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Floor Debate
February 23, 2009

[LB7 LB20 LB32 LB55 LB63 LB89 LB102 LB120 LB135 LB162 LB167 LB201 LB204
LB231 LB254 LB331 LB476 LB528 LB532 LR22 LR31]

SENATOR ROBERT PRESIDING []

SENATOR ROBERT: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the thirty-first day of the One Hundred First Legislature, First Session. Our pastor for today is Pastor Robert Chitwood of Brownville Christian Church in Brownville, Nebraska, Senator Heidemann's district. Please rise. []

PASTOR CHITWOOD: (Prayer offered.) []

SENATOR ROBERT: Thank you. I call to order the thirty-first day of the One Hundred First Legislature, First Session. Senators, please record your presence. Mr. Clerk, please record. []

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

SENATOR ROBERT: Thank you, Mr. Clerk. Are there any corrections for the Journal? []

CLERK: I have no corrections, Mr. President. []

SENATOR ROBERT: Are there any messages, reports, or announcements? []

CLERK: Your Committee on Enrollment and Review reports LB7, LB20, LB32, LB55, LB102, LB120, LB135, LB201, and LB331 as correctly engrossed. Your Committee on Banking, Commerce and Insurance, chaired by Senator Pahls, reports LB528 to General File with committee amendments. Revenue Committee, chaired by Senator Cornett, reports LB162 to General File with committee amendments. And that's all that I have, Mr. President. (Legislative Journal pages 525-528.) [LB7 LB20 LB32 LB55 LB102 LB120 LB135 LB201 LB331 LB528 LB162]

SENATOR ROBERT: Thank you, Mr. Clerk. We will now proceed to the first item on the agenda, General File. Excuse me, we have a confirmation report. Mr. Clerk. []

CLERK: Mr. President, the Education Committee has a confirmation report involving appointments to the Technical Advisory Committee for Statewide Assessment. []

SENATOR ROBERT: Senator Adams, you're recognized to open on the confirmation report. []

SENATOR ADAMS: Thank you, Mr. President, members of the body. Last year this

Floor Debate
February 23, 2009

body passed LB1157 which moved us away from local assessments and went to a statewide assessment system. Part of that legislation was to create a Technical Advisory Committee to assist the State Board in development of the statewide assessment. The Technical Advisory Committee is made up of three nationally recognized assessment experts, one Nebraska teacher, and one Nebraska superintendent. And those appointments have been made. The first appointment is Linda Poole. Linda Poole is a Nebraska teacher. She teaches elementary school at Papillion and has since 2006. And she also serves on the school board at Millard Public Schools. She has her degree from the University of Nebraska in Omaha. The superintendent that has been appointed is Dr. Dallas Watkins. Dallas is from Benkelman, Nebraska. He's superintendent of schools at Dundee County, Stratton Public Schools. And he's been there since 1984, holds a doctorate degree in education from the University of Wyoming. Our three national experts, they are Dr. Wayne Camara from Princeton, New Jersey; he's the vice president of Research and Development for the College Boards; quite a long list of publications that I'm not going to bother you with and a lengthy resume. Dr. Brian Gong from Dover, New Hampshire, he's the executive director of the National Center for the Improvement of Educational Assessment, and again a rather lengthy resume. And finally, Dr. Richard Sawyer from Iowa City, Iowa. He is a senior research scientist for the ACT exams, and again well educated and a long resume. Those are the five appointments. And the Education Committee met, confirmed all of these appointments, and would hope that the body would do the same. Thank you, Mr. President. []

SENATOR ROBERT: Thank you, Senator Adams. Is there anyone wishing to speak on the legislative confirmation report? Senator Pahls, you are recognized. []

SENATOR PAHLS: Good morning, Mr. Chairman and members of the body. I just need to speak to just one person because I know her. Linda Poole is one of those people that I've been familiar with for probably 15 to 20 years. I see her as a very knowledgeable person. She's been very involved at the national level on the school boards and also, of course, at the state level. And as a person who I know personally has high integrity and she is what education in the state of Nebraska is all about. Thank you. []

SENATOR ROBERT: Thank you, Senator Pahls. Senator Fischer, you are recognized. []

SENATOR FISCHER: Thank you, Mr. President and members. I, too, would like to rise in support of the nomination of Linda Poole. It was my pleasure to work with her on the Nebraska School Boards Association board of directors. And I would also like to endorse the nomination of Dr. Dallas Watkins who I was able to work with on a number of education issues for the last 25 years. Both are very dedicated, knowledgeable people and I would urge you to vote for their confirmation. Thank you. []

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
February 23, 2009

SENATOR ROBERT: Thank you, Senator Fischer. Are there any others wishing to speak? Seeing none, Senator Adams, you're recognized to close on the confirmation report. []

SENATOR ADAMS: Thank you, Mr. President. I'll keep my conclusion very, very short. When we spoke with all five of these at the Education Committee last week, they're very impressive people. We've taken on a major task of moving to statewide assessment. And the expertise that these folks bring to it I'm convinced will make it successful. Thank you. []

SENATOR ROBERT: Thank you, Senator Adams. Members, you have heard the closing on the confirmation report from the Education Committee. The question before the body is, shall the confirmation report be adopted? All those in favor vote aye; opposed vote nay. Have all those voted who wish? Record, Mr. Clerk. []

CLERK: (Record vote, Legislative Journal pages 528-529.) 46 ayes, 0 nays, Mr. President, on the adoption of the confirmation report. []

SENATOR ROBERT: The report is adopted. (Doctor of the day introduced.) Mr. Clerk, returning to the agenda, General File. []

CLERK: Mr. President, LB89, by Senator Cornett relates to Tobacco Products Tax Act. It changes the tax on snuff and defines a term. The bill was presented to the body on Friday morning. Senator Cornett opened on her bill. There are committee amendments pending, Mr. President, by the Revenue Committee. [LB89]

SENATOR ROBERT: Senator Cornett, would you like to reopen on LB89. [LB89]

SENATOR CORNETT: Yes, Mr. President, thank you very much. LB89 changes the way we tax snuff tobacco from an ad valorem base tax to a weight-based, or unit-based system. This would ensure that all like products would be taxed at the same rate. It also brings us into line on how we tax cigarettes. Thank you. [LB89]

SENATOR ROBERT: Thank you, Senator Cornett. Mr. Clerk. [LB89]

CLERK: Mr. President, Senator Cornett offers the Revenue Committee amendments, AM92. (Legislative Journal page 365.) [LB89]

SENATOR ROBERT: Senator Cornett, as Chair of the Revenue Committee, would you reopen on AM92, please. [LB89]

SENATOR CORNETT: I will. Thank you very much. The Revenue Committee decided to make the bill revenue neutral, so we did two things inside this bill. One, we carved out

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
February 23, 2009

just smokeless tobacco products and we changed the...from the original bill from 65 cents to 40 cents, which we were told was revenue neutral. [LB89]

SENATOR ROBERT: Thank you, Senator Cornett. Are there any wishing to speak on AM92? Senator Stuthman, you're recognized. [LB89]

SENATOR STUTHMAN: Thank you, Mr. President and members of the body. I have a great interest in this bill, not for the fact that I chew tobacco or anything like that, I don't chew any tobacco. The concern that I have is the fact that with this bill it's going to be raising the price of the cheaper quality tobacco, chewing tobacco. And it will...the people that only can afford the cheaper quality stuff, you know, will be paying more. The increase there is, you know, several hundred percent increase in the tax that is generated on those cheaper brands. And on the most expensive brands, which you know are probably very good brands, it's going to lower the tax collected on that. Yes, it's probably going to be revenue neutral because the most expensive brands of chewing tobacco, Skoal and those, you know, will probably be charging less for their chewing tobacco but at the cost of the cheaper brands, which I would say that the majority of the public, the poorer public, would be buying that cheaper chewing tobacco and will raise that price. So I have a real concern with that. I, you know, we did debate this last year. [LB89]

SENATOR ROBERT: (Gavel) [LB89]

SENATOR STUTHMAN: And I have a concern that, you know, what...all we are really doing, in my opinion, is adding a price to the lower grade, cheaper quality of chewing tobacco. And...did I say lower the price? No, it would be raising the taxes on those cheaper brands and lowering the tax on those...the better brands. So I just feel that we're not going in the right direction. I think it's going to be a penalty to the people that are lower income people that buy chewing tobacco as a habit. And the kind that they've been buying, and it's going to raise that price, you know, drastically and at the expense of the...no, I shouldn't say at the expense of the other ones, but it will be because the fact that the better quality chewing tobacco will be able to be sold for a cheaper price. I have a real concern on that. And I just think that this is a bill that we debated, you know, a lot a year ago. And I don't think it should pass. I may file an amendment shortly on this bill. I look at it as, you know, there is an issue that we could also change the method of taxing for vehicles. We could tax those by weight of a vehicle. You know, a cheaper vehicle, you know, would be paying a lot more tax because it weighs about the same. And I'll give you an illustration. Say, a Toyota would weigh 4,000 pounds at \$15,000, but you'd be taxing the 4,000 pounds. Now a Cougar that my neighbor makes up there, the real sporty vehicle sells for \$50,000 to \$60,000. It probably don't even weigh the 4,000 pounds like the Toyota does. So I just think that we're going in the wrong direction here. And this has worked out very well in the past. So I would ask that we not support this amendment. Thank you, Mr. President. [LB89]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
February 23, 2009

SENATOR ROBERT: Thank you, Senator Stuthman. Those wishing to speak, Senators Fulton and White. Senator Fulton, you're recognized. [LB89]

SENATOR FULTON: Thank you, Mr. President. Would Senator Cornett yield to a question? [LB89]

SENATOR ROBERT: Senator Cornett, will you yield to a question? [LB89]

SENATOR CORNETT: Yes. [LB89]

SENATOR FULTON: Senator, I probably could have asked this off the mike, but I didn't have the opportunity. And what's more, I think it would be informational. What is...what is the advantage of doing this? [LB89]

