SANDERS: Welcome to the Government and Military Veterans Affairs Committee [SIC]. I am Senator Rita Sanders from Bellevue representing District 45, and I serve as the chair of the committee. The purpose of the public hearing is an information gathering endeavor in which senators on the committee are seeking information about the proposed legislation that we do not know or do have not thought about. It allows individuals representing themselves or a group to share their unique perspective on a proposed measure. It also serves as a record about the proposal for future historical and legal purposes. A key component of the process is the ability for senators to engage directly with testifiers to ask questions and elicit clarification on information provided. The committee will take up bills in the order posted. If you are planning to testify today, please fill out one of the green testifier sheets for each bill that you are testifying on. These are on the table in the back of the room. Be sure to print clearly and fill it out completely. When it is your turn, please come forward to testify. Give the testifier sheet to the page or to the committee clerk. If you do not wish to testify but would like to indicate your position on a bill, there are also yellow sign-in sheets in the back of the room on the table. These sheets will be included as an exhibit in the official hearing record. When you come up to testify, please speak clearly into the microphone, tell us your name, and spell your first and last name to ensure we get a good, accurate record. We will begin each bill hearing today with introducer's opening statement, followed by proponents of the bill, then opponents, and finally by anyone speaking in the neutral capacity. We will finish with a closing statement by the introducer, if you wish to give one. We will use a three-minute system-- type-- light system for all testifiers. When you begin your testimony, the light on the table will be green. When the yellow light comes on, you will have one minute remaining, and a red light indicates your time has ended and an audible alarm will sound. Questions from the committee may follow. Also, committee members may come and go during the hearing. This has nothing to do with the importance of the bills being heard; it's just part of the process, as senators have bills to introduce in other committees. A few final items to facilitate today's hearing. If you have any handouts or copies of your testimony, please bring up at least 12 copies, give them to the page. If you do not have enough copies, the page will make sufficient copies for you. Please note that thumb drives, CDs, DVDs, oversized documents, books, lists of signatures, and similar will not be accepted as the exhibit for the record. Please silence or turn off your cell phones. You may be-- you may see committee members using their electronic devices to access more information. Verbal outbursts or applause are not permitted in the hearing room; such behavior may be cause for you to ask-- be asked to leave the hearing. Finally, committee procedures for all committees state that written position comments on a bill will be included in the record must be submitted by 8 a.m. the day of the hearing. The only acceptable method of submission is via the Legislature's website, legislature.nebraska.gov. Written position letters will be included in the official hearing record, but only those testifying in person before the committee will be included on the committee statement. I will now have committee members with us here today introduce themselves, starting on my far right.

GUERECA: Good afternoon. Dunixi Guereca. I represent Legislative District 7, which is downtown and south Omaha.

J. CAVANAUGH: Good afternoon. John Cavanaugh. I represent District 9 in midtown Omaha.

ANDERSEN: Good afternoon. I'm Bob Andersen. I represent District 49, which is northwest Sarpy County in Omaha.

LONOWSKI: Hello, I'm Dan Lonowski. I represent District 33: Adams County, Kearney County, and rural Phelps County.

WORDEKEMPER: Dave Wordekemper, District 15: Dodge County, western Douglas County.

F. MEYER: Senator Fred Meyer, District 41, six or seven counties north of Grand Island in central Nebraska.

SANDERS: Thank you very much. Senator Bob Andersen is the vice chair of this committee. Also assisting the committee today, to my right, legal counsel Dick Clark, and to my far left is committee clerk Julie Cash. We also have two pages with us at the committee today. They are Luke Perry from Gretna who is a freshman at UNO and majoring in history and political science, and Grace Harper from Loveland, Colorado who is a junior at UNL and majoring in political science. Thank you for your assistance today. And to-- with that, we will begin today's hearing on LB1147. Welcome, Senator Conrad.

