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[LB216 LB310 LB426 LB507 LB612 LB739 LB760 LB849 LB946 LB985 LB998 LB1118 LR378 LR379 LR380 LR386]

PRESIDENT SHEEHY PRESIDING

PRESIDENT SHEEHY: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the seventeenth day of the One Hundred Second Legislature, Second Session. Our chaplain for today is Senator McCoy. Would you all please rise.

SENATOR McCOY: (Prayer offered.)

PRESIDENT SHEEHY: Thank you, Senator McCoy. I now call to order the seventeenth day of the One Hundred Second Legislature, Second Session. Senators, please record your presence. Please record, Mr. Clerk.

CLERK: I have a quorum present, Mr. President.

PRESIDENT SHEEHY: Corrections for the Journal?

CLERK: I have no corrections.

PRESIDENT SHEEHY: Messages, reports, and announcements?

CLERK: Your Committee on Natural Resources, chaired by Senator Langemeier, reports LB760 to General File; LB739, General File with amendments; and LB849 to General File with amendments, those signed by Senator Langemeier. I also have hearing notices from the Banking, Commerce and Insurance Committee, Senator Pahls as Chair. That's all that I have, Mr. President. (Legislative Journal pages 365-366.) [LB760 LB739 LB849]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. While the Legislature is in session and capable of transacting business, I propose to sign and do hereby sign LR378, LR379, and LR380. (Doctor of the day introduced.) Mr. Clerk, we will move to the first item under General File, 2012 committee priority bills. [LR378 LR379 LR380]

CLERK: Mr. President, LB946, a bill by Senator Adams. (Read title.) The bill was introduced on January 11, referred to the Education Committee, advanced to General File. At this time I have no amendments to the bill, Mr. President. [LB946]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Senator Adams, you're recognized to open on LB946. [LB946]

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SENATOR ADAMS: Thank you. Mr. Lieutenant Governor, members of the body. Members, what you have in front of you in LB946 is literally the culmination of three and a half to four years of effort to try to get our six very important community colleges to agree on the funding mechanism, a funding formula, and then get about the business of educating students. I have no intention to retrace the history of what we have been through. You don't probably want to know it, and some of you already have a fairly good idea. I think what is most important is this, in August I called all six community colleges here to the Capitol. I called their presidents and had them bring their board chairs with them and asked them if they wanted to take another run at a formula for distribution of state aid. They all agreed. And we met frequently beginning in August through right up to Christmastime. And each time we met, we met with the same people, no substitutes, no colleagues left out. All six presidents and all six board chairs had to be there or we didn't meet. A lot got laid out on the table in that room and we got over the hump on a lot of different things I believe. And in the final analysis we arrived at this proposal. And as I present this proposal to you, I want you to understand that at this point all six community college board of governors have voted to approve this proposal for funding. In its simplest form, it will work like this. Currently, we are set to appropriate to community colleges \$87 million. I'm rounding down slightly. What we will do in this proposal going forward is to allocate the \$87 million going forward in the way that the six colleges have already agreed to and it is currently in statute. It is on a proportional basis. All six community colleges agreed to a proportion. We put it in statute last year and we'll leave it there. We'll leave it there. If this Legislature in the next biennium does not appropriate a penny more than that \$87 million, that \$87 million will be divided up on the proportional basis that is currently in statute that was agreed upon by the colleges two years ago. What is even more significant, I think, is the new money going forward. In this proposal, the first \$87 million--and, again, I'm rounding down--of money that goes out will be distributed on the same proportions. Any new money over that amount will be distributed in this fashion. First, any new money over that base amount will be put into what's called a Program 99 fund. Five hundred thousand dollars would go into that fund of the new money before anything else is distributed of new money--\$500,000 into the Program 99 fund. What that fund does, there's a review committee--and I can go over the details of who's on that committee if you like--they will review grant applications from the six community colleges and determine how to distribute that \$500,000. Those grants will be based on, in statute, the priorities of the community college--remediation, work force development. As an example, if Western Community College comes up with a great program that can be used potentially by all six of them for remediation, they can make application for some of that \$500,000 in that Program 99 fund. That will be annual that they can come in and make application. Ladies and gentlemen, many, many states fund their community colleges on performance base. We're not there. We're not going there. The Program 99 is at least saying we have priorities for the community colleges--work force development and remedial education--and if you're doing things unique we're going to reward you. After the \$500,000 of new money has been distributed, the rest of the money will go out in this fashion. Twenty-five percent of the

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new money will be divided equally amongst the six colleges: 25 percent of the new money divided equally amongst the six colleges. Thirty percent of the money will be divided based on a three-year rolling average REU, reimbursable educational units. It is a standard measure in the higher ed world to recognize what the cost of delivery is of particular courses, and we have that data. And, finally, the remaining 45 percent would go out to the colleges based on three-year average FTEs. That mixture of equal distribution, of REU distribution, of FTE distribution, and a base amount was the compromise solution that we found that all six colleges--and think about it for a minute, from Metro Community College to Western Community College--could agree to. They found something in here that would work for them. The remainder of the proposal, in prior formulas for community colleges there was always a floating property tax levy. It was never set the way it is for schools and cities and counties. In this proposal, we set the levy limit. It will be set at 11.25 cents. And under that, under it, not on top of it, but under it or within that 11.25 cents will be 2 cents for capital, but it has to be within that 11.25 cents. So we have for the first time really put a property tax levy cap on community colleges. Another part of the proposal, we had some disagreement amongst the six colleges and we had an Attorney General's Opinion as to whether or not fees that students are charged could be used for buildings. This proposal will clarify once and for all that they could be. But if a college is going to use fees for a building, the student has got to know it up-front at the time they pay their tuition, it has to be identified, and it has to be auditable so we can see that. If \$5 is going to go to a recreational facility, the student has got to know it up-front and it's got to be clearly auditable so we can see that. There is a provision in here on revenue bonds. And very simply what the provision is that those revenue bonds that are committed by community colleges, if the revenue falls short they can fall back on their property tax base to take care of the P&I. It helps with getting a better bond opinion and getting a lower interest rate. That really is the essence of the bill. I know it's 50-some pages, but that's the essence of the work that we have done. Thank you, Mr. President. [LB946]

PRESIDENT SHEEHY: Thank you, Senator Adams. You have heard the opening to LB946. Members requesting to speak: Senator Harms, followed by Ken Haar, Senator Flood, Senator Ashford, Senator McCoy, and others. Senator Harms. [LB946]

SENATOR HARMS: Thank you, Mr. President, colleagues. You know, I follow this particular issue in regard to the community college legislation just primarily from a distance. Coming out of that system I think you sometimes carry a little bit of baggage, so I've always tried to stay away from getting involved and playing any kind of a part of this. Understanding the funding formula probably as well as anyone in this room, I'd have to say that what Senator Adams has accomplished here is somewhat of a miracle. These six community colleges for a period of time are so far apart I wasn't really sure that it was possible to bring this about. And so what you have before you is a really great piece of work. Being able to bring the six community colleges together, looking at a formula that I think as I've just...what I've read and what Senator Adams talked about

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today truly sets them for the future. The old formulas really didn't do that. This formula does prepare them for that. And I know also that the role that our Speaker played, Senator Flood, was critical of bringing those community college presidents together and letting them know that the one thing you don't want to do is come before the Legislature and have the Legislature develop the funding formula because you're not going to like what you get. And so the fact that they've been able to do this, I applaud them. I think it's a great...that we were able to at least put this to rest. And now they can start to look at the future. I think when you get involved in funding formula issues, which in my career was continuous for almost 25-some years, you lose sight of why you're there. You have to spend so much time trying to figure out how you're going to be funded I think many times students get set aside, creative programs and innovative programs get set aside. This will put us on course for the community colleges, and I applaud Senator Adams for what he has accomplished. Thank you, Mr. President. [LB946]

PRESIDENT SHEEHY: Thank you, Senator Harms. Senator Ken Haar. [LB946]

SENATOR HAAR: Mr. President, members of the body, I rise in support of LB946. Would like to thank Senator Adams for all of the work he put into it, and also the community colleges for coming to a point where they can agree on this formula for now. I was one of two people who didn't vote to bring it out of committee, and simply to let you know that I didn't vote for that because we were voting the same day as we had the testimony and it's just a principle of mine that I like to have a little time to chew on things. But I rise now in support of LB946, and I would give the rest of my time to Senator Adams. [LB946]

PRESIDENT SHEEHY: Senator Adams, you're yielded 4 minutes 15 seconds. [LB946]

SENATOR ADAMS: Thank you, Senator Haar. I won't need all of that time. I will respond to questions as they come forward, but I certainly appreciate Senator Haar's position. We did hear the bill and turned around and "execed" on it the same day. And I know that there are occasions when I want to take a little bit of time. It seemed to me at that point we had a proposal and we had all six on board and we needed to get this moved out and get on with things. I, too, will reiterate part of what Senator Haar said, and that is that this could not have come together, obviously, without the six community colleges. And I do believe that they wanted this behind them. It's been going on for too long and they understand their importance in our higher ed structure and our economic development structure and they want to get on with business. Thank you, Mr. Speaker. [LB946]

PRESIDENT SHEEHY: Thank you, Senator Haar. Thank you, Senator Adams. Senator Flood. Senator Ashford. [LB946]

