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Floor Debate
February 18, 2010

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LB916 LB919 LB945 LB1002 LB1006 LB1010 LB1021 LB1036 LB1057 LB1071
LB1106 LB1109 LB1110 LR277CA LR322 LR323]

SENATOR ROBERT PRESIDING

SENATOR ROBERT: Good morning. Welcome to the twenty-eighth day of the One Hundred First Legislature, Second Session. Our chaplain for today is Dr. Selwyn Bachus of the Salem Baptist Church in Omaha, Nebraska, Senator Council's district. Please rise.

PASTOR BACHUS: (Prayer offered.)

SENATOR ROBERT: Thank you. I now call to order the twenty-eighth day of the One Hundred First Legislature, Second Session. Members, record your presence. Please record, Mr. Clerk.

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

SENATOR ROBERT: Are there any corrections for the Journal?

CLERK: I have no corrections.

SENATOR ROBERT: Are there messages, reports, or announcements?

CLERK: Enrollment and Review reports LB258 to Select File. Hearing notice from Health and Human Services Committee. Priority bill designations: Senator Conrad, LB1109; Agriculture Committee has selected LB910 and LB865; Senator Loudon, LB1002. Announcements, Mr. President: Urban Affairs will meet under the north balcony at 9:15, Urban Affairs at 9:15, north balcony; and Education Committee will meet in Exec at 10:00 a.m. in Room 2022. That's all that I have. (Legislative Journal pages 551-553.) [LB258 LB1109 LB910 LB865 LB1002]

SENATOR ROBERT: Thank you. We will move to the first item on the agenda, confirmation reports.

CLERK: The Government, Military and Veterans Affairs Committee reports on the appointment of Reynold McMeen to the State Emergency Response Commission. (Legislative Journal page 454.)

SENATOR ROBERT: Senator Avery, as Chair of the Government, Military and Veterans Affairs Committee, you're recognized to open on the confirmation report.

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SENATOR AVERY: Thank you, Mr. President. Good morning, colleagues. The Government, Military and Veteran Affairs Committee recommends for your consideration and confirmation Reynold McMeen as a new appointment to the State Emergency Response Commission. The hearing was held on Wednesday, February 3, by telephone. The committee voted 7 to 0 to advance this to the body for confirmation. A little bit about Mr. McMeen. He is a Lincoln native, graduated from Lincoln Northeast High School. We don't hold that against him. He is also a graduate of the University of Nebraska here in Lincoln. He is a graduate of the University of Nebraska Medical School in the physical therapy program. He is a professional therapist or he was for quite a long time. He is now mayor of the city of Broken Bow. He is an accomplished person, well-qualified to serve on the State Emergency Response Commission. I recommend that you confirm. Thank you, Mr. President.

SENATOR ROBERT: Thank you, Senator Avery. Are there members wishing to speak? Seeing none, Senator Avery, you're recognized to close. Senator Avery waives his opportunity. Members, the question before the body is, shall we adopt the confirmation report from the Government, Military and Veterans Affairs Committee? All those in favor vote yea; opposed vote nay. Have all those voted who wish? Mr. Clerk, please record.

CLERK: (Record vote, Legislative Journal page 554.) 35 ayes, 0 nays, Mr. President, on the adoption of the confirmation report.

SENATOR ROBERT: The report is adopted. Next item.

CLERK: Second report this morning offered by the Natural Resources Committee reporting on the appointment of Norris Marshall to the Game and Parks Commission. (Legislative Journal page 541.)

SENATOR ROBERT: Senator Langemeier, as Chair of the Natural Resources Committee, you're recognized to open on your confirmation report.

SENATOR LANGEMEIER: Mr. President, members of the body, the Natural Resources Committee is proud to present before you Norris Marshall from Kearney, Nebraska, to a four-year term on the Game and Parks Commission Board. This will be a new appointment. He is self-employed with Marshall Engineers in Kearney for the past 27 years. He's engaged in a cow-calf operation in the Kearney area. He's a board member of the One Box Foundation. He's a member of the Platte River Habitat Foundation. He's a member of the Kearney Catholic School Foundation, and the Nebraska Small Businessmen of...was named Nebraska Small Businessman of the Year. He graduated from Elk Creek High School, and was advanced from the Natural Resources Committee unanimously. And we'd ask for your adoption of Mr. Norris Marshall as the newest member to the Game and Parks Commission Board. Thank you.