SENATOR CORNETT: What the primary advantage is, is it brings us into line on how we tax other tobacco products, like cigarettes. It's how the federal government taxes. Plus it make it much easier for the individual businesses to remit sales tax. It's a stream...it basically streamlines the system, makes it more convenient and easier to handle. [LB89]

SENATOR FULTON: Okay. Okay. So the businesses that are collecting the sales tax now, the fact that it's ad valorem or to the price, it's more difficult because the price might fluctuate, it changes from year to year. Whereas, if it's based on weight those businesses that are responsible for collecting sales tax on behalf of the state it's more predictable, it's more measurable. Am I on mark here? [LB89]

SENATOR CORNETT: Yes, and plus the businesses that have to...that sell numerous different brands, say, for instance they sell 25 of the 27 brands, they have to figure and collect individual tax on each of them where they do not have to do that on other tobacco products. [LB89]

SENATOR FULTON: Gotcha. Okay, okay. Thanks, Senator Cornett. Thank you, Mr. President. [LB89]

SENATOR ROBERT: Thank you, Senator Fulton and Senator Cornett. Senator White, you are next and recognized. [LB89]

SENATOR WHITE: Thank you, Mr. President. I rise in support of the amendment and the underlying bill for several reasons. First of all, snuff is sold in a uniform weight--same size, same packet. There are different, as Senator Stuthman has noted, different pricing ranges for snuff. It is easier, it is more efficient to collect taxes on a product sold at a uniform weight in a uniform container on a per unit basis and in the

Floor Debate
February 23, 2009

form of an excise tax. That is what this bill will do. But beyond that the differential between the prices of the snuff has led for...or permitted entry level snuff products. Like Senator Stuthman, I was intrigued by the lower and higher prices. But unlike Senator Stuthman, I was mostly concerned that the lower priced snuffs act as a gateway for youth to start using tobacco products. I don't find that to be a positive development. And I don't think the state should be in the business of effectively subsidizing tobacco use by letting lower priced products have a lower tax basis than higher priced products. Personally, I'd like them all to be very expensive. And this is from somebody who both smoked and chewed tobacco for many years. It's a very difficult habit to break, its health consequences are severe, and we should not be party to making it easier or more accessible, especially at the lower priced gateway substances. So with that, I rise in support of the amendment and the bill. [LB89]

SENATOR ROBERT: Thank you, Senator White. Those wishing to speak, Senators Hadley, Friend, and Stuthman. Senator Hadley, you are next and recognized. [LB89]

SENATOR HADLEY: Mr. President, members of the body, I rise in support of AM92 and LB89. To me this is a tax policy question. Why are we taxing this particular product? It's because of the harm that it does to society. The harm that it does to society is not based on the price of the product, it's based on the amount of the product. So it seems to me that an appropriate tax is based on the weight of the product not the value of the products. So I would rise in support of LB89 and AM92. I would yield any of my further time to Senator Cornett, if she would like it. [LB89]

SENATOR ROBERT: Senator Cornett, 4 minutes 20 seconds. [LB89]

SENATOR CORNETT: Thank you very much. Just to answer some of Senator Stuthman's concerns, he said that it would be raising the price hundreds of percent. Basically, we would be taking it for the very, very cheapest brand, and that is the very cheapest brand, from 20 cents to 40 cents. It is much simpler. And the beneficial results of an excise tax is that it is based upon the unit of weight and not again upon the price. It makes it much more manageable. And it is exactly how we tax cigarettes. So thank you very much. [LB89]

SENATOR ROBERT: Thank you, Senator Cornett and Senator Hadley. Senator Friend, you are next and recognized. [LB89]

SENATOR FRIEND: Thank you, Mr. President and members of the Legislature. This has been a...this particular bill or versions of it have caused quite a bit of consternation over the last couple, three years. And part of the reason is because it's been used to make, flat out it's been used to make political points, it's been used to try to manipulate positions between maybe the Governor's Office and here. There are all kinds of factors associated with the fact or associated with the idea that this is...there's been

Floor Debate
February 23, 2009

consternation about this thing. Here's where we sat in Executive Session and Senator Adams when he was speaking to this in Executive Session it was almost like a light went off. I haven't liked this bill for the longest period of time. But the problem that we have from a revenue standpoint, every time we have a hearing, is that everyone of us are looking for some tax equity. And Senator Adams piped up in an Executive Session, I said, you know what, can somebody tell me why this isn't a tax increase. That's when we were staring at a 65 cent per can situation. And we all looked at each other and said, no, we can't tell you that it's not a tax increase, it is. And I said, all right, well then, I'm not going to support it, it's ridiculous. We're taking a bunch of folks who are, you know, least equipped in the lobby to deal with something like this and we're hitting them in the gut and we're saying we're going to raise more revenue. The original fiscal note was \$1.5 million or \$1.6 million. I said, absolutely not. And other members in the committee agreed. And Senator Adams piped up and said, you know what, I said, look, if I came in with something that was revenue neutral so we provided a tax cut and we provided a tax increase but we were providing something more. And Senator Adams more or less said, yeah, we're searching for tax equity, that's what we do every week, that's what we do every day that we're in this committee. And quite honestly, that's what this bill does right now. It provides the equity that we were looking for as the Revenue Committee. Trust me on this, if you don't trust me...anything else that I say the rest of the session trust me on this. If we do not run forward with this thing locked in at 40 cents for as long as you're here you're going to deal with this issue every year. And it's not just because powerful lobbyists are dealing with it. It's because there is no tax equity now. We got one or two or three organizations taxed at unbelievable amounts and other ones paying inequitable amounts, inequitably low amounts based on weight. Senator Hadley was right. Our whole thought process was, this needs to go away and it needs to go away in the name of equity. It's as simple as that. I run out and buy a can of Lone Star (sic) , whatever it...you know, whatever the stuff is called, on the low end and I'm paying 20 cents a can. Or I decide to buy a can of Kodiak and I'm paying 62 cents a can. What kind of tax equity is that? You see the point here. That's nuts. Forget about the fact that hardly anybody here actually purchases the product, would be my guess. [LB89]

SENATOR ROBERT: One minute. [LB89]

SENATOR FRIEND: Think about that for a second. I buy a high end bottle of alcohol, I buy a high end cigarette. And I'm being taxed at a higher level than I would if I'd bought a...why don't we just go underground with these other ones. Why don't we just make them illegal and let the underground world take care of it on the low end side. That's what we're dealing with here. So look, this was done in the name of equity. You can do whatever you want. I don't understand Senator Stuthman's argument. I'm not really sure I get it because I was concerned with the bill originally, too, but it was because it was a tax increase for anybody who purchases product. Now it is not. Now we're looking for equity, now we're looking for stability, now we're looking for some common sense, that's the way I saw it. Thank you, Mr. President. [LB89]

Floor Debate
February 23, 2009

SENATOR ROBERT: Thank you, Senator Friend. Senator Stuthman, you are recognized, and this is your third time. [LB89]

SENATOR STUTHMAN: Thank you, Mr. President. The third time includes one time last week? [LB89]

SENATOR ROBERT: Yes. [LB89]

SENATOR STUTHMAN: Okay. Again, thank you, Mr. President, members of the body. The concern that I have is the fact that if it's revenue neutral, why would we change the method that we're doing? Why would we change the process? And it's been working the way we've been doing it in the past and I truly support that. In my folder this morning I got out and I read over some of the letters, the e-mails that I received and I received 12 letters and e-mails in opposition to LB89. And I looked and I looked and I looked and I didn't find any that were in support of LB89. And I read the majority of these letters. Some of them were similar in fashion. But that is what I'm going on. If it's revenue neutral but we're going to have to change the way it is done. I just think we've got something in place already and I think we need to continue the way we're going right now. If it's revenue neutral then let's just leave it alone. I debated on it last year and I will continue to debate on it this year. I'll see how the vote goes if it is voted on this morning and we'll continue there. But I do not support this for the fact that it's revenue neutral and it changes a method that we've been doing already and it's working. With that, thank you, Mr. President. [LB89]

SENATOR ROBERT: Thank you, Senator Stuthman. Senator Adams, you are next and recognized. [LB89]

SENATOR ADAMS: Thank you, Mr. President, members of the body. I have forgotten how many bills Senator Cornett has said that we have introduced in the Revenue Committee this year. I'm going to grasp out at like 90-some that are all asking for some kind of realignment of our tax code in some way. And just like all of you in your committees, sometimes you get overwhelmed with all these ideas, and e-mails, and do this, and don't do that. And when that happens I think the best plan is to sit back and ask yourself what are we here for. And in Revenue Committee it's not to help this group or that group, it's to determine the best tax policy. And sometimes that means that there are winners and there are losers. Now how do you find good tax policy? Well, Senator Friend brought it up and it wasn't just me, the whole committee was thinking the same way. He gives me way too much credit. It's equity, it's fairness, and it's simplicity, simplicity, it's understood. You don't have a Revenue Department asking over and over again how to implement this, how do we do this? You don't have suppliers and wholesalers wondering how do we do this. Now you can look at this particular bill and say, well, the reason that we're sending it out here is because it has social implications,

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
February 23, 2009

we're trying to get this person or that person to quit using tobacco, may be for some, wasn't for me. The revenue neutrality of it, great. And I'm glad that Senator Friend brought that up in committee. But to me the bottom line is this, we move in this direction because it is a simpler, more equitable way to impose the tax. Thank you, Mr. President. [LB89]

SENATOR ROBERT: Thank you, Senator Adams. Seeing no others wishing to speak, Senator Cornett, you are welcome to close on AM92. [LB89]

SENATOR CORNETT: Thank you very much. AM92 was drafted by the Revenue Committee. When Senator Stuthman says if it's revenue neutral, why are we doing it. The original bill wasn't revenue neutral. It was a conscious decision by the committee at...when Senator Friend brought the issue that if we were going to move to this simpler system, why was the state going to profit off of it, why were we raising the taxes? What we did was got a fiscal note...or got an opinion from the Fiscal Office that 40 cents would be revenue neutral, that it would move us towards our goal of fair and an equitable tax system and we would not be profiting. No one could say that we were raising revenue for the state on this product, that all we were doing was trying to simplify the system. With that, I urge the body to support AM92 and the underlying bill. Thank you. [LB89]

