

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

Floor Debate
January 15, 2009

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PRESIDENT SHEEHY PRESIDING []

PRESIDENT SHEEHY: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the seventh day of the One Hundred First Legislature, First Session. Our chaplain for today is Pastor Steve Severance from the Seventh-Day Adventist Church in Beatrice, Nebraska, Senator Wallman's district. Pastor Severance. []

PASTOR SEVERANCE: (Prayer offered.) []

PRESIDENT SHEEHY: Thank you, Pastor Severance. I call to order the seventh day of the One Hundred First Legislature, First Session. Senators, please record your presence. Please record, Mr. Clerk. []

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

PRESIDENT SHEEHY: Are there corrections for the Journal? []

CLERK: Mr. President. (Read corrections, Legislative Journal page 149.) That's the only correction I have. []

PRESIDENT SHEEHY: Messages, reports, or announcements? []

CLERK: Mr. President, a Reference report referring LB208-244, as well as LR5CA, that signed by Senator Wightman, as Chair of Reference. Senator Langemeier would like to announce that Natural Resources has selected Senator Dubas as the Vice Chair of the Natural Resources Committee. An announcement from Senator Wightman, as Chair of the board, a series of appointments to various special committees of the Nebraska Legislature have been made by the Executive Board. That will be acknowledged in the Journal. Mr. President, one announcement: The Performance Audit Committee will meet at 9:50 underneath the north balcony; Performance Audit Committee at 9:50 under the north balcony. And that's all that I had, Mr. President. (Legislative Journal pages 149-151.) []

PRESIDENT SHEEHY: Thank you, Mr. Clerk. I do have a special announcement this morning. In celebration of Senator Charlie Janssen's birthday today, he is providing

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special treats which are located over in the Senators' Lounge. Senator Janssen, happy birthday. (Applause) Mr. Clerk, we will now move to introduction of new bills. []

CLERK: Mr. President. (Read LB288-291 by title for the first time.) And that's all that I have at this time, Mr. President. (Legislative Journal pages 151-152.) [LB288 LB289 LB290 LB291]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Mr. Clerk, you have new bills for introduction on your desk. []

CLERK: Mr. President, new bills. (Read LB292-299 by title for the first time.) Mr. President, in addition, announcements: Business and Labor, chaired by Senator Lathrop, would announce that Senator Council has been selected as Vice Chair of the committee. And I have a motion with respect to LB143 from Senator Langemeier, that would be to withdraw the bill. That will be laid over. (Legislative Journal pages 152-153.) [LB292 LB293 LB294 LB295 LB296 LB297 LB298 LB299 LB143]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. []

CLERK: Mr. President, Performance Audit will meet underneath the north balcony at 9:50 or, I think, now; Performance Audit, immediately under the north balcony. []

PRESIDENT SHEEHY: Mr. Clerk, you have new bills for introduction on your desk. []

CLERK: I do, Mr. President. (Read LB300-310 by title for the first time.) That's all that I had, Mr. President. (Legislative Journal pages 153-155.) [LB300 LB301 LB302 LB303 LB304 LB305 LB306 LB307 LB308 LB309 LB310]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. We are currently approaching the hour of 10:00 a.m. Senator Stuthman, you are recognized for a motion. []

SENATOR STUTHMAN: Thank you, Mr. President. I move that a committee of five be appointed to escort the Governor of the state of Nebraska to the Legislative Chamber to deliver his State of the State Address. []

PRESIDENT SHEEHY: Thank you, Senator Stuthman. You have all heard the motion. All those in favor say aye. Opposed, nay. The motion is adopted. I would appoint the following to the committee: Senator Fischer, Senator Nantkes, Senator Christensen, Senator Friend, and Senator Lathrop. Would the Escort Committee retire to the rear of the Chamber to escort the Governor. The Chair recognizes the Sergeant at Arms. (Gavel) []

SERGEANT AT ARMS: Mr. President, your committee now escorting the Governor of

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the great state of Nebraska, Dave Heineman, and First Lady Sally Ganem. (Applause) []