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SENATOR ROBERT: Thank you, Senator Langemeier. Members wishing to speak on the confirmation report: Senators Hadley and Lautenbaugh. Senator Hadley, you're recognized.

SENATOR HADLEY: Thank you, Mr. President, members of the body. I'll be very short and direct. Mr. Marshall is an outstanding person to put on this board. I would overwhelmingly support this confirmation and I hope you push the green button. Thank you, Mr. President.

SENATOR ROBERT: Thank you, Senator Hadley. Senator Lautenbaugh, you're recognized. Senator Lautenbaugh waives. Seeing no other members wishing to speak, Senator Langemeier recognized to close on the confirmation report. Senator Langemeier. Senator Langemeier waives his opportunity. Members, the question for the body is, shall the confirmation report from the Natural Resources Committee be adopted? All those in favor vote yea; opposed vote nay. Have all those voted who wish? Mr. Clerk, please record.

CLERK: (Record vote, Legislative Journal pages 554-555.) 31 ayes, 0 nays, Mr. President, on the adoption of the confirmation report.

SENATOR ROBERT: The report is adopted. Next item on the agenda, General File, 2010 committee priority bills.

CLERK: Mr. President, LB686 by Senator Wightman. (Read title.) The bill was introduced on January 6 of this year, at that time referred to the Government, Military and Veterans Affairs Committee. The bill has advanced to General File. There are committee amendments pending, Mr. President. (AM1598, Legislative Journal page 423.) [LB686]

SENATOR ROBERT: Senator Wightman, you're recognized to open on LB686. [LB686]

SENATOR WIGHTMAN: Thank you, Mr. President, colleagues. LB686 would increase the recording fees charged by county register of deeds for recording documents such as deeds, mortgages, and other legal documents listed on page 5, lines 6 through 9 in the bill. The fees are increased from \$3 for filing a mortgage foreclosure and \$5 for all other documents to \$10 for the first page of a document and \$6 for subsequent pages. In addition to the increase, the fee eliminates and repeals the 50 cents indexing fee for each lot or section for the first five lots or sections of a recorded document. Considering the indexing fee, the current fee for a single page document is really \$5.50 up to \$7.50 if five lots or sections were covered by the one-page instrument. The elimination of the indexing fee will simplify the system for both the users and the register of deeds, but reduce the revenue generated by the fees. So there will be an offset to the fee increase. The increase in fees will adjust the fees to take into account at least partially the

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substantial increase in costs since the fees were last changed in 1983 or 27 years ago. And we have checked with my own county, Dawson County, and with several other counties, and generally speaking the cost of operating the register of deeds in outstate counties where there's been very little increase in recording numbers have increased to about two and a half or three times just through wage increases, costs of supplies, increased technology. If we adjust the \$5 filing fee by the federal consumer price index over the past 27 years, the basic filing fee would be \$11. Now, subsequent pages which have been \$5 will go only \$1 or 20 percent. In the last 26 years, of course, salaries, health insurance, and overhead have increased. Through this public filing, to give you a little background on what the purpose of this filing is, the owner and mortgage holder are protected from other claims against the property. Users, the people most benefited by the filing, should pay a user fee that is adjusted for inflation. After 27 years, the taxpayer has been bearing the cost of inflation to a substantially greater percent as time goes on and to a greater extent. The bill also increases the fees paid to the Nebraska Secretary of State for recording documents under the Uniform Federal Lien Registration Act and the Uniform State Tax Lien Registration and Enforcement Act. The fee is raised from \$6 to two times the fee required for filing with the register of deeds. Since these documents must be filed with both the Secretary of State and the county, this fee is split evenly between the Secretary of State and each designated county in the filing. The county officials, particularly the register of deeds but also many of the county commissioners, requested this increase and, quite frankly, this is the third year that it has been filed. The increased fees will help the counties balance their budgets by authorizing fees that are commensurate with the services rendered rather than subsidize these services by the taxpayer, and the taxpayer has been subsidizing them in recent years. As I say, it has been over a quarter of a century since these user fees have been increased. The register of deeds also face increased costs because of the need to preserve aging records and to move to an on-line and electronic system to access deeds, mortgages, and all types of filed documents. The person most benefited by an electronic system will be the persons engaged in real estate transactions such as realtors and mortgage lenders. Because of the pressure not to raise property taxes, the funds for building an on-line system should be paid by users of the system through an increase in filing fees. In advance of the public hearing, our office did meet with representatives of the Nebraska Association of County Officials, the Nebraska Realtors Association who have a longstanding position in opposition to increase these fees. At the public hearing, a compromise amendment was presented for consideration. As reported in the committee statement, and you will hear later from the Chair of the Government and Veterans Affairs Committee, the Realtors Association appeared in opposition because the committee of the realtors had not approved the provisions of the compromise. Since then they have met, they have approved the compromise and the realtors have...are now...have dropped all opposition. The bankers took a similar position and they have dropped their opposition because of the fact that half of the increase will be going to improve technology and will be set aside for that purpose. The committee advanced both to...advanced LB686 with the amendment on a vote of 5 in