SENATOR ROBERT: Thank you, Senator Cornett. Members, you have heard the closing to AM92 to LB89. The question before the body is, shall AM92 be adopted? All those in favor vote aye; opposed vote nay. Have all those voted who wish? Please record, Mr. Clerk. [LB89]

CLERK: 37 ayes, 3 nays, Mr. President, on adoption of committee amendments. [LB89]

SENATOR ROBERT: AM92 is adopted. Returning to discussion on LB89. Seeing none wishing to speak, Senator Cornett, you're welcome to close on LB89. [LB89]

SENATOR CORNETT: Thank you, Mr. President and members of the body. Again, I urge the body to support and advance LB89 so we can move our tax system to a more equitable and fairer system. Thank you. [LB89]

SENATOR ROBERT: Thank you, Senator Cornett. You have heard the closing to LB89. The question before the body is, shall LB89 advance to E&R Initial? All those in favor vote aye; opposed vote nay. Have all those voted who wish? Mr. Clerk, please record. [LB89]

CLERK: 38 ayes, 3 nays, Mr. President, on the advancement of LB89. [LB89]

SENATOR ROBERT: LB89 does advance. Next item on the agenda. [LB89]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
February 23, 2009

CLERK: LB231, introduced by Senator Avery. (Read title.) The bill was introduced on January 13, referred to the Agriculture Committee for public hearing. The bill was advanced to General File. There are committee amendments, Mr. President. [LB231]

SENATOR ROBERT: Senator Avery, you are welcome to open on LB231. [LB231]

SENATOR AVERY: Thank you, Mr. President, colleagues. The purpose of LB231 is simply to clarify membership on the Nebraska Rural Development Commission. The bill would allow the Governor to appoint "the Director of Economic Development or his or her designee, the Director of Agriculture or his or her designee, the chief executive officer of the Department of Health and Human Services or his or her designee." The bill also allows the Speaker to appoint one nonvoting ex officio legislative member to the commission. This modification is in the bill to address the separation of powers issue. Currently, the appointed legislative representative is allowed to vote on issues coming before the commission such as granting funds. This is an executive power. And so we are in violation of Article II of the Nebraska Constitution. And this would correct that. The other changes relating to appointing the directors or their designees, these changes are designed to give the Governor a little bit more flexibility and to allow for the commission to work more efficiently because they'll now be able to raise a quorum more often. The Agriculture Committee agreed to support an amendment that I brought to the committee at the time of hearing that would include on the commission the director of the Nebraska State Historical Society or his or her designee. The Historical Society has been involved in a lot of rural development issues over the years and it was their request to be included, and I thought that was not unreasonable. The remaining members of the commission represent various fields--public schools, private farming communities, banks, and agricultural interests. These are nonstatutory members. They can apply to be members through the Department of Economic Development and are appointed by the Governor to three-year terms. These appointees are not affected by this bill. This is largely a technical change to the statutory membership. It will preserve the importance of the Rural Development Commission and its service and advocacy for rural Nebraska initiatives. I urge you to advance this. Thank you, Mr. President. [LB231]

SENATOR ROBERT: Thank you, Senator Avery. Mr. Clerk. [LB231]

CLERK: Mr. President, Senator Langemeier would like to have a meeting of the Natural Resources Committee at 10:45 under the south balcony; Natural Resources at 10:45. Mr. President, there are Agriculture Committee amendments. (AM75, Legislative Journal page 352.) [LB231]

SENATOR ROBERT: Senator Carlson, you're recognized to open on AM75. [LB231]

SENATOR CARLSON: Mr. President and members of the Legislature, the Ag

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
February 23, 2009

Committee voted 7 to 0 to advance the bill, with one member absent. And we are well aware of Senator Avery's desire to amend the bill and we are recommending AM75. We believe that the Historical Society is a natural and logical addition and its inclusion provides the commission with additional network and resources to accomplish its mission. And so what AM75 does is changes the number of four members to five to allow for the Historical Society. And then in line 15 it strikes the term "ex officio." The committee amendment makes a technical change by striking the term "ex officio" from the description of the member of the Legislature appointed by the Speaker. The term "ex officio" means "by virtue of position." For example, that membership on a particular board or commission is an inherent duty of the individual holding the office or position. However, the bill does not change that a member of the Legislature is appointed by the Speaker, and who the Speaker selects is discretionary. It would be appropriate to identify the member of the Legislature as "ex officio" if the statute designated a specific member of the Legislature, such as "Senator from District 38," but that's not the way it reads. It is discretionary and, therefore, we feel it's appropriate to strike the term "ex officio." With that, we would ask for your support of AM75 and the underlying bill, LB231. Thank you. [LB231]

SENATOR ROBERT: Thank you, Senator Carlson. You've heard the opening to AM75. Those wishing to speak, Senator Avery. [LB231]

SENATOR AVERY: Thank you, Mr. President. This amendment makes sense because the Nebraska State Historical Society has been a partnering agency with a number of programs that are important to rural Nebraska. Number one on my list here is Nebraska Main Street Program. The Historical Society was instrumental in bringing this program to Nebraska in 1994. They also have been involved as a partner in the Nebraska Byways Program administered by the Department of Roads. This program supports grass-root efforts to encourage travel across nine scenic and historic byways in the state, promoting tourism and visitation to our rural communities. They've also been involved in other initiatives. I think it makes sense to have them on this commission. I urge you to support AM75. Thank you. [LB231]

SENATOR ROBERT: Thank you, Senator Avery. Are there any others wishing to speak? Seeing none. Senator Carlson waives closing. The question before the body is, shall AM75 be adopted to LB231? All those in favor vote aye; opposed vote nay. Have all those voted who wish? Mr. Clerk, please record. [LB231]

CLERK: 41 ayes, 0 nays, Mr. President, on adoption of committee amendments. [LB231]

SENATOR ROBERT: AM75 is adopted. [LB231]

CLERK: I have nothing further on the bill, Mr. President. [LB231]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
February 23, 2009

SENATOR ROBERT: Returning to discussion, are there any wishing to speak? Senator Harms, you're recognized. [LB231]

SENATOR HARMS: Thank you, President. Could...would Senator Avery yield, please. [LB231]

SENATOR ROBERT: Senator Avery, will you yield to a question from Senator Harms? [LB231]

SENATOR AVERY: I will. [LB231]

SENATOR HARMS: Senator Avery, I'm checking to see if I might have misunderstood you. In your earlier conversation you had indicated this would help, by making these changes it would help them have a quorum. Are they having difficulty? Did I...first of all, did I misunderstand you? [LB231]

SENATOR AVERY: No, you did not. I think they've had some difficulty because of the specific language in the existing law did not allow for the designation of someone else to serve in...as a member in the event that the directors couldn't be there. [LB231]

SENATOR HARMS: Senator, is there...could you help me maybe better understand, what has this commission actually accomplished since it's been in existence? [LB231]

SENATOR AVERY: I'm glad you asked that because I did not include that in my opening remarks. They have been involved in the Building Entrepreneurial Communities Act which is part of the Nebraska Advantage Act in which Nebraska has invested funds and generated a cash match, creating a total investment of over \$2 million since 2005. They promoted Grow Nebraska whose mission is to maximize the states entrepreneurial and small business spirit where one can buy Nebraska made products, experience tourism treasures throughout the state. They also have been active in the Western Nebraska Entrepreneurial Initiative. This initiative has created a program to educate and technically assist young small business owners and entrepreneurs. Those are just some of the activities, Senator. [LB231]

SENATOR HARMS: Thank you very much, Senator. Senator Carlson, would you yield? [LB231]

SENATOR ROBERT: Senator Carlson, would you yield to a question? [LB231]

SENATOR CARLSON: Yes, I will. [LB231]

SENATOR HARMS: Senator Carlson, could you help me maybe better understand by

Floor Debate
February 23, 2009

appointing people in the area of agriculture, what role will they play and what is the intent here with this commission? [LB231]

SENATOR CARLSON: I'm going to answer your question, if I may, in a roundabout fashion a little bit because part of the discussion in our hearing concerning this bill, if you noticed in the bill itself, it says "the director of the Department of Economic Development or his or her designee" and that's the way it is with each member. And I think for getting quorums and so forth if a head of a department has the ability to designate somebody within his or her department and says, this is your responsibility and see it through, it makes it easier to carry out the work and it gives a person an additional bit of pride in being a part of something. And oftentimes the director cannot be at a meeting but the designee can. And we just think it's going to help the overall effectiveness of that committee and the work that they do. [LB231]

SENATOR HARMS: Thank you, Senator. Senator Carlson, could you tell me, how large is this committee? I noticed in the bill it talks in a plural sense where it talks about governments in a plural rather than singular. What does that...how many people are actually on this commission? [LB231]

SENATOR CARLSON: Well, currently it's the director of Economic Development, director of Agriculture, Department of Health and Human Services chief executive officer, and then the Speaker designates a member, and then the fifth member would be from the State Historical Society. [LB231]

SENATOR HARMS: Well, Senator, if you look down at item...lines 16 through 20, it lists..."appointed by the Governor to represent federal agencies," that's plural, "local governments, tribal governments, nonprofit organization." I'm just trying to get a handle on how large this is because I want to go back to the issue about quorums because I think that's probably part of the problem. Can you tell me exactly how many is on that committee or shall I refer this back...? [LB231]

SENATOR CARLSON: I really can't. I'd ask you to refer back to Senator Avery. [LB231]

SENATOR HARMS: Thank you. Senator Avery, would you yield? [LB231]

SENATOR ROGERT: One minute. Senator Avery, will you please yield? [LB231]

SENATOR AVERY: I will. [LB231]

SENATOR HARMS: Senator Avery, how many people are on this commission? [LB231]

SENATOR AVERY: I think it's 15, sir. [LB231]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
February 23, 2009

SENATOR HARMS: Do they have... [LB231]

SENATOR AVERY: And that includes various representatives from the private sector, agricultural interests, and various other groups. [LB231]