PRESIDENT SHEEHY: (Gavel) Ladies and gentlemen, members of the Legislature, the Governor of the great state of Nebraska, Governor Dave Heineman. (Applause) []

GOVERNOR HEINEMAN: Thank you. Thank you very much. Thank you. Thank you very much. Thank you. Thank you. []

PRESIDENT SHEEHY: (Gavel) []

GOVERNOR HEINEMAN: Thank you very much. Mr. President, Mr. Speaker, members of the Legislature, Tribal Chairmen, distinguished guests, friends and fellow Nebraskans: Today, I want to ask you to think about the phrase "once in a lifetime." Many of us in this room and Nebraskans all across our great state have been fortunate to experience some of the most remarkable firsts in the history of America. In 1969, Neil Armstrong became the first person to walk on the moon. In 2007, Clayton Anderson became the first Nebraskan to travel into space. In 1971, American Ray Tomlinson sent the world's first e-mail. Today, 1.3 billion people worldwide are communicating via e-mail and Nebraskans have immediate access to us through e-mail. In 1981, Sandra Day O'Connor became the first female U.S. Supreme Court Justice. In Nebraska, we now have more women serving as judges than at any time in our history. In just a few days, America will celebrate another important first--the Inauguration of our first African-American President, Barack Obama. This event deserves special acknowledgement and recognition. Just as we look forward to what's in store for our nation, this legislative session will be a historic experience for Nebraska. With the convening of the One Hundred First Legislature in this newly restored Chamber, we have begun a new chapter in Nebraska history. This session marks the full impact of term limits. You bring a new vitality, new enthusiasm, and new ideas to the Nebraska Legislature. I know we have the same respect and sense of responsibility for the task of lawmaking and governing. While we have different roles, our citizens expect us to work together in the best interests of Nebraska. We can be proud that we have the only nonpartisan Legislature in the country where policies matter more than politics. I am excited for the opportunity to work with you to address the issues that face our state. During the past four years, we have laid the foundation that is preparing Nebraska to compete in a twenty-first century, knowledge-based, technology-driven economy. We have changed Nebraska for the better. Together, we modernized Nebraska's economic incentives, created jobs, lowered taxes, and controlled spending, while investing in the most important priorities of our state. Since the passage of our economic incentive program in 2005, the Nebraska Advantage has been remarkably successful. One hundred and eighty-five companies have decided to expand or locate in Nebraska. These companies are expected to invest more than \$5.3 billion in our economy and create more than 15,000 new jobs. Our vision for the future is about creating jobs that keep our sons and daughters right here in Nebraska. Creating jobs is only part of the

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reason for Nebraska's economic growth of the past several years. Prioritized investments in areas critical to our continued growth have been equally important. Thanks to the leadership of Senator Lavon Heidemann and the Appropriations Committee, we enacted a fiscally responsible budget. We achieved an annual growth rate of 4.6 percent for the current biennium, while still remaining committed to the education of our children and those who are less fortunate. The growth in the current budget is significantly less than the nearly 7 percent growth of the past two decades. This savings has allowed us to lower taxes for Nebraskans. Working together, we eliminated the marriage penalty in our state income tax system. We repealed the estate tax. We repealed the sales tax on construction labor. We expanded the earned income tax credit. And we lowered agriculture land valuations from 80 percent to 75 percent. In 2007, members of this body and I worked together to enact the largest tax relief package in the history of our state, benefitting Nebraska's middle-class families, farmers, ranchers, and small business owners. We have made significant progress. But as we look ahead to the coming biennium, some of our fellow citizens are experiencing job layoffs, furloughs, and reductions in the hours they work. Clearly, we are heading into an uncertain economic future. We need only look to the example of how Nebraska accomplished the construction of a new State Capitol in the midst of the worst economic Depression of the twentieth century for inspiration in managing the situation we face today. When construction began in 1922, America was at the height of the Roaring Twenties. Economically, times were great. But, in 1929, the economy crashed and Nebraskans were faced with a challenging decision. The Capitol's skyscraper tower had not been built and there was a growing sentiment to stop building. Nebraskans, however, are can-do people. They knew the building could be completed by prioritizing the remaining projects. Three years later the Capitol was completed as designed, crowned by the Sower that has become a cherished symbol of our great state. This story speaks to our heritage as Nebraskans. We have always been hardworking and practical. We are patient, prudent, and judicious. These values are why Nebraska continues to be one of the few states not currently facing a financial crisis. However, the challenges facing other states provide us a picture of what could lie ahead for us. Last month, the state of Kansas did not have enough cash on hand to fully fund their monthly state aid to education obligation. In December the state of Minnesota cut \$271 million from their current budget. Iowa recently announced an across-the-board cut of 1.5 percent to their current state budget, which included a \$33 million cut in school foundation aid funding. In Nebraska, we made the tough budget decisions two years ago that were necessary to control spending. Our hard work has better positioned us to weather the coming fiscal storm. Additionally, we are working with state agencies to encourage each department to find ways of saving money during the current fiscal year. State agencies that reduce spending now will have my support, and the support of your Appropriations Committee Chairman, in applying that savings towards next year's budget. Our attitude of encouraging agencies to "save it and keep it" is a more businesslike approach than the past practice of "spend it or lose it." Our efforts to grow Nebraska's economy, our commitment to lower taxes, and our disciplined approach to