CONRAD: Thank you, Chairwoman. Thank you, members of the committee. My name is Danielle Conrad, it's D-a-n-i-e-l-l-e, Conrad, C-o-n-r-a-d. I represent north Lincoln in the Legislature. I'm here to introduce LB1147. LB1147 requires that the Auditor of Public Accounts has the ability to investigate any impoundment of funds in which the governor withholds or delays funds appropriated by the Legislature. The bill directs the state Auditor to submit a quarterly report to the Legislature that includes a list of impounded funds, the date funds were impounded, the length of time the funds were impounded, the reason or explanation for impoundment, and the estimated fiscal, economic, or budgetary impact of the impoundment. The report would also include any additional information that the auditor deems to be pertinent. Under LB1147, a complaint alleging impoundment of funds may be filed with the Auditor by any member of the Legislature, a state agency, or an eligible recipient of public funds approved by the governor. The bill's primary goal is to provide the Legislature and the public with greater transparency and accountability regarding how and when an executive action affects or frustrates state appropriation decisions that have been duly authorized. Our state constitution is crystal clear, and court decisions, on numerous occasions, have further strengthened and solidified that the Legislature in Nebraska is the only branch of government with any authority to appropriate funds for the operation of state services. When the executive branch frustrates this purpose or limits this power through-- with impoundments or delays, it directly implicates the separation of powers and the Legislature's constitutional role. Additionally, it hurts important programs, services-- programs and services that Nebraskans rely upon. In recent years, the impoundment of funds in Nebraska has become, unfortunately, a reoccurring practice by this executive branch. The practice raises serious constitutional concerns, but it has continued, and the only information we have available to understand what is happening in this regard is through anecdotal press reports and whistleblower complaints to individual members of the Legislature. The impoundment, delay, and frustration of appropriations has not impacted any one particular geography or particular programmatic area. There have been credible reports over the past few years of Governor Pillen's administration impounding, delaying, or frustrating duly-authorized appropriations for economic development, for environmental issues, for agricultural benefit, for infrastructure, for domestic violence, for North Omaha, and those are just to name a few. I have full faith and confidence in the professional and good work of State Auditor Foley. I have communicated with him about this legislation. He would be here to offer his ideas and analysis, but he also has his budgetary hearing before the Appropriations this afternoon. I would direct the committee's attention to the fiscal note contained with LB1147: there is a $0 fiscal note. The Auditor's office anticipates that they can handle this direction and reporting through their existing resources, staff, and authorization. So, this would just provide clearly another opportunity for members of the Legislature, impacted Nebraskans, state agencies, and otherwise to know when duly-authorized appropriations are being withheld, frustrated, or delayed, and why, on a quarterly basis instead of forcing us to rely upon anecdotal whistleblower complaints and press reports. With that, I'm happy to answer any questions.

SANDERS: Thank you, Senator Conrad. Are there any questions for Senator Conrad? Will you be able to stay to close?

CONRAD: Don't think too hard. Yes, I don't, I don't anticipate a lot of folks coming in today. I am presently texting with Senator Bosn; I also have a bill up in Judiciary, so I'm trying to manage back and forth, but I, I plan to be here. Thank you.

SANDERS: OK. Thank you, Senator Conrad. Are there any proponents on LB1147? Any opponents on LB1147? Are there any testifiers in the neutral on LB1147? I see none. Senator Conrad, if you'd like to close. And position comments for the hearing today, for the record, LB-- on LB1147, 9 proponents, 11 opponents, and 0 in the neutral. And-- are they waiving closing? They're not staying?

GUERECA: Yep. She has-- she just snapped it--

SANDERS: OK. Thank you very much. OK. Did anyone time that? This closes now the hearing on LB1147.

GUERECA: That might have been a record.

ANDERSEN: That's got to be a record.

J. CAVANAUGH: We need that on Friday afternoons.

DICK CLARK: 9 minutes since we started.

SANDERS: Wow. OK. We'll now open on LB1170-- LB776. Who is--

GUERECA: I'm sure our colleagues will need a second to realize and catch up.

SANDERS: And we don't have Hallstrom in here, either. Do you want to turn off the recording device and talk amongst ourselves?

SANDERS: Make sure we're back on mic and recording. And we're good to go. Welcome. This begins the hearing on 11-- LB1176 [SIC]. Welcome, Senator Machaela Cavanaugh.

M. CAVANAUGH: Thank you, Chairwoman Sanders, and members of the Government, Military, and Veterans Affairs Committee. My name is Machaela Cavanaugh, M-a-c-h-a-e-l-a C-a-v-a-n-a-u-g-h. I don't know why I always look at my name spelled out like I'm going to mess it up. I represent District 6 in west-central Omaha. I'm here today to introduce LB776 regarding cash funds and the fees that support them. This bill really comes from my, my concern about the number of cash fund sweeps we've been seeing in the budget process, especially sweeps from funds that are built from fees the public pays for a specific purpose. These are, like, things like driver's license fees, birth and death certificate fees, licensing fees, charges people pay expecting them to be used for a particular service. LB776 is very simple: it requires each state agency to look at the fees it charges each year and determine whether those fees are enough, but not more than necessary, to cover the costs of the services. This analysis may already happen from time to time, but this bill makes it sure that-- makes sure that it happens regularly and in a consistent way. For me, this is about transparency and better information for the Legislature. If we're going to sweep cash funds, especially those supported by fees, we should at least know whether the fee is set at the right level. This kind of annual review would give the Appropriations Committee and the rest of the body more context before making those decisions. It also helps the public understand what they're actually paying for. This issue really became clear to me last year, when some of the proposed sweeps included the Unemployment Compensation Fund and programs like the Workers Compensation Court Fund. If there is money above what's needed, it's supposed to go towards reducing the fee the next year. The same basic concept applies to unemployment insurance. If there's a surplus, it would reduce the burden on the employers paying into the system. There are other funds with similar structures.