SENATOR HARMS: Okay, thank you very much, Senator, I appreciate it. Thank you, Mr. President. [LB231]

SENATOR ROBERT: Thank you, Senator Harms. Senator Utter, you're recognized. [LB231]

SENATOR UTTER: Thank you, Mr. President and members of the body. Senator Avery, would you yield for another question please? [LB231]

SENATOR ROBERT: Senator Avery, will you yield to a question? [LB231]

SENATOR AVERY: I will. [LB231]

SENATOR UTTER: Can you tell me what kind of a budget the RDC operates under? What kind of a budget...how much money are they passing out to these various activities and...? [LB231]

SENATOR AVERY: Well, I can't off the top of my head tell you what their budget is. I do know they're involved in some grant funding activity. But I do have some notes here, I can look that up for you. [LB231]

SENATOR UTTER: And the source of these funds, are they state General Funds, are they federal funds, are they...? [LB231]

SENATOR AVERY: I think it's a combination, some state funds, federal funds. The purpose of the group is to focus attention on rural Nebraska and to work with these communities to help with development efforts. [LB231]

SENATOR UTTER: So by adding these members to the commission we're not actually adding any numbers, we're just allowing some of the regular members of the commission to appoint a designee or are we adding actual members? [LB231]

SENATOR AVERY: The...we're not allowing the commission to appoint anybody, the Governor appoints. Under the existing law the Governor can appoint four members to the commission. And what we're asking with this change is that the Governor be allowed to appoint the director of three departments or their designee. That's new language "or their designee." And we're changing the language on the legislative member. And then we're adding a new member, that would be the State Historical

Floor Debate
February 23, 2009

Society. So we're actually only adding one person to the commission that's not now there. [LB231]

SENATOR UTTER: So the Governor...the department heads that are currently on this commission, we're just allowing them to be able to appoint a designee. [LB231]

SENATOR AVERY: Well, the language of the bill would actually specify the director. Under the current law they're not specified. [LB231]

SENATOR UTTER: And would this bill also allow someone who lived out in the rural area that was representing the rural people, if he or she couldn't attend, to also appoint a designee? [LB231]

SENATOR AVERY: It does not. There are a number of members that are...can apply that are people from the private sector who apply to be...participate in this commission. And they have...they're not governed by statute but by the bylaws of the commission itself. [LB231]

SENATOR UTTER: Well,... [LB231]

SENATOR AVERY: And they...and it's my understanding that they don't have that provision in the bylaws. [LB231]

SENATOR UTTER: Thank you, Senator Avery. I guess my concern would be, number one, I would like to know what kind of a budget that we are working with in this commission. I think it could be a very important commission. But the lack of being able to attract a quorum to the commission's meetings, I must admit, gives me some concern and particularly if that lack of a quorum becomes because of disinterest from the people on the...that are appointed from the private sector to attend those meetings. Just some concerns I have. Thank you very much. [LB231]

SENATOR ROBERT: Thank you, Senator Utter. Senator Carlson, you are next and recognized. [LB231]

SENATOR CARLSON: Mr. President and members of the Legislature, sometimes we bring bills forward and I may be a guilty party here, and it can come off as not sounding like it's necessarily an important division that we're talking about. And this is really very, very important, Rural Development Commission. And for Senator Utter, two grant programs are administered by Rural Development Commission--the BECA program and the Value Added Agricultural Grants program. And in, for example, the BECA program in 2006 awarded \$140,000 in grants; later in 2006 another \$134,000; in 2007, \$224,000; and then later on in 2007, partially as a result of LB609, which was my bill that allowed rural communities to apply for grants to implement a recruiting program to recruit

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
February 23, 2009

families into the state from outside of the state, the awards jumped to \$341,000. And the Value Added program has done some good things too--awarded \$850,000 in 2006; \$895,000 in 2006 later on; and \$800,000 in 2007. And so there's some meaningful amounts there. And I think the idea of allowing a department to have a designee that really takes some pride in overseeing their responsibilities is just helping the whole thing. It's not minimizing what this group does. Thank you. [LB231]

SENATOR LANGEMEIER PRESIDING []

SENATOR LANGEMEIER: Thank you, Senator Carlson. Senator Avery, your light is on and the only light. So at this time you could wish to speak or close. Which would you like to do? [LB231]

SENATOR AVERY: Thank you, Mr. President. I want to just correct myself quickly. In my response to Senator Utter I said that there were 15 members of the commission. There are actually 19 members. There is a small staff. And there...the budget is about \$150,000 a year over a two-year period and that is to cover staff expenses. There are some programs, as Senator Carlson indicated, \$1.6 million over a two-year period for the Value Added Agricultural program, \$500,000 over a two-year period for the BECA program. So Senator Carlson is right, this is an important commission. In fact, the point of this legislation is to add more muscle to the commission by giving the commission...the directors membership and also allowing them to designate somebody to be there when they cannot be, which will facilitate their work. With that, Mr. President, I will end. Thank you. [LB231]

SENATOR LANGEMEIER: Thank you, Senator Avery. You have heard the closing on LB231. The question before the body is, shall LB231 advance? All those in favor vote yea; all those opposed vote nay. Have all those voted that wish to? Record, Mr. Clerk. [LB231]

CLERK: 36 ayes, 0 nays, Mr. President, on the advancement of the bill. [LB231]

SENATOR LANGEMEIER: LB231 does advance. Mr. Clerk, next bill. [LB231]

CLERK: LB167 by Senator Avery. (Read title.) The bill was introduced on January 12, referred to the Government, Military and Veterans Affairs Committee. The bill was advanced to General File. At this time I have no amendments to the bill. [LB167]

SENATOR ROBERT PRESIDING []

SENATOR ROBERT: Senator Avery, you're recognized to open on LB167. [LB167]

SENATOR AVERY: Thank you, Mr. President and colleagues. This bill is fairly

Floor Debate
February 23, 2009

straightforward and simple. It was brought to me by the Department of Administrative Services. It does two things. The first provision in LB167 provides that any state employee may participate in an employee discount program administered by the Department of Administrative Services. The department is currently working on a discount program for state employees and they need this legislation because they will collect and assemble information on discounts available to state employees by local and national businesses. And currently many state employees, such as the Department of Corrections, are barred from...or barred by statute from receiving a gift of any kind including any sort of discount program. So this bill would simply enable the Department of Administrative Services to extend these discount programs to all state employees. The second provision of this bill would allow the Department of Administrative Services to pay wages and reimbursable expenses to state employees by electronic fund transfer or similar means of direct deposit. Currently, DAS can only make electronic fund transfer for wages. This change is likely to save the state some money. If you look at the fiscal note you see the number is just a bit over \$37,000 and that is per year. It would also add efficiency, reduce the need for issuing new checks when employees lose or do not deposit their checks. In the past there have been arguments against the idea of electronic payments because some state employees may not have bank accounts. So DAS is proposing that such state employees who do not have bank accounts be given a debit card containing their wages and expenses. There was no opposition to this bill in hearing and it advanced on a 7 to 1 vote. I urge your advancement of LB167. Thank you. [LB167]

SENATOR ROBERT: Thank you, Senator Avery. You have heard the opening to LB167. Those wishing to speak are Senators Karpisek and Nelson. Senator Karpisek, you are welcome to...you are recognized. [LB167]

SENATOR KARPISEK: Thank you, Mr. President and members of the body. I will stand and say I voted against this out of committee. Not that I don't think it's a good idea, I think it's a fine idea if people want to have their paychecks done this way, but I don't like the mandate behind it. I don't think we should have to do it this way if they don't want to do it this way. Again, I can see that it will save some money. I guess my whole point is that it's just pushing another thing onto people that might not want it. So I'm not going to raise a big stink about this because it's probably not that big a deal. But I do want to say why I did not vote for it out of committee, and I will not vote for it on the floor. Thank you, Mr. President. [LB167]

SENATOR ROBERT: Thank you, Senator Karpisek. Senator Nelson, you are next and recognized. [LB167]

SENATOR NELSON: Thank you, Mr. President and members of the body. I would like to ask a question or two of Senator Avery. [LB167]

Floor Debate
February 23, 2009

SENATOR ROBERT: Senator Avery, will you yield to a question from Senator Nelson?
[LB167]

SENATOR AVERY: Yes, I will. [LB167]

SENATOR NELSON: Thank you, Mr. President and Senator Avery. I don't know I have any particular objection to the bill. But would you please go into a little detail for me about these discount programs, perhaps give me an example or two of what we're talking about there and what type of benefit this is going to be for the state employees.
[LB167]

SENATOR AVERY: A number of businesses might want to offer to state employees, say, a 10 percent discount on all purchases. This would allow DAS to offer it to all employees; they cannot now do that. They can only offer it to some because, for example, as I indicated the Department of Corrections is barred from such participation in these programs. This would allow them to participate. And that's just one example. Say you get a program, discount program at Best Buy, 10 percent off if you're a state employee. [LB167]

SENATOR NELSON: Is this over the Internet from businesses outside the state of Nebraska or local businesses? Can you give me an example, for instance, of what would be discounted. [LB167]

SENATOR AVERY: Yes. I have here, Senator, a catalog of discount programs for all state employees. It's a nationwide program that, I believe, can be accessed by way of the Internet. And it's very extensive. It includes national discount programs that are applied...that are offered to all 50 states, and we are simply restricted in how extensively we can participate under current law. [LB167]

SENATOR NELSON: Is there an average amount? I mean, are we exceeding perhaps a discount of \$50 or \$100? Does this apply to large items? [LB167]

SENATOR AVERY: No, we're not specifying how much the discounts can be, just making it possible for all state employees to participate in whatever programs the DAS should decide to extend to the employees or the extent to which DAS may say this is a program we want to participate in, we'd like to extend it to all our employees. [LB167]

SENATOR NELSON: All right, thank you for that explanation. With regard to Section 2, can you tell me just, if a bank...or if a state employee doesn't have a checking account or a bank account how this debit card would work then. [LB167]