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budgeting the people's resources have helped produce and preserve a robust Cash Reserve. While the next few years will present one of the greatest financial challenges of our lifetime, the budget recommendations I'm submitting today reflect a continued commitment to economic growth and education. Preparing this budget started with an assumption that was very different from how we have previously approached this process. Past budget recommendations have been based on Nebraska's latest economic forecast. The nation's deteriorating financial situation and the impact we are beginning to experience in Nebraska indicates that the Forecasting Board's October forecast is no longer realistic. That forecast projected the state's revenue growth to be \$49 million in fiscal year 2010. My budget envisions zero revenue growth in fiscal year 2010. These recommendations are an attempt to prepare the state for the likelihood that, by the time the Forecasting Board meets in April, Nebraska's projected revenue will be less than the October forecast. We must prepare our state for a slowing economy. State government must tighten its belt just like Nebraska families and businesses are doing. My budget recommendations are a plan for Nebraska to operate with limited financial resources. Even with limited resources, it is possible to follow four principles that have been and remain crucial to our economic success. First, we must ensure there will be no tax increases. Despite the progress we've made lowering taxes, the fact is Nebraska is still a high-tax state. Nebraskans need tax relief. This budget funds the \$230 million property tax credit program established two years ago. The failure to fund this program would be a property tax increase on every homeowner in Nebraska. In an economic downturn, increasing property taxes on middle-class families, seniors living on fixed incomes, small businesses, and farmers and ranchers is unacceptable. I am opposed to increasing taxes on Nebraskans. Second, we must place a special priority on funding our children's education. During my four years as Governor, education has been a special priority for me. Education is the great equalizer and a quality education is essential for our children's ability to compete in a knowledge-based, free market economy. My budget invests an additional \$100 million in state aid to education, increases funding for special education by \$16.8 million, provides an additional \$25.6 million to the University of Nebraska, and funding for state and community colleges will grow by approximately \$4 million. Eighty-five percent of the new funding in my budget will be for investments in the education of our children. Our most precious resource is our kids and I want to ensure that we provide them a quality education. In the coming biennium, the state of Nebraska will invest a record \$1.7 billion annually in K-12 and higher education. The third principle is we must continue funding programs for vulnerable children and families. Medical assistance for seniors and the disabled, and public assistance for disadvantaged children and families are valuable programs. The SCHIP program provides health insurance for needy children. The care and treatment for the developmentally disabled and those with mental illness or substance abuse issues requires our special attention. And providing for our veterans living in the state's four veterans' homes is absolutely essential. In the coming biennium, Health and Human Services will spend more than \$1.2 billion annually for these critical programs that assist Nebraskans. As we are all aware, there has been much public