For example, the Dry Pea and Lentil Fund. Yes, I do love The Bean Bag, got to mention that whenever I can. It's the Dry Bean Growers periodical, quarterly periodical. If you don't get it, highly recommend it. It's supported by what's technically called the-- an excise tax, but it functions like a fee paid by Nebraska producers. The board overseeing that program can reduce the tax if excess funds build up. But if we sweep those funds or even just the interest, we can end up artificially keeping those rates higher than they need to be. To me, it-- that's essentially charging people twice for the same service. It's not good budgeting, and it's not sustainable. LB776 is just a first step. It doesn't set or change any fees; it simply creates a regular process so agencies have the responsibility to check their numbers and report whether fees are aligned with actual costs. That kind of analysis can shed light on a part of the budget that directly affects Nebraska's and businesses' everything. And I will take any questions.

SANDERS: Thank you very much, Senator Cavanaugh. Let's see if there are any questions. Senator Wordekemper.

WORDEKEMPER: Thank you for bringing the bill. Is the intent then that the fees that they're evaluating just stays within their office, and then somebody can ask for it? Or is it going to go to a report? Or--

M. CAVANAUGH: That is a really good question. I don't know if I put a report in here. Probably, we would need a report. We might need an amendment to ask for a report. Thank you.

WORDEKEMPER: Thank you.

SANDERS: Any other questions? [INAUDIBLE] Senator Andersen.

ANDERSEN: Thank you, Chairwoman. And Senator Cavanaugh, thanks for being here. Don't the-- it seems to me that the agency would do this already. I, I, I-- the implication is they're not, or they don't do that. Is that, is that true?

M. CAVANAUGH: Some do, and some of these are smaller commissions as well, not just agencies. Some do do that. The most readily available to say is the Department of Motor Vehicles. The DMV definitely does that, and they keep very close watch on that. For a while, up until maybe two years ago-- Senator Moser brought a bill-- a portion of your driver's license fee went straight to the General Fund, and now, the entirety of your driver's license fee goes to the DMV so that they are operated entirely on their own fees. But there's lots of fees here and there, and they-- what we've found over the governor's budget analysis, they looked at 900 cash funds in the state, and they just selected ones that we would take money from to put into the General Fund to-- for the budget, but they don't do the analysis as to whether or not that's viable. And so, what we, what we found is that we ask all of these agencies when they come in, is this viable? Can we take this money? Do you need this money? Is it obligated? Et cetera, et cetera, et cetera. And it's, like, a mixed bag as to how much people are tracking.

ANDERSEN: So this would kind of standardize it, basically?

M. CAVANAUGH: Yeah.

ANDERSEN: OK. Just out of curiosity, you have in there 1 January. Why did you choose calendar year versus fiscal year?

M. CAVANAUGH: Because we start the Legislature session, the budgeting session at the start of the year. So, it'd be helpful for the Appropriations Committee to have the information as we're-- and the governor's office, as well.

ANDERSEN: Thank you.

M. CAVANAUGH: Thanks.

SANDERS: Question-- any other questions for Senator Cavanaugh? Senator Machaela Cavanaugh. I see none. Thank you very much.

M. CAVANAUGH: All right.

SANDERS: Will you stay for closing?

M. CAVANAUGH: I will.

SANDERS: OK. Thank you.

M. CAVANAUGH: I don't know if I have-- I don't know if I have anybody testifying.

SANDERS: Oh. Any proponents on LB776? Any opponents on LB776?

BO BOTELHO: Good afternoon, good afternoon, Chairwoman Sanders, and members of the Government and Military Affairs Committee [SIC]. My name is Bo Botelho, B-o B-o-t-e-l-h-o. I'm legal counsel for the Department of Health and Human Services. I'm here to testify in opposition to LB776. DHHS indirectly assesses fees annually for budgeting purposes. Each fee is tied to a cash fund. Many programs, especially in public health, are funded entirely by fees collected, such licensing fees. Each year, the cash funds are assessed to determine whether there are sufficient funds for that budget year. Typically, an agency establishes a fee knowing the fee must be sufficient for several years. Fees may be set higher with the knowledge that expenses will eventually catch up with and exceed the fee, and at that point, the fee would then need to be altered. The department must also factor in the fee cycles for programs with fees that cover multiple years, leading to an inconsistent source of revenue. Assessing a fee appears simple; the difficulty lies in changing a fee. Fees are set by statute or regulation. If an agency determines a fee to be either too low or too high, the agency would either have to change the statute or the regulation. In either case, the process is lengthy. On average, promulgating a regulation takes about six months. DHHS has approximately 570 individual fees contained in approximately 30 different chapters of regs. DHHS would potentially be in a perpetual fee promulgation process, and the fees would likely be outdated by the time the next annual assessment is completed. Our objection is grounded in the concern that, for agencies to adjust fees annually in accordance with the assessment required by the bill, the agencies would be placed in a situation in which the fees will almost always trail the assessments, and this trailing effect would be magnified for large agencies with a high number of fees and programs funded by those fees. And for that reason, we respectfully request the committee not to advance the bill to General File. Thank you. I'll take any questions I can answer.