SENATOR ASHFORD: Thank you, Mr. Lieutenant Governor. Honestly, I never...I

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didn't...it's unfortunate Senator Flood isn't here. I didn't think anybody could actually outmediate Speaker Flood, but he has...Greg Adams has done that in this case. We spent a number of weeks maybe three years ago now or two and a half years ago working on this issue, Speaker Flood and Greg and myself and the presidents from the six community colleges. And we struggled. It is just a...it has been one of those issues that has dogged us since I came back five and a half years ago. It has been a real struggle. I think it is...even in my years before in the Legislature, the funding of community colleges as community college General Fund funding came into effect in those years was always an issue before the Legislature. And the struggle that we always have, obviously, is when we bring state dollars in to what was primarily a property tax funded operation, there is this friction and struggle over how those state dollars should be allocated. Senator Adams has always sought out that on these issues, whether it be state aid or community colleges, and they are different, and I appreciate Senator Adams making that point. You cannot assume that community college aid and state aid to schools is the same thing. They really are not the same thing. So trying to, first of all, explain that difference so that taxpayers in the various parts of the state understand that difference. And then apply a standard that's going to be...have longstanding application. Finally...and I believe he's done that here, and I also finally want to thank, as has been done by...rightly by Senator Harms, thank the six community college presidents for their...my community college president Randy Schmailzl has really shown great leadership, as have the other five community college presidents. So I applaud the work. Speaker Flood, would you like some of my time since you were...okay. So, again, this is one of those occasions we have two or three times a year when we can commend the work of one of our colleagues and the Education Committee as well. The committee has struggled with this, dealt with this, they have done great work. Their leader, Senator Adams, as I said, I think has really pulled this all together. So thank you, Mr. Lieutenant Governor, for the time and I'd relinquish the rest of my time. [LB946]

PRESIDENT SHEEHY: Thank you, Senator Ashford. Members requesting to speak on LB946, we have Senator McCoy, followed by Senator Gloor, Senator Pahls, Senator Louden, Senator Carlson, and others. Senator McCoy. [LB946]

SENATOR McCOY: Thank you, Mr. President and members. I rise today in strong support of LB946. I know many of you have probably seen the <u>Omaha World-Herald</u> editorial from today's paper on this very bill and this very issue. I believe it's an excellent editorial that really sums up many of the particular nuances of this issue as it's gone on over time. And I, too, would rise to publicly thank Senator Adams for his diligent work in this area, along with Metro Community College President Randy Schmailzl, and, as it's been said in previous speakers, the other community college presidents and all the other officials involved in this issue. Some of you may not know I'm a graduate of community colleges, of a community college, I should say. I know it was an excellent early component of my college education. It allowed me to really sort out and home into

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what I wanted to do with my career. And I know many young Nebraskans across the state have had similar experiences. And I think the editorial in the World-Herald this morning summed up really what was so concerning about this issue, is that many civic and business leaders were very concerned that a solution didn't appear to be able to be found, and now it appears that it is. And I think that bodes very well for our long-term economic health across the state in training a work force that is prepared to handle what twenty-first century Nebraska needs in its career folks. And so, again, I thank Senator Adams for his hard work, along with the committee on this issue. I don't serve on the Education Committee, but I know this is an issue that they have dealt with for quite some time. And it's refreshing to have us be here this morning with a piece of legislation that appears to have taken care of and resolved this very important issue to our state. And with that, Mr. President, I would yield the remainder of my time to Senator Flood if he would so desire. [LB946]

PRESIDENT SHEEHY: Senator Flood, you're yielded 2 minutes 35 seconds. [LB946]

SPEAKER FLOOD: Thank you, Mr. President. I apologize for not being here when I was called earlier. Community colleges are vital to moving this state forward. They are at the grass-roots level of what we want to do in communities across the state. They're taking people that are not ready, in some cases, for a four-year school or are interested in a vocational education and they're providing opportunity that makes real differences in the lives of families and generates income. And I'll tell you, through this journey--and it's been a couple of years, as Senator Ashford noted--there have been a lot of twists and turns in what has become the struggle over community college funding. And what Senator Adams has done here looked impossible in August, as I recall, and he brought these folks to the table and he did what we do best. And he found a solution to a state problem that will allow the community colleges to focus on what's most important, and that's the education of these students and the provision of opportunities to people in cities across this state and regions across this state. I think the community college system works best when it's locally run because it's responsive to the needs of the business community. And what Senator Adams and the community college presidents and the board members have done, with the help of folks like Senator Harms and others, have established a process that we can be proud of, a formula that will work in the end. And hopefully this is a blood oath among those community colleges... [LB946]

PRESIDENT SHEEHY: One minute. [LB946]

SPEAKER FLOOD: ...to move forward without the acrimony, allow some healing to begin, and put the system back in a place where it is a model for the nation. Individually, each one of these community colleges is a model because they are providing great services to each region. What I want to see, and it's not possible today, is that this bill advances; it's passed; it's signed; let the healing begin; and in five years from now we'll look back and this will be only a memory, and we'll look at a system that we can all be

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proud of. And that's why I want to thank Senator Adams, the Education Committee, Senator Harms for all of the work they've done. This is a proud moment and it's one that I want to partake in by voting yes on LB946. Thank you, Mr. President. [LB946]

PRESIDENT SHEEHY: Thank you, Senator Flood. Thank you, Senator McCoy. Senator Gloor. [LB946]

SENATOR GLOOR: Good morning, Mr. President, members. I am also appreciative of the effort that has gone into bringing forward LB946. For as long as I've been down here, this has been an area that I have been talked to from representatives of my community college, and so I know that there is a history behind this that goes back a ways and perhaps--I don't recall anymore--predates my coming down here a number of years ago. But I wonder if Senator Adams would yield to some questions. [LB946]

PRESIDENT SHEEHY: Senator Adams, would you yield to Senator Gloor? [LB946]

SENATOR ADAMS: I will. [LB946]

SENATOR GLOOR: Senator Adams, your term, certainly not the way it's referenced, I would guess, in the bill, the levy cap that's part of the financing agreement they came to, it's usually pretty unusual when a group of organizations financed in part by tax monies agree to a levy cap. So could you explain to me how that came about and what the trade-off or trade-offs might have been for that piece of the funding formula? [LB946]

SENATOR ADAMS: Well, thank you, Senator Gloor, for that question. And as you are asking it, I'm going back into my annals of why we arrived at that. You know, first and foremost, the six colleges understand the reality of what we deal with in terms of our constituents and property tax. They know full well...and they are good stewards, they know full well that to expect no cap and to be able to do whatever they want to do is not political reality here. And what we found was a level that they could use, that they could deal with. And, you know, one of the other trade-offs was a little additional flexibility on capital with the 2 cent rather than the 1 cent, but still under that 11.25 cents. [LB946]

SENATOR GLOOR: Let me switch to fees. The concern growing, not just within the community college system but state colleges systems, not in Nebraska but even across the country, has been whether the fees that students are expected to pay is growing to the point where college education becomes out of reach. And so my question is, do we feel that we've set up a system that will make sure we don't see an inappropriate shifting towards students and families, parents, who may be looking to assist that student in going to college towards the fee piece? And maybe we have a history here that could make me feel comfortable that we're not talking about the levy cap and some of the other components of this shifting that expense to fees. [LB946]

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SENATOR ADAMS: Senator, I think that your concern is reasonable, it's legitimate, and I would tell you that all of our sectors of higher ed in Nebraska, from university to state college and community college, are constantly worried about affordability. But when we're looking at the community colleges, we have a very, very affordable sector in higher ed, and as a result in part that's why we're seeing that sector as one of the fastest growing in the state of Nebraska. And I think that part of what colleges are saying here is that, look, we want to keep tuition down, and there are places where we can legitimately charge a fee because it is directly related to a program or a facility and at the same time help us offset cost of tuition. [LB946]

SENATOR GLOOR: Thank you, Senator Adams. I know in my own community for a number of years the community college has been vital and has addressed the need we have... [LB946]

PRESIDENT SHEEHY: One minute. [LB946]

SENATOR GLOOR: Thank you, Mr. President...has addressed the need for healthcare workers in outstate Nebraska that is clearly underserved when it comes to healthcare workers and have grabbed ahold of that. I also know from my work in economic development within the Grand Island area community that the community college, as has been talked about here previously, is a vital part of the overall economic growth we hope to be able to sustain. And so I'm pleased to offer my support for LB946. Appreciate Senator Adams' work on this, his answers to my questions, the Speaker's, as well as the leadership of the community colleges for getting us to this point where we can comfortably look at LB946 and say we think we have a solution that will ensure that important cornerstone of education for economic growth of the state of Nebraska. Thank you, Mr. President, members. [LB946]

PRESIDENT SHEEHY: Thank you, Senator Gloor. Senator Pahls. Senator Pahls. [LB946]

SENATOR PAHLS: Thank you, Mr. President and members of the body. Would Senator Adams yield to a question or two? [LB946]

PRESIDENT SHEEHY: Senator Adams, would you yield to Senator Pahls? [LB946]

SENATOR ADAMS: Yes, I will. [LB946]