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support and 1 negative vote, 2 not present. I do wish to thank Senator Avery and the Government, Military and Veterans Affairs Committee for designating LB686 as one of its priority bills so it can be discussed and passed along to this session. Senator Avery will explain the Government and Military amendments that reflect the compromise that takes one-half of the proposed increase in the filing fees and dedicate it to a fund for the much needed project to preserve and restore existing records and for modernization of the current paper system to an electronic system that can be accessed on-line. These monies would be dedicated to preservation and probably placing, at least in all of the larger counties, all of the documents on-line which is going to take a number of years to do since these records go back about 140 years. The other half of the increase would go to the register of deeds to address the 27 years of increased costs. With that, I'll close. Thank you, Mr. President. [LB686]

SENATOR ROBERT: Thank you, Senator Wightman. (Doctor of the day introduced.) As the Clerk stated, there is a committee amendment. Senator Avery, as Chair of the Government, Military and Veteran Affairs Committee, you're recognized to open on AM1598. [LB686]

SENATOR AVERY: Thank you, Mr. President. The amendment that I am presenting here on behalf of the committee, AM1598, represents an agreement between the registers of deeds and the realtors. I would have to say that this was...might be best described as breakthrough negotiations because we have not been able to achieve this in past years. I believe this is the third year that we have dealt with this. And one of the reasons the committee decided to name this a priority was because it had taken so long to get here, we didn't want us to falter. The realtors, in the midst of these negotiations, agreed to come on board with this bill if they could be assured that a portion of the increased fee would be used for record preservation and modernization, all of which we believe is a worthy objective. The committee amendment provides that \$2.50 of the \$10 fee for recording the first page and 50 cents of the \$6 fee for recording each additional page will be used exclusively for preserving and maintaining public records in the register of deeds office. The fees also will be used for modernization and technology needs of those records. The amendment also provides that those funds...that these funds will not be substituted for other allocations of county general funds to the register of deeds. The committee advanced the bill as amended on a vote of 5 for, 1 against, 2 members were absent. With that, Mr. President, I would urge the body to adopt AM1598 and then advance the underlying bill, LB686, to Select File. Thank you, Mr. President. [LB686]

SENATOR ROBERT: Thank you, Senator Avery. Members, you have heard the opening to the Government, Military and Veterans Affairs amendment and the opening to LB686. Those wishing to speak: Senators Langemeier, Campbell, Harms, Stuthman, and Lautenbaugh. Senator Langemeier, you're recognized. [LB686]

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SENATOR LANGEMEIER: Mr. President, members of the body, I rise in kind of mild opposition to this as I go through LB686. Would Senator Wightman yield to a question? [LB686]

SENATOR ROBERT: Senator Wightman, would you yield to a question? [LB686]

SENATOR WIGHTMAN: Yes, I will. [LB686]

SENATOR LANGEMEIER: Senator Wightman, over the years in my legislative experience we've increased the revenue or doc stamps that are filed on a property that sells and I haven't pulled my files out, but in one of those increases we allotted 50 cents, and I'm not sure if we adjusted the 50 cents until I get that back out, for filing and Web site design. Are you aware of that? [LB686]

SENATOR WIGHTMAN: I'm aware that 50 cents out of \$2.25 per thousand does go to the county where the document is being filed. [LB686]

SENATOR LANGEMEIER: So your statement that we haven't addressed this in 20 years really is inaccurate. We have addressed it with the increase in doc stamps. [LB686]

SENATOR WIGHTMAN: And I cannot tell you, Senator Langemeier, when that bill was passed but it certainly is true that 50 cents goes, out of each \$2.25 of the documentary stamps, does go to the county. [LB686]