SENATOR AVERY: I have right here a rebate card from Alltel, which I got when I bought my telephone. And it works just like a debit card, it works like cash. If I wanted to

Floor Debate
February 23, 2009

buy a Big Mac I could offer this as cash. They run it through their machine and it takes off the amount that I'm spending from the value of this card. This debit card would work the same way. [LB167]

SENATOR NELSON: So that if I requested reimbursement for \$100 of expenses then that's just transmitted onto my debit card, is that it? [LB167]

SENATOR AVERY: If you did not have a bank account in which you wanted the funds to be transferred electronically. [LB167]

SENATOR NELSON: All right, that answers my questions. Thank you, Senator Avery. Thank you, Mr. President. [LB167]

SENATOR ROBERT: Thank you, Senator Nelson and Senator Avery. Those wishing to speak, Senator Gloor, Howard, Karpisek, Janssen, and Pirsch. Senator Gloor, you are recognized. [LB167]

SENATOR GLOOR: Thank you, Mr. President. And I believe I can speak to some of the questions that Senator Nelson brought up. Having been an employer with a large number of employees, we were quite frequently approached by different businesses who were interested in offering discounts. This is nothing more than a marketing opportunity for those businesses and pretty innocuous and, I believe, there is an upside for employees. Some of the discounts that we were able to offer to our employees were Worlds of Fun discounts, some sporting events, the Kansas City Royals apparently are anxious to try and get anybody to come to their games. You could get discounts for those, I believe. There were car washes. There were eateries. Best Buy was already mentioned. This really is nothing more than the sort of discounts you'd get, as best I can recall, from organizations like AAA, usually fell into the range of 10 to 15 sometimes 20 percent. It was a nice little perk that you could offer to your employees. We did not feel it compromised their decision making in any way, shape, or form. I don't harbor any concern that it would compromise state employees and do feel it is one of those nice little perks that we can offer because we, as a state, are large enough to have a large enough body of employees that they have decided to focus on us for marketing purposes. As relates to Section 2 and electronic deposit, I am empathetic with people who are hesitant to make the change for electronic deposit; went through that with my own organization about 15 years ago. Ultimately, we decided we had to do it because the kind of dollars saved are in fact reasonable and there is an inevitability here. We at some point in time, all of us, will do any number of business transactions electronically. There will be no option, I believe. That may be a decade or two away but going to electronic deposit for state employees is moving pretty much into the twenty-first century. Thank you for your time and I am in support of LB167. [LB167]

SENATOR ROBERT: Thank you, Senator Gloor. Senator Howard, you are next and

Floor Debate
February 23, 2009

recognized. [LB167]

SENATOR HOWARD: Thank you, Mr. President. I'd like to thank Senator Karpisek as well for his concern about the issues raised in this bill. If Senator Avery would yield to a question. [LB167]

SENATOR ROBERT: Senator Avery, will you yield to a question? [LB167]

SENATOR AVERY: I will. [LB167]

SENATOR HOWARD: Thank you, Senator Avery. I know that you're familiar with the fact that the state employees are represented by union contracts. [LB167]

SENATOR AVERY: I am. [LB167]

SENATOR HOWARD: Thank you. Are you aware that they recently engaged in negotiations regarding the contracts? [LB167]

SENATOR AVERY: I am aware of that. [LB167]

SENATOR HOWARD: All right. One of the concerns that was brought to me was that this was not brought up as a matter for negotiations or even discussion during this period of time. Do you see any difficulty with that? [LB167]

SENATOR AVERY: No, I don't. I talked to the union last Tuesday and they raised this concern with me. I didn't know that it was not brought up during negotiations. But the union did not show up in the committee to oppose this or even comment on it at all. So I would...if it really mattered to them I think they would have been there. [LB167]

SENATOR HOWARD: Well, I think that the concern is that there may be some feeling of circumventing the contract negotiations. I'm not saying that's the case, I'm saying there are some people that may be concerned about that matter. But with all respect to the union negotiations, I do share the concern that this should have at least been discussed. You make a good point in saying that everyone has an opportunity for discussion in our hearings. That's why we have our hearings and have those open for anyone and everyone who's interested to come in and testify. I feel that one of the difficulties for people, we all know it's hard to make a change. It's hard to adjust to something different. And if you're used to receiving a paper check, it's hard to adjust to not seeing that. I think we need to factor that in, in consideration with this. I'm not standing in opposition to this, but I think that there needs to be some possibly reassurance to individuals who are hesitant about this matter to make sure that they understand the process, how this works. They will be receiving their money. And in some ways it's, frankly, more convenient. But again, I emphasize the importance of the

Floor Debate
February 23, 2009

union being included in this consideration and also that individuals are considered in this change process. Thank you. [LB167]

SENATOR ROBERT: Thank you, Senator Howard. Senator Karpisek, you are next and recognized. [LB167]

SENATOR KARPISEK: Thank you, Mr. President, members of the body. I have to apologize, I forgot about the other part of the bill, about the benefits. And I do like that part of the bill. I even asked Senator Avery, in Exec Session I think, maybe he wasn't here at that time, I don't remember, anyway if it shouldn't have been two bills. I do like the benefits part. And it does say in the bill that it may be electronic deposit. But I think that's giving DAS the chance to do it, which they will take advantage of. So again, I guess, I'll see how the vote goes here. Maybe on Select I may put an amendment up to take that part out. I do like the first part of the bill. I think it can help our state employees. But as far as the mandatory, I don't like mandatory anything, so I just can't support that part. Thank you, Mr. President. [LB167]

SENATOR ROBERT: Thank you, Senator Karpisek. Those wishing to speak, Senators Janssen, Pirsch, White, and Carlson. Senator Janssen, you are recognized. [LB167]

SENATOR JANSSEN: Thank you, Mr. President and members of the body. I was on the committee that advanced this out. I believe it advanced out 7 to 1. When I looked through it, first off, I agree with Senator Gloor. The discounts are really a marketing plan, that's really no added benefit to me. The one thing that I kept coming back to is, when you campaign you always say, we should run government more like a business. And we all know that's not possible on a lot of levels. But this is one of them that it's very possible. I, like Senator Gloor, have several people in my own private business that I pay on a weekly basis. And if we paid them with paper checks I can imagine not only the cost that it would incur with paper checks but also what we're forgetting is the time spent. What we're proposing here is a much more streamlined way of paying people, a better way of paying people, a more secure means of paying people. And I do understand that it's difficult to change in anything. I was just talking to Senator Howard and she was trying to date me a little bit with time as being younger and not understanding this. And I had to point out to her that when I was a member of the U.S. military I actually stood in line and got paid in cash and then paper checks. And I think I was the last one not on direct deposit. But this is really just a way of streamlining the pay process. I think it's a good thing. And I think it will be just a short-lived period of a few people that were used to getting paychecks via paper. But I rise in support of this bill and would encourage all of you to support it as well. Thank you. [LB167]

SENATOR ROBERT: Thank you, Senator Janssen. Senator Pirsch, you are next and recognized. [LB167]

Floor Debate
February 23, 2009

SENATOR PIRSCH: Thank you, Mr. President, members of the body. I also rise in support. I was a member of the committee that advanced this 7 to 1. And for the reasons set forth by Senator Janssen, that this is actually a faster process to get workers their money. There is less of a risk of checks being lost, that's an actual physical piece of paper that has to reach them and then takes awhile. During the meanwhile, the workers are not getting interest in their account on that money as it's in float. And so this actually will, albeit marginal, tend to allow the workers to have more of their money working for them in their own account. And it's more secure. And, yes, it does have, and that's a principle reason that we looked at this, a savings to the state of some \$40,000. And, you know, in the grander scheme of things we're not talking billions, but every little bit helps. And I think as we, you know, talk to the public about we're doing what we can to streamline government, I think we have to walk the walk as well. And so at the committee hearing I did not...there was no one who showed up in opposition. I understand now there is some, you know, statements that Senator Howard had mentioned. And I think mostly those are, from what I can tell, based upon a...people are in a routine, workers are in a routine. And at any time there's a certain change, although it, albeit not a great change, there's a certain hesitancy. I went through that myself, by the way, when I was working for city government, for the city of Omaha. We would always receive our check and then we switched over to just simply having it direct deposit. So, you know, it did take a week or two to get, you know, remember and get used to. But in the whole I think it's what we have to do because, after all, we...you know, it is the taxpayers who are providing this money. And this is a practice that we would implement if we were running a business. So with respect to the other aspect of the bill, the benefits, the discounts, really I think, you know, and that's not probably as great in magnitude to a lot of the people. But I think it is a certain...it's done by a lot of other jurisdictions. And it is thought of as a benefit, one feature to attract and retain workers. And anything we can do is better than doing nothing. And so I think for some people this will be something that they'll find exciting. And so for that reason I'd support that aspect of it as well. With respect to Senator Karpisek's concern about some people don't like...they like to have the physicality of receiving the check. Well, those individuals under this new bill can receive a debit card that is not, by the way, linked to any specific bank or particular bank. And so if you're one of those individuals who don't have a bank account or you don't like the idea of direct deposit for some reason, you can still have that physical presence of, in this case, not a piece of paper but a piece of plastic. And so that will always remain an option as well. This kind of is a continuation if you'll remember what we did the last couple of years. I brought forward a bill that dealt with making electronic payments for...through EFT, through child support through the Treasurer's Office. And so we did that. And so... [LB167]

SENATOR ROBERT: One minute. [LB167]

SENATOR PIRSCH: ...for all the reason...thank you very much, Mr. President. I'll cede back the balance...this will conclude my remarks rather. But I do urge you to advance

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
February 23, 2009

LB167 to Select File for all the reasons set forth. [LB167]

SENATOR ROBERT: Thank you, Senator Pirsch. Senator White, you are recognized. [LB167]

SENATOR WHITE: Thank you, Mr. President. I do have some concerns over LB167, not with the intent, not with the general idea that some kind of a discount program that is available generally to employers of Nucor Steel or First National Bank or Target, that state employees should be able to take advantage of that. I have no problem with that at all. I do, however, believe the language is drafted very broadly and could be abused. And to that end, if Senator Avery would be kind enough to yield to a few questions I would appreciate it. [LB167]