SANDERS: Thank you very much for your testimony, Mr. Bo--

BO BOTELHO: Botelho.

SANDERS: Botelho. Are there any questions? Senator Cavanaugh.

J. CAVANAUGH: Thank you, Chair. Thanks for being here, Mr. Botelho. My read is that the bill doesn't have any requirement that the fees change. It just is that you have to basically look at them.

BO BOTELHO: The, the bill-- the written requires the, the assessing of the fees. And, and we can-- we do that now, so that's something we're already doing. If the intent is to adjust those fees for agencies like-- or, for any agency, if it's in regulation or statute, there's no, there's no real way to adjust those fees in time or in accordance with the assessment. So, you'll be in essence adjusting fees perpetually if you're trying to keep up with the assessment, if that's the intent.

J. CAVANAUGH: Well, I mean, my read of the intent is that it's just so we understand whether the fee you're assessing for one particular thing covers the costs of the thing. It doesn't say then change it, once you determine that it doesn't. So--

BO BOTELHO: I, I would agree with that's what the bill says.

J. CAVANAUGH: OK. But so, your opposition is to changing the fees, not to assessing the fees?

BO BOTELHO: Correct.

J. CAVANAUGH: OK. And so-- I mean, so, Senator Cavanaugh said that probably need a reporting requirement. What would your thought be on an annual reporting requirement? Just to say we need to report to the Legislature all these fees that you're already-- it sounds like you're already tracking-- if you just had to put that into a document and send it to us.

BO BOTELHO: Well, we, we produce and file a lot of reports with the Legislature. It would, it would be an additional report. The, the, the calculation that the bill is asking for is something that we're well within our capacity to do. It would just be-- I don't know if it would be one report with all our fees, or you want 270 different reports, but we could produce a report.

J. CAVANAUGH: OK. So, that wouldn't be a problem, if we had an annual report requirement in that bill.

BO BOTELHO: Well, we, we would always suggest that more reports is not necessarily better, but we are capable of getting you the reports on that.

J. CAVANAUGH: OK. Thanks.

SANDERS: Any other questions for Mr. Botelho? I have a-- maybe a quick question. So, because of the complexity of HHS and the many different fees that are being charged, I get that. So, would carving HHS out, maybe with an amendment of some sort that your annual report that you already produced would work? But do you think this is a good bill for all the other departments that, that we see what their department looks like and, and the, and the cash that's available, and-- see if I'm going to say this correctly. I'm just-- I, I get that HHS is so complex and there's so many different types of fees. But it seems to make sense that this is somehow standardized so we have an idea of what, what the departments look like and what's available. So, would, would you be open to an amendment?

BO BOTELHO: I can't speak on behalf of the other agencies, but if they have cash funds in their funding programs, like Senator Cavanaugh spoke about DMV, I, I would suspect they are already watching their fees and their funding source, and projecting out whether or not the fee is sufficient and whether or they would need to increase those fees. Generally, generally speaking, you, you set your fee to where it's going to fund the projected cost of that program over a number of years. The fee is going to start off high, and then your costs will catch up with the fee and you're kind of breaking even for a couple of years. And at that point, the-- your costs are going to exceed the fee and you're wearing down your, your, your fund. And at that point, you're going to have to adjust the fee to then-- to start the cycle over. Again, my concern is that if, if the Legislature wants to adjust fees on an annual basis, the process we have to adjust those fees, which is through the promulgation of regulations, will not-- is-- will not allow for timely adjustment of fees on year-to-year. You, you need a larger cycle of time to really track fees and adjust them through a regulatory process.

SANDERS: Got it. Thank you. Senator Guereca.

GUERECA: Well, thank you, Madam Chair. Thank you, Mr. Botelho, for being here. I guess I'm not seeing where the duty to change annual fees. I mean, it seems to me that what this bill is asking for is already something that you do, right? Like you said, you project out whether or not the fee is able to cover multiple years at a time. If you see that, oh, in two years from now, this fee will not be able to cover the expense, you would come to a senator, come to the committee, go to the Appropriations Committee to flag that, say, hey, we're going to need a statute change to, you know, mitigate this problem that, that, that we, we see coming down the road. So, it sounds to me like you all are already doing this, the intent of what the bill is. Is there-- does that sound about right? I mean--

BO BOTELHO: Correct. I believe that's what Senator Cavanaugh was-- point was as well.