SENATOR PAHLS: Thank you, Senator. You really piqued my interest when you talked about performance because I think that's out there in the general public. Whether it's K-12, high...or college, etcetera, they're always concerned about we're always leaning towards need and not performance. I know that wasn't the major focus of this bill. But I did notice that you had changed the title to the Nebraska Community College Student

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Performance and Occupational Education Grant Fund. You use the word "performance" in there. Then I read down a little bit further on and then you're telling me the areas that you are looking at, the degrees, certificates, diploma completion, etcetera. And then a little later on you say they're going to start collecting the information. Had they been collecting much information in the past on all these various issues that you know of? [LB946]

SENATOR ADAMS: To some degree, Senator, the community colleges do keep track of that. The Coordinating Commission, to some extent, keeps track of those kinds of things, yes. There may be some gaps that I cannot specify for you right now. [LB946]

SENATOR PAHLS: Okay. Now then I'm going to proceed a little bit more on the area of student performance. Do we look at that at all at this level on student performance when we grant any kind of funds at all currently? [LB946]

SENATOR ADAMS: Well, the Program 99 money would probably come as close as...to performance, although it is not, certainly not, performance based in its purest sense. It is simply saying, here's an area where we want you to focus--work force development, retention, remediation. And if you're doing some things that are out of the ordinary, then we're going to help you with that with that Program 99 money. But that's a long way from the kind of performance-based formulas that are out there. [LB946]

SENATOR PAHLS: So you're telling me there are some states that do utilize a performance base. [LB946]

SENATOR ADAMS: There are states out there in higher ed that use...some portion of their funding is performance based, yes. [LB946]

SENATOR PAHLS: But currently that's not on our educational screen. [LB946]

SENATOR ADAMS: No. I would...I'm going to be very candid with you, Senator Pahls, Program 99 as I've described to you is as close as we come and maybe someday that will happen. I don't know. But for right now, this is where we're at and I'm satisfied with this distribution and this mediated agreement. For us to go where we would have to go for a performance-based formula I wouldn't be here today, I wouldn't have a bill, and I wouldn't have six colleges ready to go about the business of what they have to do. [LB946]

SENATOR PAHLS: And, again, I know how hard you've worked on this. And my intent is not at all to even hint that that's the direction that you should have gone, etcetera, etcetera, because I know you have come a long ways. Thank you, Senator. [LB946]

PRESIDENT SHEEHY: Thank you, Senator Pahls. Senator Louden. [LB946]

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SENATOR LOUDEN: Thank you, Mr. President and members of the body. I'm not here to criticize community colleges because I've always been a supporter of community colleges. That's one of the issues in rural areas and it's usually the funding of community colleges and the mill levies that are associated with it and the valuations. As I looked at this bill, I see where now...before we had a 10.25 cent cap on their mill levy and then they had some jingle-bobs they could throw in along side of them. And now we've went up to, the way I read it, 11.25 cents and with only one jingle-bob, and that's if they've entered into any bonding issue before 1997, they can still pay for that. I guess my question is, if Senator Adams would yield for questions. [LB946]

PRESIDENT SHEEHY: Senator Adams, would you yield to Senator Louden? [LB946]

SENATOR ADAMS: Yes, I will. [LB946]

SENATOR LOUDEN: As we look at this, and you're raising the cap on the levy now, you can promise me that this won't raise property taxes? [LB946]

SENATOR ADAMS: Well, Senator, I can't promise what six boards of governors are going to do. But what I would tell you is that it will be 11.25 cents and that the capital that formally was...we were formally at 10.25 cents with 1 on top of that for capital. Now it's going to be 11.25 cents and the capital has got to fall under that. And that's the lid. [LB946]

SENATOR LOUDEN: Other than anything before 1997. [LB946]

SENATOR ADAMS: Right. [LB946]

SENATOR LOUDEN: Yeah. Now as the valuations have went up in the rural areas, then I suppose your rural ag land is the one that's supporting most of this because that's where the valuations increased in most of your, what, five other community colleges other than Metro. Is that...would that be safe to say on that? [LB946]

SENATOR ADAMS: Senator, all six community colleges have broad property tax bases, and as long as they've got property tax authority and they have property tax bases, then, yes, what you're saying is right. [LB946]

SENATOR LOUDEN: And why isn't there something in here to address athletic departments in there? My understanding is that some of these community colleges, about 65 percent of their athletic department is funded by property tax. And I'm wondering why are we letting that continue? Metro down there doesn't have any athletic department, it's my understanding. But some of the other ones do and yet this is funded on property tax and yet we send scholarships, athletic scholarships, all over the world. I

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mean, we've had basketball players from Brazil and every place else. How come something like that isn't addressed in this while we were trying to cut expenditures, give people tax breaks, and that sort of thing? [LB946]

SENATOR ADAMS: Senator, I'll give you the best answer that I can. And you probably need to talk to the six community college presidents. We had this discussion at one of our meetings early in September or August. And one of the distinctions here, whether we agree with it or not, but one of the distinctions here is this. We can look at a Metro and say, well, Metro doesn't have golf or they don't have basketball or they don't have dormitories, whereas Western may or Central may or Mid-Plains may very well have those things. Part of the difference there that was drawn out in our conversations was this, in Metro, students may only be traveling...generally, not exclusively, but generally they live right there. So the need for recreational facilities, the need for dormitories is not nearly as great as it is as we get out further in western Nebraska where we may have students that are travelling 150 miles to school. [LB946]

PRESIDENT SHEEHY: One minute. [LB946]

SENATOR LOUDEN: Now you're talking about recreational facilities for students that are already there. That's one thing. But when you have international scholarships and that sort of thing, that's an altogether different situation. That's where my concern is. If they want to have dormitories and local intramural sports among themselves, that's one thing, but to have set up where they are traveling from various states--what would you say interstate competition--then I have a problem with that. And that's the problem that most of the constituents I represent have always had is why are we doing that. Most everybody will agree if we can educate our own local people, that's fine. But why are we paying money to do this out of state? I'll give you the rest of my time, Senator Adams. [LB946]

SENATOR ADAMS: Thank you, Senator Louden. And I guess the only thing I would tell you is what I've already said. To those colleges where there is greater distance involved, activities on campus, now if we want... [LB946]

PRESIDENT SHEEHY: Time, Senator. [LB946]

SENATOR ADAMS: ...to draw a... [LB946]

PRESIDENT SHEEHY: Time, Senator. [LB946]

SENATOR ADAMS: Thank you. [LB946]

PRESIDENT SHEEHY: Thank you. Thank you, Senator Louden. Members requesting to speak on LB946, we have Senator Carlson, followed by Senator Hansen, Senator

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Cook, Senator Hadley, Senator Harms, and Senator Avery. Senator Carlson. [LB946]

SENATOR CARLSON: Thank you, Mr. President and members of the Legislature. I'm standing up to speak this morning and in no way to sound like I'm not supportive of LB946. But I do have some discussion that I'd like to have take place. And I've gotten to have a much greater appreciation for the work that the community colleges do in the time that I've spent in the Legislature. And I know that the majority of students that use the community colleges are in Nebraska, they work in Nebraska, and they stay in Nebraska. And I think that another product of what the community colleges do, those people from Nebraska that utilize the community colleges do so, put them in a position where they can increase their earnings. And as they increase their earnings, they spend money in Nebraska and they pay more taxes in Nebraska. I think all that's very, very good. I do have a question or two I'd like to address to Senator Adams if he would yield. [LB946]

PRESIDENT SHEEHY: Senator Adams, would you yield to Senator Carlson? [LB946]

SENATOR ADAMS: Certainly. [LB946]

SENATOR CARLSON: First of all, I might just take off on what Senator Louden talked about. But off the cuff, do you have...and you've agreed with what I've said so far, haven't you, about the economic impact of the community colleges in Nebraska? [LB946]

SENATOR ADAMS: Certainly. [LB946]

SENATOR CARLSON: Do you have any idea specifically what's the impact of the athletic programs across the state that bring students in from outside the state more so than the rest of the student body population? Some of those students stay in Nebraska. And it would be good if we had an idea of what the impact is on bringing those students in and how many of them stay here and then become contributors to the economy. Do you have any idea on that? [LB946]

SENATOR ADAMS: I don't, Senator. I'm sorry. [LB946]

SENATOR CARLSON: Is that something that would be...I would think it would be determinable, and with your staff maybe if they could tell me who I could talk to about that. I think that's an important issue that people would like to know about. [LB946]

SENATOR ADAMS: You know, one of the...I would give you a name right here and we can talk about it off the mike as well. But Dennis Baack, the executive director of the Nebraska Community College Association, could probably begin to gather that or maybe already have answers or help us get answers to those questions. [LB946]

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SENATOR CARLSON: Okay. Thank you. Now in your introduction, you talked about proportional basis. Explain that to me, would you? What does that mean, proportional basis? [LB946]

SENATOR ADAMS: It's going to be done on a percentage basis. So currently in statute we have a division of appropriation that was agreed to by the community colleges. And, for instance, if I go out to your area, to Central Community College, it's about 9 percent that was agreed to. That's the proportion of the \$87 million that they get. [LB946]

SENATOR CARLSON: So it's really based on probably the number of students. [LB946]

SENATOR ADAMS: That number is based on a host of things that was determined by the six community college presidents, yes. [LB946]

SENATOR CARLSON: So it may be the number of students, it may be the number of courses, the number of hours and so forth, but it's really proportional to the number of students that...at an institution. Wouldn't that be fair? [LB946]