SENATOR ROBERT: Senator Avery, will you yield to a question? [LB167]

SENATOR AVERY: I will. [LB167]

SENATOR WHITE: Senator Avery, one of my concerns is under just the language here, would it be possible, for example, if I were a...let's say I ran a hunting lodge or a guide business. Could I offer to any member of Fish and Game 90 percent discount off of our normal vacation rates? In other words, is it possible now under the law to offer very specialized huge discounts over very limited groups of state employees who might supervise my business? [LB167]

SENATOR AVERY: I think it's possible to read this language and come to your conclusion. However, the Department of Administrative Services would be administering these. And it's unlikely they would approve such a discount. But I can tell you, Senator, that I'd be happy to work with you between now and Select File to change this language to address your concern because I think you've raised a good point. [LB167]

SENATOR WHITE: Thank you, Senator. And I appreciate that. What I would suggest to the members is language that would allow, for example, as long as such discount has been offered to other large employer groups or other groups or is offered across the state. What I'm concerned is that we not take out our antibribery statutes inadvertently in this situation by making lawful very focused discounted services that, in effect, would be a bribe but we've now blessed. And so, Senator Avery, I will take you up on your willingness to work with it. And if you'll agree to maybe tighten the language, I can certainly support this bill moving forward. [LB167]

SENATOR ROBERT: Thank you, Senator White and Senator Avery. Senator Carlson, you are next and recognized. [LB167]

SENATOR CARLSON: Mr. President and members of the Legislature, I'd like to

Floor Debate
February 23, 2009

address a couple of questions to Senator Avery, if he would yield. [LB167]

SENATOR ROBERT: Senator Avery, will you yield? [LB167]

SENATOR AVERY: I will. [LB167]

SENATOR CARLSON: Senator Avery, page 2, line 7, we've got the word "may." And you may have explained this, but tell me what does that really mean, DAS "may?" [LB167]

SENATOR AVERY: This is permissive language. It does not mandate that they have to do this but simply gives them the authority to do it. [LB167]

SENATOR CARLSON: Does this mean if I were an employee and I went in and asked that I actually receive my check that they might allow me to have it that way? [LB167]

SENATOR AVERY: I think they have that discretion. [LB167]

SENATOR CARLSON: Now Senator Pirsch brought up the other option was a debit card. So in this language of "may" that doesn't really dictate that if it's not an electronic transfer it would automatically be a debit card. [LB167]

SENATOR AVERY: Well, actually that is the intent that debit cards would replace the paper check if you don't have a bank account. [LB167]

SENATOR CARLSON: Okay. Then to follow that through one step further, I don't have a bank account, I don't want the debit card, and it says "may," do you think there's a likelihood that I could request a paper check and get it? [LB167]

SENATOR AVERY: Well, I would hope so because you wouldn't have any other alternative beyond that. There's nothing sinister in this part of the bill. And, you know, it's part...widely used throughout our society today. And I think it's really a question of when are we going to bring DAS and our own accounting and disbursement procedures in line with current practice throughout the economy. I really don't see anything at all here that should cause concern for employees, unless they are just completely paranoid about not having that paper check in their hands. [LB167]

SENATOR CARLSON: Okay, thank you, Senator Avery. And overall, the idea, I believe, is correct. It's the right way to go. But I like the wording of "may" if it entails the possibility and the high probability that if I do not want a debit card and I do not want electronic transfer I can still receive my check physically. And I think in the overall savings there would be very, very few people that would request that. But if they do request it and could be granted it, there would be no problem at all. Thank you. [LB167]

Floor Debate
February 23, 2009

SENATOR ROBERT: Thank you, Senator Carlson. Senator Louden, you are next and recognized. [LB167]

SENATOR LOUDEN: Thank you, Mr. President and members. Would...first of all, I would rise in support of the bill because this electronic transfer seems to be the way of everything is going nowadays, all the way from paying and buying cattle and livestock and other means of business because that's where we worked on some legislation before to take the taxes off of electronic transfers. What I'm wondering, would Senator Avery yield to for a question, please. [LB167]

SENATOR ROBERT: Senator Avery, will you yield to a question? [LB167]

SENATOR AVERY: I will. [LB167]

SENATOR LOUDEN: Yeah, I guess, the problem I have with the bill is that a state employee may participate in a discount program administered by the Personnel Division of the Department of Administrative Services. Now when...where are you talking about in that now. Say, like the Department of Roads when they put up a bunch of their equipment for sale, is this something that the employee could get a particular discount if he bought some of that stuff, or perhaps when there's laptop computers that are left over, or what all does that entail in that part in Section 1? [LB167]

SENATOR AVERY: These would have to be formalized programs, discount programs, usually they range from 10 to 15 percent, that would be extended to the state of Nebraska for all state employees. I don't believe that the state can extend such a program to itself. [LB167]

SENATOR LOUDEN: In other words, then if the state was buying some...well, buying cars, for instance, and they were getting a discount, then the state employees could go ahead and buy cars through that same system and get that same discount, is that what you're telling me? [LB167]

SENATOR AVERY: It would depend on the nature of the discount program. If they're...if an automaker said, yes, we're going to offer a 10 percent discount on all sales of our products to all the state employees of Nebraska, and the Department of Administrative Services decided to participate in it, yes. But I have a catalogue here that shows the type of programs, discount programs that are available throughout the states, and I don't believe cars are included. [LB167]

SENATOR LOUDEN: Okay. But is there any reason why they couldn't be? [LB167]

SENATOR AVERY: I suppose not, if it's a... [LB167]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
February 23, 2009

SENATOR LOUDEN: I'm just wondering about with that part, that's new language in there. And I'm just wondering if that could open the door up to a huge problem or a huge case where state employees were getting...were able to get discounts that wouldn't be available to other people in the state of Nebraska. And I have a problem with that. I think when it's state money then this should be equal to everyone. This is where I have some problem with that particular type language. And I'd appreciate if it was explained a little bit more to me. Thank you, Mr. President. Thank you, Senator Avery. [LB167]

SENATOR ROBERT: Thank you, Senator Louden. Those wishing to speak, Senators Hadley and Pirsch. Senator Hadley, you're recognized. [LB167]

SENATOR HADLEY: Thank you, Mr. President and members of the body. This is a first for me. I'm speaking to somebody who is behind me. Senator Avery, would you yield to a question? [LB167]

SENATOR ROBERT: Senator Avery, will you yield to a question? [LB167]

SENATOR AVERY: I'm sorry? [LB167]

SENATOR ROBERT: Will you yield to a question? [LB167]

SENATOR AVERY: Yes, I will. [LB167]

SENATOR HADLEY: Senator Avery, if we do this it would mean that the employees would get some kind of piece of paper showing what is being deposited into their account. Is that correct? [LB167]

SENATOR AVERY: That is correct. [LB167]

SENATOR HADLEY: Okay, thank you. I just wanted to be sure. We used this at the University of Nebraska at Kearney. And the only concern I have is to be sure that employees do receive the information, because at times you get your checking account and you have items in there and you have to kind of scramble to figure out which...what the item is. And especially someone who travels a lot and has a lot of expense reimbursements, it can make it a little more difficult to tie the two together. So I think it's imperative that the department...DAS make sure that it gets information to the employees of exactly what is being transferred to their account so that people, the employees can tie out their bank statement and what the direct deposits are. Thank you. [LB167]

SENATOR ROBERT: Thank you, Senator Hadley. Senator Pirsch, you are next and recognized. [LB167]

Floor Debate
February 23, 2009

SENATOR PIRSCH: Thank you, Mr. President and members of the body. I just wanted to speak a little bit to Senator Louden's concern with regards to surplus property, state surplus property. Can, for instance, state employees then have access to...can the state offer then to employees their surplus property at a discounted rate, a rate which those members of the general public would not be...also find themselves available to utilize. And my understanding is with respect to that particular concern there is a separate statute that deals with surplus property and the method or formula by which the state can get rid of or sell that surplus property. And so that's regulated by this other statute and my understanding is would not allow for state workers to be privy to or privileged to enjoy discounts from the state with regards to this surplus property in a way that a member of the general public would not. And so I can understand some of the concern about that, if there's some sort of a...it leads perhaps to the, whether it's true or not, the air of or the potentiality that members of the public might view that as a sweetheart deal or somehow improper. And so, you know, just to assure you it's my understanding that that surplus property deals with specifying the ways in which this surplus property can be sold by the state. And in my understanding it would not allow for this type of a discount program to apply to state surplus property. With that I'll yield back. Thank you. [LB167]

SENATOR ROBERT: Thank you, Senator Pirsch. Senator Karpisek, you are next and recognized. [LB167]

SENATOR KARPISEK: Thank you, Mr. President. Is this my third time? [LB167]

SENATOR ROBERT: Yes. [LB167]

SENATOR KARPISEK: I just wanted to do that while you were in the Chair. Thank you. Could I ask Senator Avery a couple questions, please? [LB167]

SENATOR ROBERT: Senator Avery, will you yield to a question? [LB167]

SENATOR AVERY: Yes, I will. [LB167]

SENATOR KARPISEK: Thank you, Senator Avery. You said that employees will still get a piece of paper saying that they...to tell them how much has been deposited in their account. [LB167]

SENATOR AVERY: Yes, just the way we do here in the Legislature. If you have your salary deposited by electronic means, you get statements that indicates how much was deposited. Yes. [LB167]

SENATOR KARPISEK: Well, I don't obviously have that done, so I don't know what it

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
February 23, 2009

looks like. But so does that really save much money if we have to give them a piece of paper anyway? [LB167]

SENATOR AVERY: The savings actually would be between 62.4 cents and 84 cents per paper transaction. [LB167]

SENATOR KARPISEK: I saw that in the bill or in the fiscal. I don't know exactly how much...I guess that's because of bank fees. [LB167]

SENATOR AVERY: No, the cost of paper and postage and that kind of thing. The cost of direct deposit is about 1 cent each so you're really...it's a pretty significant savings. [LB167]