GUERECA: OK. So there's not-- [INAUDIBLE] I, I, I guess I'm just reiterating. I don't see where the duty to annually change the fees. That would be irresponsible, right? For us to be doing that. But if, if anything, it's just more data for folks. Again, I don't, don't know if it's pointed directly at you, you all, but it seems to me like you're already doing the work of, of tracking all these fees, many as they may be for your department.

BO BOTELHO: Yes, we are.

GUERECA: Thank you.

SANDERS: Any other questions for Mr. Botelho? Senator Andersen.

ANDERSEN: Thank you, Chairwoman. Mr. Botelho, what are your thoughts on-- we get this a lot, right? Where fees, they fall out of line with the actual cost and all that. Sometimes you see big jumps, and, and to some people, that's pretty disturbing and they don't realize it's been 20 years since you updated the fee. So, one of the things we've talked about is adding provisions to make them adjusted annually by the rate of inflation, and at that point they would at least get in the ballpark of being close to what the actual cost is. What are your thoughts about something like that?

BO BOTELHO: I believe you could do that by statute. We would not be able to do that by regulation. The Legislature has far more authority statutorily to, to create that type of, of self-adjusting fee. State agencies, through regulation, have to set the fee specific in regulation. Otherwise, in essence, we're somewhat self-appropriating, which we don't have the authority to self-appropriate.

ANDERSEN: Yeah, it would be a statute.

BO BOTELHO: Yes.

ANDERSEN: Thank you. Thank you.

SANDERS: Any of the-- other questions from the committee? See none. Thank you for your testimony.

BO BOTELHO: Thank you.

SANDERS: Appreciate it. Are there any other opponents on LB776? Any testimony in the neutral on LB776? Senator Cavanaugh, if you'd like to close. Position comments for the hearing record, LB776: 11 proponents, 2 opponents, and 0 in the neutral.

M. CAVANAUGH: Thank you, Chairwoman, and, and members of the committee. Yes, I think that the assessment of this does not require a change in fees. It will need an, an amendment for a report. And I'm not sure if an annual-- it might be biannual report would be more appropriate. The idea here is not only to make sure that we are keeping an eye on being transparent about our fees, but also creating an opportunity. A, a lot of our fees are set in statute. Not all of them, but a lot of them are. And I would imagine that there'd be an annual or every other year-- like, we have a claims bill, we'd have a fees bill, if-- and then, any fees that needed to be adjusted would have been-- would be put into a bill like that. And then, that would just be how that moves. It-- this really has become-- I actually thought this would be in Appropriations, because I had another bill that was a complement to this that strikes-- we have been going through different cash funds and inserting language into statute that allows the Legislature to take money from various cash funds and transfer it into the General Fund. So, when these fees-- these funds were created, that was not the case, and we've seen a huge shift in that direction that I personally am very alarmed and concerned about. I've raised this concern on the floor of the Legislature numerous times, about the Environmental Trust Fund, the Unemployment Fund, the Universal Service Fund, and now we're taking five million dollars out of NEST 29 [SIC] operating fund and putting that into the General Fund. And these are very specific to-- people are putting money-- I'm putting money into that fund for my children's education, not to fund government operations. So, the two really go together. Take back the funds, put them back in the hands that, that they're supposed to be in, and assess, if there's too much money in them, maybe we need to charge less. And if there is not enough money in them, maybe we can increase them. Which I have another bill in front of this committee, I think, next week, to increase fees.

SANDERS: Thank you, Senator Cavanaugh.

M. CAVANAUGH: Thank you.

SANDERS: We'll see if there are any questions from the committee. Senator Cavanaugh.

J. CAVANAUGH: Thank you. How did you know? I [INAUDIBLE] put my hand up. Thank you, Chair. Thanks for being here, Senator Cavanaugh, and bringing this bill. Really--

M. CAVANAUGH: Thank you, Senator Cavanaugh.

J. CAVANAUGH: --important subject. That'll be great in transcript. So, Senator Andersen's question about maybe pegging fees to the CPI.

M. CAVANAUGH: I mean, I'm open to that as an option. I don't know how-- functionally, how that would work. But--

J. CAVANAUGH: Yeah. Well, I just think it-- it's an interesting question, because we just unpegged the minimum wage to the CPI, so we recognize that costs go up and that people need a higher amount of money to, to cover their expenses.

M. CAVANAUGH: I mean, yeah, that's-- this is true. The people that-- Nebraska Accountability and Disclosure Office will be here next week discussing increasing fines-- fines, actually, not fees-- to help cover their expenses. So yes, tying it to the CPI certainly could be an option. Moving forward, some of you young whippersnappers that are going to be here longer than me can bring a bill to-- yeah, I'm looking at you-- bring a bill to-- a fees bill that does that. I like that idea. I'm open to amending this, if that's what the committee wants. I'd be happy to.

J. CAVANAUGH: Thanks.

M. CAVANAUGH: Thank you. I hope our mother is watching.

SANDERS: Thank you, Senator Cavanaugh. Are there any other questions for Senator Machaela Cavanaugh? See none. Thank you for your closing.