SENATOR ADAMS: And not just students. There would be more into it than that. [LB946]

SENATOR CARLSON: Okay. [LB946]

SENATOR ADAMS: Yes. [LB946]

SENATOR CARLSON: Okay. Now \$87 million and you talked about new money and Program 99, \$500,000, that's a pretty small percentage of the \$87 million. But grants to the six colleges are based on the plans that these six put forth. Who makes the decision on the grants? [LB946]

SENATOR ADAMS: Thank you, Senator. In the statute, Program 99 actually already exists in statute; it's just never been funded. And so what we would do is to keep that same program, but also... [LB946]

PRESIDENT SHEEHY: One minute. [LB946]

SENATOR ADAMS: ...in this bill... [LB946]

SENATOR CARLSON: That's okay. [LB946]

SENATOR ADAMS: ...also in this bill we would restructure slightly the review committee that would review the applications, the grant applications. [LB946]

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SENATOR CARLSON: Okay. And I'd be interested in who's on that review committee and how that's made up. The one thing that I have a little reservation about is that 45 percent of new money goes on a three-year average based on FTEs. Now if it's simply based on FTEs, then those that have the most staff get the most money, and I don't see that as a spending limit or an encouragement to limit spending. Would you agree that that's the case there and is there anything that can be done about it? [LB946]

SENATOR ADAMS: Well, I don't know that it's an encouragement to spending other than it may actually be a necessity if you have growing numbers of students. You're... [LB946]

PRESIDENT SHEEHY: Time, Senator. [LB946]

SENATOR ADAMS: Thank you. [LB946]

SENATOR CARLSON: Thank you. [LB946]

PRESIDENT SHEEHY: Thank you, Senator Carlson. Senator Hansen. [LB946]

SENATOR HANSEN: Thank you, Mr. President, members of the Legislature. I rise in support of LB946 and I want to thank Senator Adams and his committee for working on this bill this long. And I know the folks at Mid-Plains Community College appreciated the work. I'm not sure how he ever got that many meetings with all six presidents that had to attend every time. That's quite a feat when you look at Nebraska and the variety of needs across the state. But it is amazing. I think it's a good work, it's a good bill. We need to support it and move on to improving the community college system of Nebraska. Thank you, Mr. President. [LB946]

PRESIDENT SHEEHY: Thank you, Senator Hansen. Senator Cook. [LB946]

SENATOR COOK: Thank you, Mr. President, and good morning, colleagues. I would like to rise in support of LB946 and pass along my congratulations and thanks to Senator Adams and to the working group for their patience and their commitment to this issue. In my first year in the Legislature, I brought LB340 which was a large step in this direction. And I just so appreciated, I think I've told you off the mike, the fact that you stuck with it despite some dissension, shall we say, among advocates, and that we're moving forward to do what the community colleges are supposed to do, which is to offer a brand new path when the original path has been changed for whatever reason, to offer students coming directly out of high school a way to take some time and maybe save some money and eventually go on to a four-year university education or beyond or to get training at the community college level and use that in their career. I have a close friend who started at the university here in Lincoln in...many years ago in the late

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seventies and early eighties and did not complete her undergraduate education. She is now back at Metropolitan Community College working toward a two-plus-two degree. And I just...that's one of the things I appreciate most about our environment and our American system of education is that you can start over at any time. With that, I will yield my time back to the Chair. [LB946]

PRESIDENT SHEEHY: Thank you, Senator Cook. Senator Hadley. [LB946]

SENATOR HADLEY: Mr. President, members of the body, good morning. Another week starts. I won't spend a lot of time. I'd like to do something I do not normally do, digress a little on my experience. The community college system is vital to the state of Nebraska. I spent many years working with community colleges for articulation agreements to make seamless transfer between community colleges and our network of four-year universities and colleges. We need to do that. And we need to get the community college system working together and moving forward so that the students are the ones that benefit. I think this bill does that. I commend Senator Adams and the Education Committee for bringing this bill out. This will further help those students that the community college is the appropriate place to start their postsecondary education. We need to fund it appropriately and we need to make it work. Thank you, Mr. President. [LB946]

PRESIDENT SHEEHY: Thank you, Senator Hadley. Senator Harms. [LB946]

SENATOR HARMS: Thank you, Mr. President and colleagues. I wanted to address just a couple of things in regard to what was brought up. Senator Pahls brought up a pretty good point about assessment. And, Senator Pahls, I just wanted you to know that I know the National Association of Community Colleges, I believe, several years ago started working on assessment, began to look at whether the community colleges are truly accomplishing what they have set out to accomplish with students. But with the community colleges, it's a little tricky because 70 percent, maybe 73 percent, of those who enter into the Nebraska community college system are mandatorily placed into foundation education or remedial education. So when you go to assess a student, you have to start where they are and determine how far they've gone to determine whether or not you've been successful. A lot of students will enroll in community colleges in regard to an employer has asked them to go and get a skill in welding that they can't quite do or automotive mechanics or maybe in technology. And they're only in there for just one class, but they've accomplished the goal that they've set out to accomplish. You'll also find then the majority of the ... a lot of the community colleges of rural Nebraska transfer on to higher education. And when you follow the kids that leave us from community colleges that go into the higher education, I think the last time I saw that, and it's been five or six years ago, where the University of Nebraska shares with the community colleges, in the institution I came from the majority of our students who transfer there do better than their native students do at that beginning. So I think the

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community colleges have lots of different ways they can do the assessment and can determine whether they're accomplishing their goals. The other thing I wanted just to visit with you a little bit about is the issue about athletics. I think where I come from and probably in most of rural Nebraska, that's a very important part of a community college. The community college is going to be comprehensive. All those things, whether it's music or whether it's art or whether it's forensics, whether it's debate, whether it's athletics, all fit together in a package for a student. And because you have international students that come to your institution, I applaud this. Because the one place you have difficulty making that transfer of understanding different cultural groups is in rural America. And when they could come and enroll in a community college, it gives people in rural Nebraska that exposure and that experience that they normally don't get. Urban America has already made that transfer, but in rural Nebraska they have not made that transfer. And I can tell you that students who come from whether it's Japan or China or Brazil, many of them that enroll...that come and enroll in the community colleges live in the residence hall. Students there get a chance to experience a different culture. And in Western Nebraska Community College, I know they put programs together where you can adopt one of those international students, where they can come on the weekend and spend time with your family and your children. And it's a great experience for children because in the future, it will not be out of the ordinary that your child may be working with someone from Japan, Brazil, some other place in Asia. That's the trend that's happening in community college. So having those students come is important. And, also, you need to understand not everybody who comes from another foreign country plays...are involved in athletics. [LB946]

PRESIDENT SHEEHY: One minute. [LB946]

SENATOR HARMS Thank you, Mr. President. They come there for a variety of reasons. And I would just...I'd tell you that I think what they are doing, both with international students and the question about assessment, international students play a valuable role in just rural Nebraska of having an understanding and being able to comprehend what it's like to live in America and for us to understand what it's like to have that culture in our community. Thank you, Mr. President. [LB946]

PRESIDENT SHEEHY: Thank you, Senator Harms. Members requesting to speak on LB946, we have Senator Avery, followed by Senator Sullivan, Senator Price, and Senator Louden. Senator Avery. [LB946]

SENATOR AVERY: Thank you, Mr. President. I think I should say at the outset something about why I was one of the abstentions in the committee. I had reservations then about LB946 and I still have reservations, but I think it's important for me to say also that I probably will vote for this anyway. I realize the delicate negotiations that went into crafting this bill. I realize that it is a compromise and I understand what compromise means. It means that you don't get everything you want. But there are a couple of points

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that I want to make that I believe are worth your consideration before you vote. These are contained in the testimony of Marshall Hill who appeared before the committee representing the Coordinating Commission for Postsecondary Education. He pointed out that all of the current funding for community colleges, all \$87-some million, will continue to be distributed on the basis of the old formula. And that old formula was the one that caused all the grief. And it might not be a very good formula, but \$87 million will continue to be distributed on the basis of that formula. In that testimony Mr. Hill said that this is not forward-looking policy. So what LB946 proposes to do is to take what is a pretty creative part of the bill and use that formula to distribute new money, and that may not be very much money. Perhaps what we ought to be doing is distributing all of the funding based upon the new portion of the formula. That's one reservation that I have. If you do that, of course, it will mean that there will be losers and there will be winners, as is always the case with changes. The second reservation raised by Mr. Hill concerned new language that would permit the use of local tax funds for the issuance of revenue bonds for projects such as student housing, student centers, and things of that sort on the community college campuses. This is new, folks. Right now the way these capital projects are funded is through revenue bonds. So the guestion needs to be raised, are we ready to set a new precedent in how we fund these capital expenditures? Are we willing to use tax money to fund what we have previously funded with revenue bonds? A revenue bond, as you know, is where you take the funds generated by the use of these facilities, say residence hall...residence halls, student centers, and things of that sort, and you take the money and that goes to finance the bonds. Those are revenue bonds. That's how we do it now. What this will do will set a precedent of using tax funds to fund these new capital expenditures rather than to use revenue bonds. [LB946]

PRESIDENT SHEEHY: One minute. [LB946]

