and presenting a budget recommendation to be considered by the full Legislature. Before submitting its recommendation, the committee considers recommendations from the governor, requests from state agencies and fiscal impacts of bills sponsored by senators.

The process begins when state agency requests come to the Legislative Fiscal Office in the fall prior to each session. Fiscal Office staff study the requests and prepare briefings for the Appropriations Committee. At the same time, budget analysts from the executive branch are reviewing agency requests and working with the governor to formulate his or her budget recommendation.

Revenue forecasts generated by the Fiscal Office are reviewed by the Nebraska Economic Forecasting Advisory Board along with forecasts developed by the state Department

of Revenue. The board's estimates become the basis for planning general fund budget conditions for the current and next biennium.

GOVERNOR'S RECOMMENDATION

The governor is required to submit his or her budget recommendation by Jan. 15 in odd-numbered years, except that in the first year of office a governor may submit a proposal on or before Feb. 1. The governor communicates his or her proposals through a state of the state address and formally submits his or her recommendation to the Legislature through one or more bills, introduced by the speaker of the Legislature at the request of the governor.

The governor's appropriation bills routinely are referred to the Appropriations Committee. Other substantive bills that are instrumental to the governor's budget recommendation are referred to the standing committee having subject matter jurisdiction. Such substantive bills are not subject to the Jan. 15 deadline.

During the first 10 days of session, senators introduce other bills, which may require an appropriation to implement.

In January and February, the Appropriations Committee reviews

the Fiscal Office analysis of each agency budget request. Under legislative rules, the committee must submit its preliminary recommendations in a report to the Legislature 20 to 30 legislative days after the governor's budget submission.

The report includes preliminary funding levels and an overall analysis of the state's spending capacity based on current revenue forecasts, tax rate assumptions and compliance with the statutory minimum reserve, which must fall between 3 and 7 percent of available general funds. The estimates in the preliminary report become the basis of discussion during subsequent public hearings with state agencies and other interested parties.

"A" BILLS

During this time, other standing committees are conducting hearings on bills referred to them. Each bill has an accompanying fiscal note, which is an estimate of the financial impact of the legislation, including expenditures and revenues.

The fiscal note becomes the basis for estimating what appropriation may be necessary if the bill becomes law. When a committee advances a bill that has a financial impact, a companion bill authorizing an appropriation is introduced. This bill is assigned the same number as its companion along with an "A" suffix.

COMMITTEE
RECOMMENDATION

After issuing its preliminary report, the Appropriations Committee conducts public hearings on the budget and then reviews all preliminary decisions, information obtained during the hearings and any other information brought to its attention.

The committee meets for about two weeks to complete a set of recommendations that is offered to the full Legislature in the form of amendments to the governor's legislation or new bills.

During a long session, the committee has until the 70th legislative day to place its budget bills on general file. During a short session, the deadline is the 40th day. If the committee fails to introduce its bills by the deadline, legislative rules require that senators consider the appropriation bills as introduced by the governor.

At a minimum, the Legislature must consider three appropriation bills: one for legislators' salaries; another for the salaries of constitutional officers, which generally includes other elected officials and judges; and a third to make appropriations for all other expenditures.

However, the committee typically introduces several bills that fall under broad categories. One large bill appropriates most state funds for operations and state aid. A second bill typically is offered to make appropriations for capital construction projects. Another bill provides for deficit appropriations, which are adjustments to appropriations previously authorized for the

current year. It is not unusual for the deficit bill to be considered early in the session because some of the adjustments may be emergencies that apply to the current year.

Other bills also may be offered, including bills making appropriations for salary increases, increased benefit costs or substantive law changes — such as authorization for a fee and creation of a fund — that implement some aspect of the committee recommendation.

STATUS REPORT

After the committee's bills are placed on general file, a daily financial status report of the general fund accompanies the daily agenda. The status report indicates the amount of budgeted funds under the committee recommendation and the amount of additional spending that could be accommodated beyond the statutorily required minimum reserve.

For planning purposes, the status also indicates financial conditions for the biennium under consideration plus the two following years. Although the Legislature considers only the first two years for appropriations, simulating impacts for two additional years provides useful information on the state's ability to sustain future obligations.

During long sessions, all other bills having a general fund expenditure or a general fund revenue loss are held on final reading and may not be read until the Appropriations Committee's budget bills pass. During short sessions, other bills may be read after the 45th day.

By rule, the Legislature must pass

appropriation bills by the 80th day in a long session or the 50th day in a short session. There is no penalty for not passing appropriation bills as provided by rule, other than the holdup of bills during a long session. Circumstances such as volume of amendments, length of debate and full discussion of appropriations matters can extend passage of the appropriation bills beyond the prescribed deadlines. Appropriation bills usually carry the emergency clause, which requires 33 votes for passage on final reading. This also is true of deficit bills. Bills without the emergency clause need 25 votes to pass.

VETOES

On appropriation bills, the governor has the option of signing the bill, letting the bill become law without his or her signature, vetoing the bill or returning the bill to the Legislature with one or more line-item vetoes. Within a day of the return of appropriation bills to the Legislature with total or line-item vetoes, the Appropriations

Committee must report on the impact of the vetoes and may offer a motion to override all or some of them.

Individual members of the Legislature may then offer their own veto override motions. For an override motion to succeed, two-thirds of the Legislature must vote for it.

All final appropriations ultimately enacted take effect July 1 of the designated fiscal year or, if passed without the emergency clause, three calendar months after the end of the legislative session. Deficit bills making adjustments to current-year appropriations with the emergency clause are effective immediately. ■

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