M. CAVANAUGH: Thank you so much.

SANDERS: This closes the hearing on LB776. We will now open on our next and final hearing on LB969. Welcome, Senator Hallstrom.

HALLSTROM: Chairwoman Sanders, members of the Government, Military and Veterans Affairs Committee. My name is Bob Hallstrom. This is my maiden voyage between-- or, before the committee this year. B-o-b H-a-l-l-s-t-r-o-m. I serve as senator for Legislative District 1, here today to present LB969 for your consideration. Currently, financial information for counties and cities across our state is available to the public pursuant to an antiquated and cumbersome system and process. For a taxpayer or local political subdivision board member or city or county board member to get a complete picture of what is happening in a particular county or city, they must query each city or country for which information is desired on an individualized basis. The goal of LB969 is to provide the public with one location where all financial records of counties and cities across the state can be found and readily navigated. The key is making it easy for the public and county and city officials to find what they are looking for. The intent is to make records which currently exist more easily accessible. This database would enable counties and cities across the state, as well as their respective board members, to easily see what other counties and cities are doing and compare revenues, expenses, and balance sheets. This could create a greater recognition as to where money could be better and more efficiently spent. LB969 is about transparency and simplicity. Importantly, this bill would give county and city board members easy access to financial information. The Auditor of Public Accounts will be responsible for developing and maintaining the financial information database. Last session, you may recall, Senator Dover introduced LB625, which established a similar financial information database for school districts. The new system was adopted as an amendment to LB306 late last session. I would respectfully request that LB969 be advanced to the floor for consideration by the full Legislature. And, I might add, this idea basically came to me from an individual in addition to Senator Dover having legislation last year. But the gentleman referred to me the fact that financial institutions have what called bank call reports that have all of this information regarding income and expenses that can be readily cross-checked and examined and reviewed from institution to institution on virtually any type of basis, whether it's the county, the city, the size of the financial institution. And he felt that this would be a good thing, I would hope, for the public, if the public has the wherewithal and the interest to go compare. But particularly, I think, for county officials and city officials to take a look and see where they might be overspending, underspending, being really efficient, and just have a database that will allow those that have the time and the interest to try and drill down and, and look at these issues. So, it's a lot about transparency. I'd be happy to address any questions.

SANDERS: Thank you very much. Are there any questions for Senator Hallstrom? Senator Cavanaugh?

J. CAVANAUGH: Thank you, Chair. Thanks for being here, Senator Hallstrom. Welcome to the Government Committee.

HALLSTROM: Thank you.

J. CAVANAUGH: It's maybe sort of a question-- I mean, general, general question about the fiscal note. But I, I know I said this earlier this year in this committee, that it was my favorite fiscal note, but this might be my favorite fiscal note. City of Norfolk turned in a fiscal note for, I think, $655, so they said it would take 10 hours of an accountant plus benefits. I just appreciate that.

HALLSTROM: Well, and, and last, last year, I believe there was no fiscal note associated with it, with-- you know, wonders never cease.

J. CAVANAUGH: Well, this would be Norfolk, it wouldn't even-- it wouldn't be a state-impact fiscal note. But I just appreciate the granularity--

HALLSTROM: Yes.

J. CAVANAUGH: You can entrust an accountant who gives you a $655 fiscal note.

HALLSTROM: Hopefully, they didn't spend ten hours putting together the fiscal note.

J. CAVANAUGH: There-- but there is a, a-- the Auditor has a $290,000 fiscal note saying that they need two new auditors and one audit manager in 2026-'27, one auditor and half of an audit manager in 2027-'28. I don't know, I guess I'm not reading close enough, but it's-- do you think that-- is there a way to get that, that number down?

HALLSTROM: I-- we will work on that. I-- you know, all of this information is currently provided to the Auditor through the budget process, and as a result, I'm, I'm surprised that they need extra people to simply modernize the manner in which the information is stored and, and retrievable. So, we'll work on that.

J. CAVANAUGH: Thanks.

SANDERS: Any other questions for Senator Hallstrom? See none. I--

GUERECA: No, I got one.

SANDERS: Senator Guereca.

GUERECA: Slipped right in there.

HALLSTROM: My seat, my seat mate.

GUERECA: Thank you, Madam Chair. Thank you, Senator Hallstrom, for bringing forward this bill. Looking through the online comments-- and I'm sure you've-- you already flagged this. Some of the central Nebraska cities-- I know it was Kearney, Gibbon, and some of the ones around it. Let me pull it up so I don't, don't misrepresent them. Here we go, the greater Nebraska cities spoke that, that most of the cities of the first and second class don't maintain financial debt on the calendar year, but more of a, a fiscal year. And I believe the language of the bill does specifically, I think, for the second-class cities, say calendar year.