SENATOR AVERY: And I'm afraid that this is somewhere that we may not want to go because it might cause other institutions of higher learning in this state to seek to do the same thing. I want you to know what you're doing; that's why I raised these two reservations. Thank you, Mr. President. [LB946]

PRESIDENT SHEEHY: Thank you, Senator Avery. Senator Sullivan. [LB946]

SENATOR SULLIVAN: Thank you, Mr. President. Good morning, colleagues. As a member of the Education Committee, I stand in strong support of LB946, and certainly commend Senator Adams for his diligence and stick-to-it-iveness in arriving at what we have before us today. The process that he used was to a certain extent of his choice. He wouldn't have had to reach out and collaborate, cooperate, and try to bring all the parties together, but he did. And the result of it is what you have before us today. And it is a buy-in on the part of all six community colleges, community colleges that are so important to this diverse state, diverse work force needs. And that's the beauty of the

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community colleges. They can assess those needs at the local level and craft a response that works for those particular areas. Is what we have before us today perfect? I don't know if it was among us sitting senators or a former senator, but I can remember someone saying to me early on, since I've been down here, perfect is the enemy of good. This is not necessarily a perfect formula, but it is a good formula for right now. Speaker Flood said earlier that five years from now we'll look back on this as being very farsighted and something that was looked upon by the nation as a good step. I also asked, though, Senator Adams and the committee if this was the formula that we might be looking at ten years from now or would we possibly be looking in the interim of changing the formula. And he sort of smiled and he said, well, it might be as soon as five years. This is not a perfect formula, but it is the formula that we have before us that has been agreed to by the six community colleges and it is a good formula that we should support. Thank you. [LB946]

PRESIDENT SHEEHY: Thank you, Senator Sullivan. (Visitors introduced.) Senator Price. [LB946]

SENATOR PRICE: Thank you, Mr. President. Good morning, colleagues, or afternoon, depending on how you look at it. I just want to rise in support of this. Obviously, things in the community college system had been a little bit hectic in past years, and it's good to see the sides coming together and finding agreement, that we don't have a feud that's tearing apart something that's so fundamentally important to the well-being of our state. I know it may be hard to believe but not every student really wants to go to college when they graduate...to a four-year institution when they graduate from high school. And out there looms this community college system that might just be something that they can achieve, that they can believe in themselves to go to; or maybe they want to learn a trade. So this fills a very vital part of our state's needs. And I kind of wish we had more vocational education going on in high schools. There's a tremendous need just in hearing from the sewer separation project in Omaha where they're trying to make sure that they have enough qualified candidates to take the jobs that are going to be available there. There are jobs in many heavy construction areas where they're having a difficult time finding a work force, and the community college provides that. And I stand before you today as a product of community colleges, because the first time I went to college I got a little distracted, as wont to happen to young men, and I was able to get back on the right track by going to a community college. And from that community college effort I was able to go into the service with a little higher pay grade. And then with a little more confidence, I could go back to school again, finally use another community college to get an associate's degree, and from there to roll on to my bachelor's degree finally, and now working on my master's. It isn't that I couldn't do it before but having the confidence to do it. And to have that in your local community, to have that in your state for our citizens is tremendous, both at the younger end and I do believe at the older end. We have many returning students that go to community college, particularly in the metro area. And we need this vital capability in our

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communities. And I'm very appreciative of all the effort Senator Adams and the committee has gone through. I appreciate what Senator Avery had to show us and why he was not voting out with an aye in committee. But, again, I'm going to support this and I hope that the rest of you can too. Thank you. [LB946]

PRESIDENT SHEEHY: Thank you, Senator Price. Senator Louden. [LB946]

SENATOR LOUDEN: Thank you, Mr. President and members. As we've had our discussion about funding for community colleges and going forwards with it, what I've pointed out and as Senator Adams has mentioned that we have these colleges out there, they have dormitories and that sort of thing for people that live a long ways off. To me that's a different kind of proposition for those people in that area to have places to stay in order to go to school because some of those towns aren't all that big and they're...and the facilities available for staying there aren't adequate. Here's my problem is, is when we bring people in from California or someplace to play basketball. We recruit those people so that the Cougars can have a winning basketball team. It's been done for years. It's been done all the time. And some of those people there will come in, they'll play basketball for a couple of years. And what they're trying to do is to get a little more experience and they either move into another college or else they try and go out on a semipro team or something like that. That's altogether different. That isn't educating our local people to increase their earning capacity for the areas. I think community colleges do a great job of that. Our nursing facilities and stuff out there in western Nebraska rely heavily on those people that get their education through the community colleges. Also a lot of mechanical parts people are educated there and that sort of stuff. There isn't one of those that probably played any sports. My problem is, is when we set this up, then we are using taxpayer dollars, we're using property taxes. And when we say we don't affect property taxes in the Legislature, you're completely wrong because as long as we're allowing that, allowing those community colleges to set up an amount of money that they wish to set aside for other activities, then we are affecting the property tax. The thing was set up years ago and the state was supposed to fund about two-thirds of the community colleges. I think Terry Carpenter put amendments on it at the time they were funded that they would be entirely funded by state funding and it was never...it never did get passed through, so it has been on property taxes. Now the way this is set up and the way I understand it, Senator Avery described it to us, property tax for community colleges will never be lower than 11.25 percent for some of those western colleges and those colleges that have a lot of agricultural land in there, mostly because they can use that money now for construction and to pay off bonds and work through their colleges. So we know we are affecting property taxes on the rural areas. The rural areas, the farmland and the ranch land has increased considerably in value compared to your commercial or your residential property. So now we know who's going to pay the bill. It's going to be agriculture is going to pick up the tabs on this because the mill levy stays the same; the valuations go up and the mill levy stays the same. That has not been addressed in this bill. I'm sure

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they worked hard to get something agreed because when I came down here ten years ago, Synowiecki and I had to debate on how we were going to fund community colleges. And back then he was bound that it was going to be funded on a per-pupil basis, state aid should be divided up on a per-pupil basis. And when I think we come along with a bill a few years ago that state aid would be divided up something like our K-12 aid is divided up among the poorer districts are supposed to get more, and that didn't last very long till Metro was uptight about that. So we have problems here. [LB946]

PRESIDENT SHEEHY: One minute. [LB946]

SENATOR LOUDEN: I don't know if LB946 is going to solve it. But just as I see here, property taxes are going to go up. Thank you, Mr. President. [LB946]

PRESIDENT SHEEHY: Thank you, Senator Louden. Seeing no additional requests to speak, Senator Adams, you're recognized to close on LB946. [LB946]

SENATOR ADAMS: Thank you, Mr. President. Members, thank you for the kind comments, the good questions. Let me summarize and at the same time try to respond to some things. This is not the formula that if I had my way and I didn't have to look for consensus that I would have had. I've been at this for three and a half years, maybe more, actually more. When we started out in August, this isn't where we started, but this is where we ended up. Senator Sullivan said it. It's not a perfect formula. If I could dictate, which gets me nowhere, it would have looked a bit different. This is one that all six could agree to. Do all six gain something? Yes. Do all six give something up? There it is, the definition of compromise. Could we be back at this two years from now, five years from now? Quite possibly. Property taxes going up. If you look at the history of the wars that we have had over this formula, the reason they haven't been is because the colleges don't want them to go up. That's why we've been fighting over how this aid ought to be distributed. And in this bill, we are putting an 11.25 cent cap on them, which has not existed prior to that, and the capital falls under that. I can't dispute Senator Louden's comments about ag. That's happening in the K-12 world too. I can't dispute that. Now am I going to stand here and tell you though that the board of governors in our more western, more ag-oriented community colleges don't care? I don't buy that. If they didn't care, we wouldn't be fighting over this for four years. They care about what those property tax levies are. Let me reiterate something else. If in the next biennium the Appropriations Committee does not put one new dollar over that \$87 million to community colleges, then that \$87 million will simply be divided up on a percentage basis as it is divided up right now. The formulation that I described to you of \$500,000 annually going into Program 99, of 25 percent being divided equally, another 30 percent going out in REUs and 45 percent in FTEs, that is for the new money over and above the \$87 million if the day comes that this Legislature can do that. And I have heard it a multiple number of times here on the floor and you're right, ladies and gentlemen. The

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community colleges are critical. They are critical to work force development. They are critical to our goal of getting as many kids as we can into some kind of postsecondary experience. If we can fund them more, if we can fund them more, we'll try. And if there is new money, it will be distributed unto this methodology. There are no amendments on this bill right now. There are potentially some technical amendments dealing with the composition of the Program 99 that we may have to bring on Select File. I'm working with Central Community College right now on an... [LB946]

PRESIDENT SHEEHY: One minute. [LB946]

SENATOR ADAMS: ...issue that they have. We'll see what happens. I thank you for your support at this point. And again I reiterate: Perfect? No. Final solution? Like to think so. But it gets us beyond where we have been in the last four years. Thank you, Mr. President. [LB946]

PRESIDENT SHEEHY: Thank you, Senator Adams. You have heard the closing. The question before the body is on the advancement of LB946. All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB946]

CLERK: 40 ayes, 1 nay, Mr. President, on the advancement of LB946. [LB946]

PRESIDENT SHEEHY: LB946 advances. Mr. Clerk, do you have items for the record? [LB946]