SENATOR LANGEMEIER: Okay. [LB686]

SENATOR WIGHTMAN: But I don't know that particularly it's held for the register of deeds, it does go to the county. [LB686]

SENATOR LANGEMEIER: Okay. Well, we'll have some more discussion as they bring me my file on that. Thank you very much. My concern is, is as we start to look at county budgets and they seem to be increasing and increasing and increasing and Senator Stuthman is running for a county board after his seat here as I look at him to help lower the budget of the county of Platte County. But that's one of his campaign spiels, I think. But I'm fearful that we continue to increase these fees whether it may not be this one for the past 20 years, but we increase others. And I just have a concern with that without any real accountability to what these counties are doing. As an appraiser, I've been in a lot of counties across the state of Nebraska. The level of style of how things are recorded is very good but it is extremely different from county to county and...but it is all well-kept and well-maintained. My concern is, is that we continue to get money with not a lot of different change in that process. So with that, I would stop for now until I get some more information and I'll be back. Thanks. [LB686]

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SENATOR ROBERT: Thank you, Senator Langemeier. Senator Campbell, you're next and recognized. [LB686]

SENATOR CAMPBELL: Thank you, Mr. President. I rise to ask a few questions if Senator Wightman would yield to some questions. [LB686]

SENATOR ROBERT: Senator Wightman, will you yield to a question? [LB686]

SENATOR WIGHTMAN: Yes, I will. [LB686]

SENATOR CAMPBELL: Senator, I cannot recall that...but that doesn't mean that there isn't some specific legislation, but I can't recall where we have passed legislation and said to a county board, you must give this to a county department and you cannot substitute for existing funds. Do you know of other cases where we have said that to the counties? Senator Stuthman is moving, maybe he knows the answer but we'll start with Senator Wightman. [LB686]

SENATOR WIGHTMAN: And you're talking about sequestering the \$2.50 of the increase on that first page or all of the increases and saying that it will go for increased technology? [LB686]

SENATOR CAMPBELL: Yes. [LB686]

SENATOR WIGHTMAN: First of all, Senator Campbell, I think that they are...have been working on increased technology in the register of deeds and I know that one of the parties that testified was a register of deeds at Scotts Bluff County and they have been placing documents on the Web site so that they can be reached by realtors and anybody within the district or without, or within the county or without, sitting at their desk. And they had only been able to do ten years, I think. I think they were back to the year 2000. They're working backwards because the most recent ones are the ones that...so when we say we're setting that aside for improved technology, some of the counties are already doing that. And, again, I don't know what the amount of the cost of that would be, but I think that it will speed up that process. [LB686]

SENATOR CAMPBELL: Thank you, Senator Wightman. I will probably pursue my question with Larry Dix and some of the counties. I just want to make absolutely sure that we are not pinning the county boards into a position on having to spend a particular amount of money. The county boards are much like we are in the sense that we try not to just match every expenditure with a revenue that we're bringing in. Senator Heidemann would not like that policy, I know. So I much appreciate the response of Senator Wightman and I'll keep looking at it. Thank you, Mr. President. [LB686]

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SENATOR ROBERT: Thank you, Senator Campbell. Senator Harms, you're next and recognized. [LB686]

SENATOR HARMS: Thank you, Mr. President, colleagues. Senator Wightman, could you yield just for a couple of questions for me? [LB686]

SENATOR ROBERT: Senator Wightman, will you yield to a question from Senator Harms? [LB686]

SENATOR WIGHTMAN: Yes, I will. [LB686]

SENATOR HARMS: Senator Wightman, you know, every time I look at these committee statements it always...as I've said before, it always catches my attention when people are neutral. Could you tell me what the views were by the National Bank Association and the Secretary of State in their neutral comments? What was that concern or issue? I don't know, maybe I'm just wrong in my thinking but I think it's hard to talk about something being neutral. You're either for it or you're not. And I understand this is a...what we do in this system. Could you help me understand that? And then I've got one more other question, please. [LB686]

SENATOR WIGHTMAN: With regard to the Secretary of State I think they just did not want to take a position on it. They had some increased fees, they were also going to pay some larger fees at the county. I can tell you with regard to the bankers and the realtors as to why they took a neutral position and that was because we were working on this compromise and were going to submit an amendment, which was in effect becomes the committee amendment that would use some of these fees for increased technology and they wanted to see that amendment before their committee...the realtors committee and the bankers committee acted. And they did then come in in favor, at least withdrew all opposition to the bill. [LB686]