HALLSTROM: OK. We can, we can take a look at that. I'll visit with the cities. I know they may also mention that there are certain size towns, as opposed to first-class or second-class cities, that either don't have budget requirements or they may not have to keep records back as far. Senator Dover's bill last year, I think, went back 20 years, and said recreate the information over that 20-year period. And in working with the League of Nebraska Municipalities and the-- NACO, Nebraska Association of County Officials, in advance of introducing the bill, they indicated that their system and their process is a little less distinct and that they would appreciate only having to go back 10 years, so we introduced the bill in that fashion.

GUERECA: Thank you, sir.

SANDERS: Senator Meyer.

F. MEYER: No. [INAUDIBLE].

SANDERS: Oh, that wasn't--

F. MEYER: No.

HALLSTROM: That was more a comment than a question.

F. MEYER: [INAUDIBLE] closing.

SANDERS: I, I have a question, Senator Hallstrom.

HALLSTROM: Yes, Senator.

SANDERS: Yesterday in Education, we were hearing a bill on colleges having one database called ensure-- NSWERS. And there were-- there was maybe one college where, where students opted out of using any of their data. Is there an opportunity here where people might opt out, not want to be part of a broader bigger data collection?

HALLSTROM: I, I don't believe-- I'm, I'm not familiar with that, so I can't speak entirely to it. But I wouldn't think so, because it-- it's all driven by the requirement that, by statute, they're required to submit a budget information to the Auditor of Public Accounts. And so, it's already there, it's being submitted on an ongoing basis. It's just taking an antiquated system that's not very user-friendly and bringing it up into the, into the modern age.

SANDERS: And the State Auditor's only bellyache was the dollar amount, the fiscal note, but had no other concerns. That was--

HALLSTROM: That's my understanding. I haven't heard anything from the Auditor's office with regard to this. We worked right-- quite closely with the cities and the counties, and they at least had indicated to me that they thought the Auditor would be pleased with updating and upgrading the system.

SANDERS: OK. Great.

HALLSTROM: OK.

SANDERS: Any other questions? See none.

HALLSTROM: Thank you very much.

SANDERS: Thank you, and you'll stay to close?

HALLSTROM: I will.

SANDERS: Thank you, Senator Hallstrom. Any proponents on LB969? Good afternoon. Welcome.

CANDACE MEREDITH: Good afternoon. Thank you for having me. My name is Candace Meredith, C-a-n-d-a-c-e M-e-r-e-d-i-t-h, and I am with Nebraska Association of County Officials, NACO, and in support of LB969. LB969 requires the Auditor of Public Accounts to develop and publish on its website a searchable database of financial information for counties and various classes of cities and villages based on the most recent audit reports filed with Auditor. We support the bill's transparency goals and agree that individuals should be able to easily access understandable-- compare financial information about local government. So right now, the public can find local political subdivision audit reports on their website through a query search, and then it pulls up a PDF that you can pull up and, and view the information. This modernization tool that Senator Holstrom [SIC] is talking about will assist with making the information easier to access, search, and compare across years and jurisdictions. We also hope this is a step toward future modernization efforts with the Auditor's office to include digital budgeting reporting as well. NACO does support this goal of public access to the-- this financial information, understands the historical data that is included is, is, is valuable. However, understand there is a, a five-year record retention for counties for their audit reports, so NACO is willing to work with the Auditor's Office to help work through that historical data requirement so the implementation doesn't unintentionally create any sort of heavier workload for our, our counties. So, with that, I'll be happy to answer any questions.

SANDERS: Thank you very much for your testimony. Are there any questions for Ms. Meredith? See none. Thank you for your testimony.

CANDACE MEREDITH: OK, thank you.

SANDERS: Any other proponents on LB969? Good afternoon and welcome, Senator.

LAURA EBKE: Thank you. Chair Sanders, members of the Government, Military and Veterans Affairs Committee, my name is Laura Ebke, L-a-u-r-a E-b-k-e. I'm a senior fellow at the Platte Institute, and I'm here to offer our support for LB969. Thanks, Senator Hallstrom, for introducing it. This legislation represents a vital step toward modernizing how Nebraska taxpayers access, understand, and scrutinize the financial health of our local governments. Transparency is often treated as a buzzword, but in practice, it requires accessibility. Currently, while financial reports for counties and municipalities are technically public, they are often difficult for the average citizen to locate, aggregate, or compare. A resident wanting, for instance, to understand how their town's expenditures compare to a similarly-sized neighbor's town often faces an, a maze of disjointed websites, PDF downloads, and inconsistent formatting. LB969 solves this by mandating a centralized, searchable database hosted by the Auditor of Public Accounts. By compiling revenue sources, expenditures, and balance sheets into a single digital location, this bill transforms raw data into a usable tool for accountability. From a financial stand-- accountability standpoint, this sunshine acts as a powerful disinfectant. When data is easily comparable, outliers in spending or debt become immediately apparent. This benefits not only concerned citizens, but also local officials, researchers, and oversight entities by providing the benchmarks they need to identify inefficiencies and adopt best practices. Furthermore, because this system draws on audit reports entities already generate, it improves transparency without creating a significant new administrative burden for local clerks. Ultimately, taxpayers have a fundamental right to know how their money is being managed. In 2026, we should not accept that public financial data is buried in filing cabinets or obscure links. LB969 ensures that "public record" actually means "public accessible." I urge this committee to go ahead and view this bill as an essential upgrade to our state's accountability infrastructure, and to advance LB969 to General File either individually or as part of a committee package as soon as possible.