CLERK: I do, Mr. President, thank you. Enrollment and Review reports LB426, LB310, and LB612 to Select File with Enrollment and Review amendments attached. Judiciary Committee, chaired by Senator Ashford, reports LB985 to General File. Senator Cornett, an amendment to LB426 to be printed. Hearing notices from the Transportation Committee, the General Affairs Committee, and the Executive Board, signed by the respective Chairs. That's all that I have, Mr. President. (Legislative Journal pages 366-374.) [LB426 LB310 LB612 LB985 LB426]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. We'll now move to the first item under General File, LB216. [LB216]

CLERK: LB216 is a bill introduced by Senator Coash. (Read title.) It was introduced on January 10 of last year, at that time referred to the Transportation and Telecommunications Committee. The bill was advanced to General File. There are committee amendments. (AM878, Legislative Journal page 1157, First Session, 2011.) [LB216]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Senator Coash, you're recognized to open on LB216. [LB216]

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SENATOR COASH: Thank you, Mr. President. Good morning, colleagues. I'm going to talk to you a little about...I'm going to talk to you about LB216, and my comments are going to reflect some of the changes that the committee amendment takes care of. And, for the record, I do support the Transportation Committee's committee amendment. I introduced LB216 for a reason. And it's a bill that allows for owners of special interest motor vehicles to display one plate in the rear of their vehicles under very specific conditions. This is not a new concept as this bill would put Nebraska in the company of six other states. And, colleagues, you're getting a color handout now that will illustrate that. Nebraska currently allows for one plate if the vehicle is registered as a historic vehicle. So you can have historical plates. This bill simply extends the historical plate provisions to owners of special interest motor vehicles. I introduced this bill in response to Nebraska vehicle owners of special interest because currently these car owners must place license plates on both the front and the rear of their vehicles. And many of these special vehicles do not have a front plate frame. Thus, in order to comply with current Nebraska law, owners must drill holes in their cars in order to place the plate on the front of their vehicles. This can damage the integrity of their vehicle and it brings down its value. That's what this bill does. Let me be clear about what this bill does not do. It does not allow for just anyone to display just one plate. It doesn't do that. In addition, it does not create a special type of license plate that we may be used to seeing, such as Husker plates or Purple Heart plates. There have been previous bills that would do that and put Nebraska into 20 other states that are in red in your handout, but this is not one of those bills. These bills have always been opposed by law enforcement. Law enforcement likes to see two plates because they want to be able to see who's coming and who just went by them. But this is not that bill. This is not...and I'd like you to refer to your committee statement. If this were one of those bills, you would have seen pretty vehement opposition from the law enforcement community. As it turns out, nobody testified in opposition of LB216. Law enforcement has come to the realization that owners of special interest motor vehicles are not the criminals they are concerned about. In addition, these plates are going to look at little different, so law enforcement is going to be able to tell whether the DMV is allowing you to display only one plate. LB216 authorizes qualified special interest motor vehicles to carry one plate on the rear of their vehicle. This vehicle will be defined as that which is being collected, preserved, restored, or maintained by the owner as a leisure pursuit and not for general transportation. Here are the parameters put forth in this bill and the committee amendment. A single-plate vehicle may only be driven under these following conditions: it cannot be used for day-to-day use; it cannot be used for business or to drive to and from work; it can be driven on the public streets and roads only for occasional transportation, public displays, parades, and related pleasure or hobby activities. Here's how this bill works. In order to obtain the single-plate exemption for a special interest motor vehicle, the owner must do the following: make an application to DMV which includes the make, body type, model, serial number, and year and manufacture of the vehicle. In addition to the regular licensing fee, the owner is going to pay an extra

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\$50--\$25 which goes to the DMV and \$25 which goes to the Highway Trust Fund. Again, colleagues, we're not going to see somebody pay an extra 50 bucks just to put...for the privilege of putting one plate on their vehicle unless that vehicle is being kept by that owner for the purposes I outlined before. I want to draw your attention to the fiscal note. The fiscal note notes a one-time expenditure of \$2,600 cash funds to modify the vehicle titling and registration and plate management computer system to accommodate these new plates. However, in the years thereafter the \$50 fee per single-plate applicant will provide the revenue to both the DMV Cash Fund and the Highway Trust Fund and so we'll be covering our costs. Now the Fiscal Office has estimated that they would get only a hundred applicants per year. And I do think that may be a modest prediction, but we'll just have to see. With that, colleagues, I would ask for your support in LB216. Take a look at the committee amendment that's to follow, that becomes the bill. And, again, I am supportive of that committee amendment and I would appreciate your favorable consideration. Thank you, Mr. President. [LB216]

PRESIDENT SHEEHY: Thank you, Senator Coash. You've heard the opening to LB216. As was noted, there is a Transportation and Telecommunications Committee amendment, AM878. Senator Hadley, you're recognized to open. [LB216]

SENATOR HADLEY: Mr. President, members of the body, the committee amendment, AM878, strikes the original sections and becomes the bill. The amendment makes several technical changes to the special interest plates and the process involved. First, the amendment changes one type of plate from consecutively numbered plates to an alphanumeric designation. This is to deter any duplicate identification numbers with other types of plates that are consecutively numbered. Second, the amendment exempts a motorcycle or trailer from being eligible for a special interest plate. These types of vehicles are currently required to have only one license plate. Subsection (5) of the amendment simplifies the application process by no longer requiring a list of other vehicles owned by the applicant, proof of membership in a car club or an affidavit swearing to the limited use of the vehicle. In discussion with the DMV, administrators were not concerned with this information and felt it was not necessary for the application. The committee amendment inserts a new subsection (10), which outlines the purposes and use of a special interest vehicle, specifically that it may not be used for a business or regularly for transportation to and from work. The subsection goes on to list allowed use, effectively distinguishing a special interest motor vehicle from a vehicle licensed through the normal process. Subsection (11) adds a penalty provision to make it a Class V misdemeanor for a violation of this section. Subsection (12) of the amendment provides a definition of a special interest motor vehicle. The definition helps provide clarity that a special interest motor vehicle is not to be used for general transportation purposes. Finally, the amendment provides an operative date in order to give the DMV time to make the necessary changes to its VTR system. I would ask for support of AM878 and LB216 as amended. Thank you, Mr. President. [LB216]

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PRESIDENT SHEEHY: Thank you, Senator Hadley. You've heard the opening of the Transportation and Telecommunications Committee amendment, AM878. Mr. Clerk, do you have an amendment to the committee amendment? [LB216]

CLERK: I do, Mr. President. Senator Coash would move to amend the committee amendments with FA30, Senator Hadley, I'm sorry. Excuse me. (Legislative Journal page 375.) [LB216]

PRESIDENT SHEEHY: Senator Hadley, you're recognized to open on FA30. [LB216]

SENATOR HADLEY: Mr. President, members of the body, this is just to change the date because it had...we heard the bill last year and it had an incorrect date in it. Thank you, Mr. President. [LB216]

SENATOR SHEEHY: Thank you, Senator Hadley. You've heard the opening to FA30. Members requesting to speak: Senator Dubas, followed by Senator Wightman, and Senator Krist. Senator Dubas. [LB216]

SENATOR DUBAS: Thank you very much, Mr. Lieutenant Governor. Would Senator Coash yield to some questions? [LB216]

PRESIDENT SHEEHY: Senator Coash, would you yield to Senator Dubas? [LB216]

SENATOR COASH: Yes, I will. [LB216]

SENATOR DUBAS: Senator Coash, you kind of outlined how these vehicles can be used on the streets, but you haven't really talked about the types of vehicles, specifically make, model. I mean, this was an eye-opening hearing for me. I learned a lot. So why is it so important that the vehicles that would be eligible to use this legislation, why is it so important for them to just have one license plate? And if you could explain the types of vehicles I think that would be helpful. [LB216]

SENATOR COASH: Sure. Senator Dubas, I would categorize the types of vehicles that would utilize this mechanism in one of two categories. And the first category would be custom hot rods. And these are vehicles that you would only find at car shows and in parades. And these are vehicles that are typically fairly old, but have been retrofitted with new paint jobs, colorful paint jobs, new engines. People who really get into rebuilding engines are going to do this. And they typically like to put this fiberglass in places where you probably wouldn't normally see fiberglass in the original model, which makes it aesthetically unpleasing to the eye. So these guys would prefer not to have to put that front plate on their vehicles. That's the first type. The second type of vehicle that is typically...that I would see taking advantage of these provisions is the high-end sports cars. And these are cars who are now being rolled off of the assembly line in Detroit

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without the hardware that you typically see to modify and put your front plate on there. And so what these owners are having to do currently under the law is drill holes into their fiberglass in order to comply with that. The manufacturers are not making it easy. And so you either have to devalue your car by putting those holes into it or spend a lot of money. And the reason the manufacturers aren't doing that, and it refers to my handout, is because most states don't require it. And so they figured if most states don't require this, they're not going to go ahead and put that on there. So one of those two types of vehicles are probably the ones that are going to take advantage of this. [LB216]

SENATOR DUBAS: So the types of vehicles you're talking about are not typically cars that you are going to drive to work or use for groceries or hauling your kids around or anything like that? [LB216]