SENATOR KARPISEK: But if you're still giving them a piece of paper, how do they get that piece of paper? [LB167]

SENATOR AVERY: Well, one way to do it would be through the Internet where you'd have to...you log on and then print out the receipt. [LB167]

SENATOR KARPISEK: And they'll probably do that at home not at work, right? [LB167]

SENATOR AVERY: I don't know if it matters really. [LB167]

SENATOR KARPISEK: Well, on work time they would probably be using work time, I guess. My other question is, and I want to really make this clear and I don't...I'm not sure that it is. They would still be able to get a paper check if we pass this? [LB167]

SENATOR AVERY: Yes, in some instances. But my understanding is that DAS intends to move to widespread application. I mean, otherwise you don't get the savings and that's...and the efficiency would be lost. But in some circumstances paper checks can still be issued. [LB167]

SENATOR KARPISEK: Okay. Well, I thought that Senator Carlson had asked, can I still get a paper check if I want one. Isn't that what he asked? [LB167]

SENATOR AVERY: I think I was engaged in conversation and didn't hear that, Senator. [LB167]

SENATOR KARPISEK: All right. Thank you. I'll ask Senator Carlson that. Mr. President, may I ask Senator Carlson? [LB167]

SENATOR ROBERT: Senator Carlson, will you yield to a question? [LB167]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
February 23, 2009

SENATOR CARLSON: Yes, I will. [LB167]

SENATOR KARPISEK: Thank you, Senator Carlson. Did you ask if you still wanted a paper check that you could get one? [LB167]

SENATOR CARLSON: I asked if the word "may" carried with it the possibility that that request could be granted. And I said, if so, that would be good. [LB167]

SENATOR KARPISEK: Well, it says "may," but Senator Avery just said that DAS intended to use it widespread. [LB167]

SENATOR CARLSON: And I think I even understand that. But I think that Senator Avery understands what I was asking. And, hopefully, this is something that would be addressed to DAS if we have several thousand that are electronically transferred and a few that aren't, we're still going to save a lot of money. [LB167]

SENATOR KARPISEK: Okay. Thank you, Senator Carlson. I heard part of that conversation, I guess. I just want to say I think that we're in the twenty-first century, we're using this. The people that want to use this can use it and will use it. The ones that don't want to use it aren't using it. I think we're saving money. I think it's a great, great idea to do this if you want to do it. If you don't want to do it, I don't feel that you should be forced to do it. And I do feel that DAS will have everyone, short of a few instances, will all be done electronically. [LB167]

SENATOR ROBERT: One minute. [LB167]

SENATOR KARPISEK: Again, thank you, Mr. President. I have nothing against the electronic part but some people maybe just don't want to do it that way. And I don't think that we should make them do it that way if they don't want to. Thank you, Mr. President. [LB167]

SENATOR ROBERT: Thank you, Senator Karpisek. Senator Nelson, you're next and recognized. [LB167]

SENATOR NELSON: Thank you, Mr. President and members of the body. I would like to ask a few more questions of Senator Avery. [LB167]

SENATOR ROBERT: Senator Avery, will you yield to a question? [LB167]

SENATOR AVERY: I will. [LB167]

SENATOR NELSON: Thank you, Senator. I find myself somewhat in agreement with Senator Karpisek. And do you happen to know, Senator, what percentage of the state

Floor Debate
February 23, 2009

employees are now receiving their wages electronically, by electronic deposit? [LB167]

SENATOR AVERY: Well, I'd have to do the math. If you go to the fiscal note you can see that the last fiscal year the state wrote 10,631 paper expense reimbursement warrants and processed 23,034 direct deposit expense reimbursements. So it's about 50 percent paper. [LB167]

SENATOR NELSON: Five-0, 50 percent or 15? [LB167]

SENATOR AVERY: Well, it's a little bit under 50 percent but it's close to 50. [LB167]

SENATOR NELSON: All right. Is there any reason to believe that a lot of these employees now receiving checks would not be amenable to having direct deposit? [LB167]

SENATOR AVERY: Oh, I think they're...yeah. I am learning right now that there is some push back and some resistance to this. And it's...even though the language says "may" we are striking language in Section 2, on page 2, that allows employees to refuse to participate. So... [LB167]

SENATOR NELSON: Exactly, and that was my next point. It seems pretty clear to me in...whereas, at the present time they have to consent in writing to this. And that the department may not require a state employee, that we're taking all that language out, and that's a pretty good indication to me that it's going to be pretty much mandatory. I'm just asking why we don't go with a proposition here that employees be encouraged to use the electronic process. But if there are a few, and I suspect maybe there might be 10 percent, something like that, and we ought to give them the option to say, no, I don't want it. And certainly we ought to be able to accommodate those employees who, for whatever reason, might want to get a check in hand to continue to do it that way. I agree with Senator Karpisek that I think probably most of it can be done electronically. And we will have additional savings. But we might...we still have the capability of doing a paper check for those that, for whatever reason, absolutely don't want to have an electronic deposit, if it is just because they have to set up a checking account or they don't like the use of a debit card. Thank you for your answers to these questions, Senator Avery. Thank you, Mr. President. [LB167]

SENATOR ROBERT: Thank you, Senator Nelson. Those wishing to speak: Senators Wallman, Loudon, and Avery. Senator Wallman, you are next and recognized. [LB167]

SENATOR WALLMAN: Thank you, Mr. President and members of the body. I used to be a treasurer of a school board and we went to electronic transfers and we left it optional. And I want to tell you one reason why we left it optional. If you have constituents or workers who are going through a divorce settlement, how do you split

Floor Debate
February 23, 2009

these bank accounts? It can get pretty messy. They want the check. So I would...I agree with Senator Karpisek, it's a good idea for this time in the history. But in certain situations, I think it's much better to get a check. And thank you, Mr. President. [LB167]

SENATOR ROBERT: Thank you, Senator Wallman. Senator Louden, you are next and recognized. [LB167]

SENATOR LOUDEN: Thank you, Mr. President. I was wondering if Senator Avery would yield for some questions, please. [LB167]

SENATOR ROBERT: Senator Avery, will you yield to a question? [LB167]

SENATOR AVERY: I will. [LB167]

SENATOR LOUDEN: Senator Avery, as I look this bill over, Section 2 is all about electronic transfers the way I understand it, and I have no problem with that because I think that seems to work quite well. Section 1 is all...really an altogether subject matter than electronic transfers. Doesn't have anything to do with electronic transfers, does it? [LB167]

SENATOR AVERY: No, it doesn't. It has to do with the discount program. We packaged these in one bill to make this legislation more efficient so we wouldn't be overloading the document with small technical bills, multiple bills. [LB167]

SENATOR LOUDEN: Now, are you using electronic transfer to, what would you say, to slip something past us here or just (laugh) what is your reason for this... [LB167]

SENATOR AVERY: No, nothing sinister about this at all. [LB167]

SENATOR LOUDEN: ...for this Section 1? Because can you explain to me how that would be used, this Section 1? [LB167]

SENATOR AVERY: It would be used in this manner, if a vendor, somebody who has a product to sell wanted to offer it to the state employees of Nebraska a 10 percent discount, they would go to DAS and make them aware of this. DAS would then decide whether or not they wanted to participate. And if they did, then the program would be made available to all state employees. [LB167]

SENATOR LOUDEN: Now that's... [LB167]

SENATOR AVERY: That's the way it's written. [LB167]

SENATOR LOUDEN: Okay. Then in other words, you're saying if the state employees

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
February 23, 2009

wanted to go to some big box store around town and if you were a state employee you could perhaps get a certain percent discount on everything you bought there, beings you were a state employee, is that what you're telling me? [LB167]

SENATOR AVERY: That's the intent. [LB167]

SENATOR LOUDEN: Okay. Then in order to do that then by them being a state employee and receiving this discount then, is that part of their wage package? [LB167]

SENATOR AVERY: No, it's an additional benefit. [LB167]

SENATOR LOUDEN: Okay. Then would they have to pay income taxes on that if it's a benefit? [LB167]

SENATOR AVERY: I don't think so. [LB167]

SENATOR LOUDEN: Why not, because they wouldn't get that unless they were state employees. So it isn't like if you or I go there because they're not paying our wages or we're not an employee or if we're a member of AARP or somebody else like that or past 65 (laugh) and get our discount, that's a different deal because nobody is paying our wages. But when you are using it as an issue that you are an employee of a certain organization or corporation or something, well then I would question that if this isn't something that should be taxable. [LB167]

SENATOR AVERY: Well, if you are a member of AARP, you get all kinds of discounts that you don't have to declare as income. Same as membership in... [LB167]

SENATOR LOUDEN: No, because they're not paying your wages. [LB167]

SENATOR AVERY: Pardon? [LB167]

SENATOR LOUDEN: Because AARP isn't paying your wages, but with this, the state... [LB167]

SENATOR AVERY: And a big box... [LB167]

SENATOR LOUDEN: ...the state of... [LB167]

SENATOR AVERY: The big box store is not paying your wages either. [LB167]

SENATOR LOUDEN: Yeah, but the Department of...or the state of Nebraska, on this, is paying your wages and that's the reason you're getting this discount is because you're an employee of the state of Nebraska. So I'm wondering how that has to be handled or

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
February 23, 2009

if that question has to be raised on that. That's my concern about this is, fine, if they can get the discount, that's all right. But I'm wondering along the road someplace if that has to be something that has to be considered when their work package is considered or when they file their income tax. If you buy stuff and get things given to you, I mean, look where Tom Daschle in South Dakota found out when somebody was giving him a car, he had to pay taxes on it. So that's why I'm concerned about this thing here. If it's \$5 or \$10 that's one thing, but if somebody was buying some big dollar pieces of whatever they were wanting to buy, I guess,... [LB167]

SENATOR ROBERT: One minute. [LB167]

SENATOR LOUDEN: ...then there could be a big, you know, a substantial amount of money involved. So this is my concern. So thank you, Senator Avery. Thank you, Mr. President. [LB167]