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discussion surrounding the issue of families in need of additional behavioral health services and help navigating the system. Today, Senator Gay and Senator Howard will be introducing the Children and Family Support bill that addresses many of the needs we witnessed over the summer. Our three-pronged approach provides families seeking assistance with difficult children and teens direct access to skilled professional help and support. The proposal will create a 24/7 hotline staffed by mental health professionals for parents and guardians throughout the state. It also includes a peer program that will connect parents whose children are in need of services with parents experienced in navigating the behavioral health system. Finally, the proposal will create a new, voluntary, postadoption and postguardianship case management system that will provide transition and continuity for families, and I look forward to working with the Legislature on this issue. The fourth and final principle is we must maintain a strong Cash Reserve, despite the ever-present pressure to increase spending. Our state faces contingent liabilities that could easily total \$200 million. On the Cash Reserve Fund status of my budget, I have accounted for these liabilities, which include potential water litigation, the possible loss of federal funding for the Beatrice State Developmental Center, and teacher and state employee pension losses due to a declining stock market. The final element of my budget recommendations includes using \$40 million annually over the next two years from the Cash Reserve Fund. The Cash Reserve is our rainy day fund, but we need to be mindful that it is only beginning to rain. Preserving a strong Cash Reserve is essential in order to avoid future tax increases. The budget I've submitted for your consideration reflects the realities and the challenges of a slowing economy. Decisions made with forethought and planning two years ago have put Nebraska in the position to weather the coming fiscal storm. Making difficult but wise decisions today will position our state to emerge stronger when the national economy improves. This budget is about Nebraska's future. Even in difficult economic times, it is important that we continue to position Nebraska for future growth. This is an opportunity to continue promoting Nebraska as a great place to live, to work, and to raise a family. Working together, we have made Nebraska better prepared to compete in the twenty-first century and I have confidence in our ability to build an even brighter future in the years ahead. Thank you very much. (Applause) []

PRESIDENT SHEEHY: Thank you, Governor Heineman. Would the committee escort the Governor from the Chamber. We'll continue proceeding with introduction of new bills. Mr. Clerk. []

CLERK: Mr. President. []

PRESIDENT SHEEHY: (Gavel) []

CLERK: (Read LB311-322 by title for the first time, Legislative Journal pages 161-163.)
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PRESIDENT SHEEHY: (Doctor of the day introduced.) Senators, for your information, the agenda for today, the intention is to adjourn around 11:00. So if you have bills for introduction you want in today, if you could bring them forward. []

SENATOR NANTKES PRESIDING []

SENATOR NANTKES: Mr. Clerk, are there any new bills for the record? []

ASSISTANT CLERK: Thank you, Madam President. (Read LB323-339 by title for the first time.) And that's all I have at this time, Madam President. (Legislative Journal pages 163-167.) [LB323 LB324 LB325 LB326 LB327 LB328 LB329 LB330 LB331 LB332 LB333 LB334 LB335 LB336 LB337 LB338 LB339]

SENATOR NANTKES: Thank you, Mr. Clerk. Mr. Clerk, do you have new bills for introduction? []

CLERK: I do, Madam President. Thank you. (Read LB340-355 by title for the first time.) In addition, Madam President, I have hearing notice from the Judiciary Committee, signed by Senator Ashford, as Chair. An announcement from Judiciary: Senator Lathrop has been selected as Vice Chair of the Judiciary Committee. A name add: Senator Pahls would like to add his name to LB...I'm sorry, Senators Howard and Fulton would like to add their names as cointroducers to LB27. (Legislative Journal pages 167-170.) [LB340 LB341 LB342 LB343 LB344 LB345 LB346 LB347 LB348 LB349 LB350 LB351 LB352 LB353 LB354 LB355 LB27]

And, Madam President, I do have a priority motion. Senator Nelson would move to adjourn until Friday morning, January 16, at 10:00 a.m. []

SENATOR NANTKES: Members, all those in favor of the motion to adjourn please signify by saying aye. Those opposed, nay. The ayes have it. We are adjourned until Friday morning, January 16, at 10:00 a.m. Stay warm, Nebraska. []