SENATOR COASH: No, Senator Dubas. These are not your daily drivers. These are the vehicles that people buy to take out on very limited time. You know, the owners of these vehicles don't put a lot of miles on them. And when they do they're going to parades and car shows and they're participating in those kinds of activities. And they don't put a...I can tell you, they don't put a lot of miles on them. [LB216]

SENATOR DUBAS: And then you reference that, you know, some of them are the high-end custom rods and then the very high-end sports cars. So they're investing a lot of money into these vehicles and typically do some trading and things like that with them. So by having two plates on them, does that impact their ability to get the full market value out of these vehicles? [LB216]

SENATOR COASH: Well, certainly, Senator Dubas, if you've drilled something into the integrity of your vehicle, it's going to devalue it. And, you know, most of our neighboring states don't require that. So if you sell your vehicle to one of the neighboring states, they're going to pull the front end off and have two big gaping holes in the front of their vehicle that they're not going to want to see. The other type of vehicle that you might see is some of the foreign import cars, high-end sports cars like the BMWs, for example. They're not coming with the front plate hardware either. [LB216]

SENATOR DUBAS: All right. Thank you, Senator Coash. I would yield the remainder of my time, should you need it. [LB216]

PRESIDENT SHEEHY: Senator Coash, you have 1 minute. [LB216]

SENATOR COASH: Thank you, Senator Dubas. Briefly, I want to clarify a grammatical error I made in my opening statement. The cash fund was actually \$26,000, not \$2,600 as I had mentioned before. One of the things that maybe I can answer for my colleagues is how would we make sure that, you know, the owner of a Honda Accord from 1985 isn't going to want to put one plate on his car? Well, I would answer this by

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saying, if you're going to pay an extra \$50 just so you can put one plate on the back of your Honda, I don't see that as being a very practical thing. We are asking the owners of these cars to pay quite a bit more money for this privilege in a state that's already pretty expensive to license your car anyway. And so not every owner is going to take advantage of this simply for the cost. But for those owners who want to just put one plate on them, we're going to make them apply to the DMV and pay an extra fee in order to do that. So hopefully that takes care of some of the concerns that some folks may have. Thank you, Mr. President. [LB216]

PRESIDENT SHEEHY: Thank you, Senator Dubas. Thank you, Senator Coash. Senator Wightman. [LB216]

SENATOR WIGHTMAN: Thank you, Mr. President, members of the body. I just have one question of Senator Coash if he would yield. [LB216]

PRESIDENT SHEEHY: Senator Coash, would you yield to Senator Wightman? [LB216]

SENATOR COASH: Yes, I will. [LB216]

SENATOR WIGHTMAN: And maybe while I was visiting with someone else you clarified that. But I think you said, \$2,625 on the fiscal note. And I think you misspoke and it should be \$26,250. [LB216]

SENATOR COASH: That's correct, Senator Wightman. I did clarify that in Senator Dubas' time. [LB216]

SENATOR WIGHTMAN: Excuse me. [LB216]

SENATOR COASH: It is a cash fund transfer in order to allow the DMV to redo their computer system. And they obviously have the cash funds. And then the ongoing fees from these owners will continue to fund those costs ongoing. [LB216]

SENATOR WIGHTMAN: Okay, okay. I apologize if that had already been asked. Thank you, Mr. President. [LB216]

PRESIDENT SHEEHY: Thank you, Senator Wightman. Senator Krist. [LB216]

SENATOR KRIST: I'd like to address a question with Senator Hadley and this should be fun. [LB216]

PRESIDENT SHEEHY: Senator Hadley. [LB216]

SENATOR HADLEY: Yes. [LB216]

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SENATOR KRIST: Senator, in this bill do I understand that the use of one plate on a vehicle, that you would have to pay for, is limited to a certain kind of vehicle or specialized vehicle? [LB216]

SENATOR HADLEY: Senator Krist, that is right. In (12), I believe I can get to it here, we talk about the definition of it. And the idea is that this is not for cars that are used in normal, everyday transportation. It's for special use vehicles, which means that they are used infrequently on the roads and not used for your normal, everyday transportation. The current law would still be that for normal, everyday transportation vehicles two license plates would be required. [LB216]

SENATOR KRIST: Thank you, Senator. Thank you, Mr. President. [LB216]

PRESIDENT SHEEHY: Thank you, Senator Krist. Seeing no additional requests to speak, Senator Hadley, you're recognized to close on FA30. [LB216]

SENATOR HADLEY: Mr. President, I believe the amendment speaks for itself. It clarifies the many items in the original bill and it does become the bill. I would ask for your support of AM878. [LB216]

PRESIDENT SHEEHY: Thank you, Senator Hadley. You have heard the closing. The question before the body is on the adoption of FA30. All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB216]

CLERK: 36 ayes, 0 nays, Mr. President, on adoption of the amendment to the committee amendments. [LB216]

PRESIDENT SHEEHY: FA30 is adopted. We will now return to floor discussion on the Transportation and Telecommunications Committee amendment. Seeing no requests to speak, Senator Hadley, you're recognized to close on AM878. [LB216]

SENATOR HADLEY: Again, Mr. President, thank you. AM878 is the committee amendment. And, basically, it strikes the original section and becomes the bill. And the amendment makes several technical changes to the special interest plates and the process involved. With that, I would ask for your vote aye on this amendment. Thank you, Mr. President. [LB216]

PRESIDENT SHEEHY: Thank you, Senator Hadley. You've heard the closing on the Transportation and Telecommunications amendment, AM878. All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB216]

CLERK: 38 ayes, 0 nays, Mr. President, on the adoption of the committee amendments.

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[LB216]

PRESIDENT SHEEHY: AM878 is adopted. Mr. Clerk, you have an amendment on your desk. [LB216]

CLERK: Senator Pahls would move to amend with AM1701. (Legislative Journal page 375.) [LB216]

PRESIDENT SHEEHY: Senator Pahls, you're recognized to open on AM1701. [LB216]

SENATOR PAHLS: Mr. President, members of the body, needless to say, I was tickled to death when I saw this bill come forth because I have three vehicles, if this bill does pass, I have three vehicles that I can utilize because of my experience as being a Keystone Cop in the Shrine and various other activities. So I am, of course, for this bill. However, AM1701 strikes the original bill and any of its amendments. But the current elements of that bill is in this particular amendment. And you can find that on page 7, 22, 27, and 30. And let me explain a little bit what this amendment does. This replaces Nebraska's current requirement that motor vehicles have two license plates, one on the front and one on the back. Under this bill, each owner has the opportunity to decide whether to continue under the current two license scheme. Now this is where you'll see a reason why. If the one owner chooses to use one plate on the rear of the vehicle, the fee is \$70, and the plate shall contain a special decal designed by the Department of Motor Vehicles indicating that the vehicle is authorized for only one license plate. Now I would also emphasize this becomes operative on January 1, 2013, but it sunsets on January 1, 2017. And the reason why I put the sunset in there is, and I hope you'll find out, is that is when the new plate is issued. And that sort of seemed like a logical place to sunset something if you're trying to make a change. Again, any vehicle, if you want one license plate you must be willing to pay all the fees plus the additional \$70, which would go in the Highway Trust Fund. It's that simple. I'm just going to tell you a couple, because I've read the transcripts of the hearing on the good Senator Coash's bill and several other bills. This bill has many of those attributes or parts of the discussion that went up on during the hearing. And I also want you to take a look at the map that Senator Coash provided. And you can see the number of states that have one license plate. Those are the states in red. Now just to give you a little story about this, about 40-some years ago I moved from Kansas, a red state where you had one license plate, and I had that for 20-some years. Well, I moved to Holt County and then I go to get my plates and they said, well, you need two. And it sort of caught me a little bit off guard. That's a long time ago, so my interest was piqued a long time ago. But again, you have law enforcement agencies have a concern about this. And I understand that. But I think the \$70 is going to limit those people and I'm assuming, if I happen to be a law enforcement officer and I saw a car coming towards me and it had no plates at all, I probably would question that. So that may even alert me more to trying to find out if there is anything happening in that car that should not be. So I view it in a different

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direction as I need the one to identify. And I do understand their concern. But in this short period of time that we would do this, this would allow the officers to start really collecting information about, oh, I needed that for this or that. I know right now in the discussion they said that they had noticed around 1,500 vehicles and they notice, by looking at the front of that vehicle, they could identify something was wrong. But I'm saying that there...just the number of cars without front plates would bring my attention if I happened to be in that field. Again, one license plate, a special decal would have to be placed on that license plate to make sure that you just don't arbitrarily say I'm going to have one plate. There was a concern about people backing into the parking slots. I think the city council probably in many cities probably have rules already in place that that's not permissible. I think we can work these out. I'm asking for, let's say, a small period of time to see whether this does make sense. Apparently it is making sense in 19 states. And as I look over the map, I see parts of the United States that are what I call the conservative bent that seems to be doing okay, seems to be making it work, they seem to be making it work, the law enforcement. And when was the last time a motorcycle went past you? Did you see the front license plate on the motorcycle? No, they do not have any. Thank you. [LB216]

PRESIDENT SHEEHY: Thank you, Senator Pahls. You've heard the opening of AM1701. Members requesting to speak, Senator Hadley, followed by Senator Krist, and Senator Coash. Senator Hadley. [LB216]