SENATOR ROBERT: Thank you, Senator Louden. Senator Avery, you are next and recognized. [LB167]

SENATOR AVERY: Yes. I wanted to make one correction in a statement I made in response to a question earlier. I believe it was Senator Nelson that was asking how many paper checks are actually written, what is the percentage. The percentage is actually 14, it is not somewhere close to 50 as I thought. I was looking at the fiscal note under the paper expense reimbursements, not payroll. Payroll actually is about 14 percent of the people who get their payroll in paper form, only 14 percent. The other number had to do with expense reimbursements. And that actually shows that the extent to which employees do prefer to participate in the automatic deposit is quite large, that's 14 percent out of over 350,000 direct payroll deposits. Thank you. [LB167]

SENATOR ROBERT: Thank you, Senator Avery. Those wishing to speak: Senators Stuthman, Pirsch, and Gloor. Senator Stuthman, you are recognized. [LB167]

SENATOR STUTHMAN: Thank you, Mr. President and members of the body. I would agree with Senator Karpisek about the fact that I think people that are of an older age, older employees, you know, still would like to have that physical check, and I'm one of them myself. But I think, you know, in time to come it's going to go to the all electronic transfer. I would like to ask Senator Avery a question. [LB167]

SENATOR ROBERT: Senator Avery, will you yield to a question? [LB167]

SENATOR AVERY: I will. [LB167]

SENATOR STUTHMAN: Senator Avery, you talk about the savings. Would there be any possibility that this savings could be added to the check of the individual, if he goes to

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
February 23, 2009

the electronic transfer, that maybe his check could be a couple dollars more just because he went that route? [LB167]

SENATOR AVERY: No, that's not included in this legislation, Senator. [LB167]

SENATOR STUTHMAN: I realize it's not included in the legislation, but if there's going to be a savings who's going to be getting the savings? Is the company going to be getting this savings then? [LB167]

SENATOR AVERY: Yes. It might be Wal-Mart, it might be Target, they are the ones that are giving the discount. The state participates in the discount. [LB167]

SENATOR STUTHMAN: And the state participates in that discount. That is (inaudible). Yes, you said there's only 14 percent, you know, that are actually getting the checks, the physical check at the present time. [LB167]

SENATOR AVERY: I'm sorry, Senator, you're talking not about discount, but you're talking about direct deposit, right? [LB167]

SENATOR STUTHMAN: Yes, yes. [LB167]

SENATOR AVERY: The savings goes to the state. [LB167]

SENATOR STUTHMAN: The savings goes to the state? [LB167]

SENATOR AVERY: Yes, the savings goes to the state. If we pass this legislation, the state would not have to expend 62.4 cents, up to 84 cents per transaction to write a paper check. And when you add all that together, the savings is about...over \$37,000 a year. [LB167]

SENATOR STUTHMAN: So if we have a savings there, then some of these bills that get passed this year that have a fiscal note, then we could utilize that money on one of those bills? [LB167]

SENATOR AVERY: Absolutely. [LB167]

SENATOR STUTHMAN: Okay. [LB167]

SENATOR AVERY: Talk to Senator Heidemann. [LB167]

SENATOR STUTHMAN: I think that sounds like a fairly good proposal. But I don't think that will be...will happen, to tell you the truth. So I do...I think that it's going to happen in time. But the way this bill is drafted, in my opinion, it will almost, in fact every employee

Floor Debate
February 23, 2009

would have to accept the fact that it will be...their paycheck will be electronically handled through the bank. Thank you, Mr. President. [LB167]

SENATOR ROBERT: Thank you, Senator Stuthman. Senator Pirsch, you are next and recognized. This is your third time. [LB167]

SENATOR PIRSCH: Thanks. Thank you, Mr. President, members of the body. Just a quick remark or two with respect to Senator Louden's concern about possible...possibly increasing the difficulties or making more problematic employees income tax returns or filings under the assumption that somehow this is...should count as...and I'm talking about participating in this discount program, that any discount...discounted price they receive, that that discount would somehow be considered income for the purpose of either federal or state income tax. And that just isn't so, such that you would have to worry about paying increased taxes on them, similar to when you go to the grocery store and you buy a gallon of orange juice and have \$1 off coupon. When you go to checkout at the front, you don't pay sales tax on the entirety of the...what would have been the original price. You only pay sales tax on the actual sale price. And that is kind of similar. Obviously, we're talking a difference between sales tax and income tax. But in any case, conceptually similar. You only pay tax on that which is the cost. And so the discount is a trade-off for the offering entity, whether that is, you know, a furniture store or whatnot. They're agreeing to lower their price for these employees knowing that they're going to increase the volume with the customers that are being offered this by this program. And so to them they'd rather make a smaller profit off more people. And so it does not effect the...wouldn't complicate the taxes of the employees with the...with that, I will yield back the balance of my time. Thank you. [LB167]

SENATOR ROBERT: Thank you, Senator Pirsch. Senator Gloor, you are next and recognized. [LB167]

SENATOR GLOOR: Thank you, Mr. President and members of the body. I would join Senator Pirsch is trying to reassure members of this body that there are no income tax ramifications, again going back to my personal experience. We are talking discounts off of full price as opposed to some sort of giveaway that would have employees benefitting by getting items for less than it costs the supplier of those services. That's where you may have an income tax issue. And it is just exactly like AARP discounts, or Sam's Club discounts, or movie discounts for seniors. It fits into the same category, so there are no income tax ramifications. This is just a straightforward opportunity for employees, since our state employees are large in number, of getting the same sort of discounts offered to many other large businesses in and around Nebraska and I think would be seen as a benefit by those individuals, help them in ways that won't cost us any money. Again, this is a marketing opportunity for those entities. And I again speak in favor of all aspects of LB167. Thank you. [LB167]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
February 23, 2009

SENATOR ROBERT: Thank you, Senator Gloor. Senator Utter, you are next and recognized. Senator Utter. [LB167]

SENATOR UTTER: Mr. President and members of the body, I would just like to ask Senator Avery a question, if I might. [LB167]

SENATOR ROBERT: Senator Avery, will you yield to a question? [LB167]

SENATOR AVERY: I will. [LB167]

SENATOR UTTER: Senator Avery, I assume that under this program state senators would be considered state employees? [LB167]

SENATOR AVERY: Senator, I'm not sure about that because there are two classifications of employees. You have the state personnel system, which I believe is what we're talking about here, and then you have other employees like state senators and legislative staff that are not a part of that system. [LB167]

SENATOR UTTER: The concern that I have is if in fact we are state employees, and if in fact that then makes us automatically eligible for the discount program that they're talking about, I guess my question is that, have we cleared any accountability and disclosure problems that this may create, or in fact maybe state senators need to be excluded specifically from that part of this bill. [LB167]

SENATOR AVERY: You want me to respond to that? [LB167]

SENATOR UTTER: I sure do. [LB167]

SENATOR AVERY: Thank you. That is a very good point and it was raised by Senator White. And he and I will work on making sure that you cannot target a specific group of employees for special discounts between now and Select File. [LB167]

SENATOR UTTER: Well, it's not only targeting specific employees. I just think that the fact that there are discounts allowed to a state senator, even though they're allowed to all other state employees, that there could be a problem with accountability and disclosure with regard to that. I just think maybe that's something that needs to be checked as you are working through these other problems. [LB167]

SENATOR AVERY: We'll look into that, Senator. [LB167]

SENATOR UTTER: Thank you very much. [LB167]

SENATOR ROBERT: Thank you, Senator Utter. Seeing no other lights on, Senator

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
February 23, 2009

Avery, you are recognized to close on LB167. [LB167]

SENATOR AVERY: Thank you, Mr. President. Let me just say that there's nothing sinister about this. There's no hidden agenda here. All we're trying to do is provide some permissive authority to DAS so that they can participate in discount programs that will go to all employees. Senator White and I will work on language to make sure that you cannot separate out and target specific employees for special benefits. And that second part, for direct deposit, you know, this is the twenty-first century. We're going to have to do this eventually. And let me just mention here that I believe it was Senator Stuthman made the point that old people don't really want to have direct deposit. Eighty-seven percent of Social Security recipients get their deposits through direct...or get their payments through direct deposit, including my mother who is 89 years old. It took her a long time to realize that that was real money. But she got used to it and it works very fine for her. So I ask you to advance this to Select File with the understanding that Senator White and I will work on language in Section 1, on page 2, dealing with discounts. Thank you, Mr. President. [LB167]

SENATOR ROBERT: Thank you, Senator Avery. Members, you have heard the closing to LB167. The question before the body is, shall LB167 advance to E&R Initial? All those in favor vote aye; opposed vote nay. Have all those voted who wish? Mr. Clerk, please record. [LB167]

CLERK: 35 ayes, 6 nays, Mr. President, on the motion to advance LB167. [LB167]

SENATOR ROBERT: LB167 does advance. [LB167]

SPEAKER FLOOD PRESIDING []

SPEAKER FLOOD: Mr. Clerk, while the Legislature is in session and capable of transacting business, I propose to sign and do hereby sign LR22. [LR22]

SENATOR ROBERT PRESIDING []

SENATOR ROBERT Items for the record, Mr. Clerk. []

CLERK: Thank you, Mr. President. A priority bill designation, Senator Ashford has selected LB63. Senator Flood offers LR31, new resolution; that will be laid over. An amendment to LB204 to be printed, by Senator Fischer. Senator Carlson, an amendment to LB254. Natural Resources Committee offers two confirmation reports; those signed by Senator Langemeier as Chair of the committee. Name adds: Senator Pirsch to LB167; Senator Wallman to LB476; and Senators Gay and Campbell to LB532. (Legislative Journal pages 530-532.) [LB63 LR31 LB204 LB254 LB167 LB476 LB532]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
February 23, 2009

Mr. President, a priority motion. Senator Heidemann would move to adjourn the body until Tuesday morning, February 24, at 9:00 a.m. []

SENATOR ROBERT: Members, you have heard the motion. All those in favor of adjourning until Tuesday, February 24, at 9:00 a.m. signify by saying aye. Opposed, nay. We are adjourned. []