SANDERS: Thank you very much for your testimony. See if there are any questions from the committee.

LAURA EBKE: Thank you very much.

SANDERS: You got off easy. Thank you, Senator. Good afternoon. Welcome.

RYAN McINTOSH: Good afternoon, Chair Sanders, members of the committee. My name is Ryan McIntosh, R-y-a-n M-c-I-n-t-o-s-h, and I appear before you today on behalf of the Nebraska Bankers Association and the National Federation of Independent Business. Ms. Ebke said much of what I would say about the benefits of this. We have recently seen, on the banking side, a, a shift of public deposits from political subdivisions from local banks to out-of-state investments via political-subdivision-pooled investment funds. And as part of that, I did attempt to do some research this summer and went through this very process that this bill is trying to cure. I'm not the gentleman that Mr. Hallstrom spoke of, but when I saw this bill introduced, I was delighted that it would have saved me quite a bit of time in trying to pull these and aggregate the data my-- on my own. So, this would provide important transparency to all members of the public, and we would encourage the committee to advance this bill. Thank you.

SANDERS: Thank you. We'll see if there are any questions from the committee. You got off easy as well.

RYAN McINTOSH: Thank you.

SANDERS: Thank you, Mr. McIntosh. Are there any other proponents on LB969? Any opponents on LB969? Any neutral testimony on LB969? Good afternoon. Welcome.

LYNN REX: Yes, thank you. Senator Sanders, members of the committee, my name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities. First of all, we think this is an excellent bill. We're here in a positive neutral position, but I would like to outline some concerns that we do have about it as it applies to villages in particular. There are 526 villages in the state of Nebraska-- 526 cities and villages. 376 of those are villages, population 100 to 800; some of them are even below 100. Surprise, for example, Nebraska is at 50 people. So, that's why the Legislature let them have some flexibility in terms of having 3 members on the village board trustees last year instead of 5. But that said, if you would be kind enough to turn to pages four and five-- and I had a brief conversation about Senator Hallstrom-- with Senator Hallstrom about this-- in terms of looking on page four, starting on line 26, and then the rest of the bill that applies to cities of the second class and villages. Second class cities certainly could comply with this, and, as noted by NACO, there's a 5-year retention schedule for all municipalities. So-- in terms of their audits. So, perhaps 10 years isn't the way to go; maybe it should only be 5. But we're sure, sure happy to work with the committee and Senator Hallstrom and the Auditor's office in terms of what's realistic on that. Certainly, 5 years is realistic. 10 might be, but there are a lot of municipalities that in terms of retention records take that pretty seriously, in terms of what they keep and what they don't keep. With respect to villages, most villages do not have audits. They're not required to. So, we'd like to work with the Senator and this committee and the-- and basically Mike Foley's office as State Auditor, in terms of what's realistic for them. So, in any event, happy to answer any questions you have. We do think that this is important to have this kind of transparency, have this kind of access, and make it easier for folks to access information for municipalities across the state of Nebraska.

SANDERS: Thank you for your testimony. See if there are any questions from the committee. I see none. You [INAUDIBLE] easy.

LYNN REX: Thank you, and we thank Senator Hallstrom for bringing it forward.

SANDERS: Thank you very much for your testimony, Ms. Rex.

LYNN REX: Thank you.

SANDERS: Thank you. Any other neutral testimony on LB969? Senator Hallstrom, if you'd like to close. Position comments for the hearing record on LB969: 12 proponents, 3 opponents, and 0 neutral.

HALLSTROM: OK, thank you. I appreciate your attention and your patience this afternoon. Just a couple of things in terms of post-hearing. I will work with the cities to determine whether or not we have to put some exceptions in for villages based on their size, and we'll work with the Auditor and the other interested parties with regard to the look-back period. I'm not sure that the county or city record-retention period will necessarily govern here. The Auditor may very well have records for that long a period of time, and if we can work it from that angle, that may be the way to do it. But I'm certainly open to making a change there, if we need to.

SANDERS: All right. Any other questions for Senator Hallstrom? See none.

HALLSTROM: Thank you.

SANDERS: Thank you. This closes the hearing on LB969, and closes our hearing for the day. Thank you very much. The sun is still shining.