SENATOR HADLEY: Mr. President, members of the body, I'd just like to give some information to the body regarding Senator Pahls's amendment. This is actually a bill we've heard in the Transportation Committee I believe twice since I've been on it. A bill has been brought to go to a one plate system. And, obviously, the cost is one of the reasons the one plate system was brought to us. It would cost, the idea was, it would cost the people less to have one plate. The people against it I can break down into two categories. One was law enforcement. And we had sheriffs and the police departments in talking to us. And I believe we might have had the State Patrol, but I'm not sure. Their arguments were such as that especially with parked vehicles, if you only have one plate it could be difficult for the law enforcement officer sometimes to see the one plate. The second argument was that on the interstate and the highways they now have sophisticated cameras that can take pictures of either the front or the back license plate to do license plate checking. And these cameras are tied in, I believe, with their computers so that they can do checking on stolen vehicles and such as that. And they are geared to check either the front or the back license plate. The other people that we had in to testify, I believe we had the convenience store owners who talk about that their systems are set up around the state in a camera system to take a picture of either the front or the back license plate of cars that are getting gas to get...because of "driveaways," which costs the industry a tremendous amount of money and costs us a tremendous amount of money. I believe, I'm sure there were two bills that we've heard and neither bill has been voted out of the Transportation Committee. I just wanted to

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give that information to the body that this concept has been looked at in Transportation and Telecommunications and has not been voted out of the committee. Thank you, Mr. President. [LB216]

PRESIDENT SHEEHY: Thank you, Senator Hadley. Senator Krist. [LB216]

SENATOR KRIST: Thank you, Mr. President. Good morning again, Nebraska and colleagues. I'd like to refer you to page 8 of the bill, line 18, number (12). It says, "For purposes of this section, special interest motor vehicle means a motor vehicle of any age which is being collected, preserved, restored, or maintained by the owner as a leisure pursuit and not used for general transportation of persons or cargo." Now I believe that Senator Hadley accurately reflects the will of the Transportation Committees', not just present but past, who have heard requests to allow a one plate system to be initiated. I think that that particular paragraph is going to be a tough enforcement issue and there's going to be some arguments. And let me give you some examples. My son and I both have matching 1988 BMWs, mine is a convertible, I paid more for mine. And his coupe, both red, both of them came without front license plate holders because it was a European bumper. We had to go to some expense to put a license plate holder on the front. If this passes, I'll go to the same expense to reverse it, to bring it back the way that it was before and I'm sure he will too. But when I take off for three consecutive days in my convertible this summer, which I'm not using going back and forth to work, a law enforcement officer has a decision to make--does this man use this vehicle more than what would be determined? "Special interest motor vehicle means a motor vehicle of any age which is being collected, preserved, restored, or maintained by the owner as a leisure pursuit and not used for general transportation of persons or cargo." What is "general transportation of persons and cargo"? If we're going to allow this to happen, and I'm a proponent that it would, it's out on the floor, it's out for debate. The will of the Transportation Committee was not to bring this to the floor, but it is here now. My contention would be that if I had...if Senator Lautenbaugh's bill goes through and we get our pay all increased to \$150,000, like it should, I'll probably go buy that 2012 BMW and it will not have a license plate holder on the front of it and I would not put one on. But I will drive it as much as the wheels will allow me to drive it. So my point is that I believe that this paragraph is going to be an issue. I think Senator Pahls has hit the nail right on the head. If you want to pay for that, it will be a certain category of vehicle that will have the privilege of doing that. And you'll have to pay more. And, no, I don't think it's a class issue. I think it's you have your priorities. And again, it will demonstrate the leisure portion of it. But that is my current thought. I think there's a lot of vehicles out there that are restored, that are used more than just...that are used, potentially, for general transportation during certain seasonal times, and mine would be. If there's a snowflake or it rains, I don't choose to drive it. But other than that, I would choose to drive it when the weather permits. So by definition I think that it has an issue. That doesn't mean that in the final analysis that I'm going to spend all my equity trying to cash out on making sure Senator Coash's proposal doesn't go forward, because if the

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body's will is to make that happen, I would support that. But I would think we need to have a discussion because you're going to hear from your constituents. What is "specialized"? Why can't I do that for my new vehicle? I spent a lot of money to do that. And, oh, by the way, and I'll tell you that this is correct, this is not a number that I... [LB216]

PRESIDENT SHEEHY: One minute. [LB216]

SENATOR KRIST: ...that I...thank you, Mr. President,...this is not a number that I bring up. To put a license plate holder on a vehicle that one might use seasonally, like a Porsche convertible or Porsche convertible, I'm sorry, or a BMW convertible, there is a devaluation of the vehicle by virtue of the fact that you're doing something different to the vehicle than what was intended. And proof in the pudding here is that I went out and spent money on an additional bumper that allows to have that on there. So either way it's going to be an additional expense. And I know, woe is me. But the point is we should have the discussion on whether or not it's just specialized vehicles or, as Senator Pahls suggested, it should be a one plate system in some cases. Thank you, Mr. President. [LB216]

PRESIDENT SHEEHY: Thank you, Senator Krist. Senator Coash. [LB216]

SENATOR COASH: Thank you, Mr. President. Would Senator Pahls yield to a few questions? [LB216]

PRESIDENT SHEEHY: Senator Pahls, would you yield to Senator Coash? [LB216]

SENATOR PAHLS: Yes, I would. [LB216]

SENATOR COASH: Thank you, Senator Pahls. And you talked about this in your opening, but I want to make sure that...we may need to repeat some of the provisions of this amendment just so that our colleagues can understand what it is they're asking to be voted on. Under AM1701 you're going to have the option to pay \$70 and if you pay that \$70, regardless of the type of vehicle that you want to license, you will get a sticker and that will allow you to put just the rear plate on. Is that correct? [LB216]

SENATOR PAHLS: Right, a decal that's authorized through the Motor Vehicle Department. [LB216]

SENATOR COASH: But under my bill that we just amended through the committee amendment, it's a specialty plate that delineates a special interest motor vehicle. Does your amendment do anything to those provisions? [LB216]

SENATOR PAHLS: No, my...as this amendment was drafted, it was to leave all aspects

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of your bill in place. [LB216]

SENATOR COASH: Okay. Thank you, Senator Pahls. I just...colleagues, you can make your own decision on how you want to support Senator Pahls's bill. I want to tell you about the process that I went through when I introduced...the hearing process, LB216. I don't serve on the Transportation Committee, but it's my understanding that letting the state go to a, I believe, it's a red state, from your handout here, is a bill that's introduced pretty frequently in the Nebraska Legislature, never makes it out of the committee, and that is, to my understanding, usually because of the reservations that law enforcement has. Law enforcement wants to make sure that they can always see you coming or going. When I talked to them about the concepts that I put forth in LB216, I think law enforcement understood that the people that they are worried about, the people who would hold up a gas station and then speed away and they want to be able to see that car when they're meeting them and when they're chasing them and see if it's the same vehicle that held up the gas station, those are the people that they're worried about. And the people who are identified very specifically in LB216 are not the folks that law enforcement is concerned about. And therefore they said, you know what, we can live with that. We can live with the fact that we understand that we are going...we have a certain people that we're looking for, and those are the criminals, and it's certainly not the people that are going to be paying an extra \$50 under LB216. And so they stayed away. And I appreciated that because I think that they were starting to understand that, you know, the special interest motor vehicles are a special segment of the population. And it doesn't coincide with the segment that they are interested in, which are those who would break the law. Here's where I am with regard to this amendment. I'm not going to support it because I believe that this bill or this concept has been in front of the Transportation Committee several times. Transportation Committee has said how they want to address this issue and I have to respect that process. And I will yield the remainder of my time to Senator Hadley. [LB216]

PRESIDENT SHEEHY: Senator Hadley, you're yielded 1 minute 20 seconds. [LB216]

SENATOR HADLEY: Mr. President, members of the body, I am going to not support AM1701 because I...this has been heard, I believe, twice in committee. And as Senator Krist said, we need to have a full discussion of this. And I believe that the idea of making the dramatic change to potentially all cars... [LB216]

PRESIDENT SHEEHY: One minute. [LB216]

SENATOR HADLEY: ...on the highways going to one plate is something that I think the full committee process with input again from proponents and opponents. Senator Coash's bill are the small number of special interest vehicles that are not going to be driven on a daily basis, that are a special interest that will have the one plate. I think it is a significant leap then to go to a system, a one plate system without having a formal

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hearing again and hearing from the proponents and opponents of this concept. Thank you, Mr. President. [LB216]

PRESIDENT SHEEHY: Thank you, Senator Hadley. Mr. Clerk, do you have items for the record? [LB216]

CLERK: I do, Mr. President. New resolution: Senator Bloomfield offers LR386 asking the Legislature to extend its sympathy to the family of Henry Trysla. Mr. President, name adds: Senator Hadley would like to add his name to LB1118; Senators Hadley, Karpisek, and Seiler to LB998; and Senator Council to LB507. (Legislative Journal pages 375-376.) [LR386 LB1118 LB998 LB507]

I do have a priority motion, Mr. President. Senator Cook would move to adjourn the body until Tuesday morning, January 31, at 9:00 a.m.

PRESIDENT SHEEHY: You have heard the motion to adjourn until Tuesday, January 31, at 9:00 a.m. All those in favor say aye. Opposed, nay. We are adjourned.