SENATOR HARMS: Well, thank you very much. I think that's very helpful. And I think it's important for, you know, the rest of our colleagues to understand...it doesn't make any difference whether a lobbyist or not, I just was curious about why they've done this and I appreciate your comments. Thank you, Senator Wightman. [LB686]

SENATOR ROBERT: Thank you, Senator Harms. Senator Stuthman, you're recognized. [LB686]

SENATOR STUTHMAN: Thank you, Mr. President and members of the body. First of all, I would like to ask Senator Wightman a question. [LB686]

SENATOR ROBERT: Senator Wightman, will you yield to a question? [LB686]

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SENATOR WIGHTMAN: I will. [LB686]

SENATOR STUTHMAN: Senator Wightman, with this increase in fees, say there's something that is going to be recorded and it would be like a 25-page document, what would be the increase for that 25-page document? [LB686]

SENATOR WIGHTMAN: Well, first of all, there might be some variation depending upon how many indexings there were. For example, if you were...had a long mortgage on ten sections of land, then you would have some increased indexing fees which will be eliminated by this bill. But if you took out the indexing fees, the minimum charge for the first page would have been \$5.50 prior to right now and currently, and then \$5 a page for each additional page. So you would go up \$4.50 for the first page assuming there was only indexing and \$1 a page on the next 24, so the answer would be \$28.50, I think. [LB686]

SENATOR STUTHMAN: Okay. Thank you, Senator Wightman. I have one more question. What do...in this bill, it states that preserving and maintaining public records. Well, what are we do as far as preserving in this bill that we're not already doing in the county system? [LB686]

SENATOR WIGHTMAN: Well, and I can't tell you that all of the counties are doing this. They're supposed to have a backup system that would have them...the bills on microfilm and I don't know that all counties have done that. But basically, it will probably be increasing the amount that they place on their Web site so that they can be called up by not entering the courthouse or the register of deeds office. Perhaps a few of the bigger counties have done this but...and they continually have to work on even preserving the original documents. Now, I can't tell you in Douglas County and Lancaster County whether the original documents are there but they are in, I think, all of the counties smaller than probably the three largest counties. So that does take some preserving. But a lot of that will probably be used for placing them on Web sites. [LB686]

SENATOR STUTHMAN: Thank you, Senator Wightman. The issue that I have and the concern that I have is, you know, these counties have been doing this. They've been preserving the records. They've been maintaining the records. They've been doing that for a long time and I know when they went to putting it on microfilm, you know, quite a number of years ago because there were situations when the storing of the records became a real issue for a county as to where to store all of the records, where to put them, and that is an issue. But if we're increasing these fees, you know, to something that we've been already doing, I see that there may be a problem of why are we, you know, adding another cost to that because the counties have been doing it. They legally have to maintain and preserve the records of every document and I respect the counties for doing that. The issue that I have is the thing of increasing the fee and is the county going to benefit from that? Really not, because this fee does not take anything away

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from the county. The original money that the county has been getting is still going to be coming there but the increase is going to be going elsewhere as stated into the bill. So that is what my concern is, you know, why are we doing this because I, you know, appreciate the fact that the counties are already doing this, they're maintaining and preserving and it is a duty for that. I do remember the time when we did go to the microfilming of the records as a backup and that was taken care of then. [LB686]

SENATOR ROBERT: One minute. [LB686]

SENATOR STUTHMAN: So I'm going to listen to the debate. I haven't made a decision at this present time but I'm always concerned about increasing fees. So with that, thank you, Mr. President. [LB686]

SENATOR ROBERT: Thank you, Senator Stuthman. Senator Wightman, you are next and recognized. [LB686]

SENATOR WIGHTMAN: Thank you, Mr. President. I'll try to address some of the issues. First of all, when we had filed this the two previous years, we've not had any provision in it as the committee amendment would do this time that half of those fees would go for increased technology. That was done in part at least to bring the realtors and the bankers on board as far as this increase is concerned. The fact still is that in looking at the budgets of most of these counties you would find, even though there's been little in the way of increased numbers, that actually some of the counties have lower numbers of recordings in the past year than they have in previous years, that if you go back to when the fees were instituted or last changed 27 years ago that the budgets of most of these counties has tripled, at least it's gone up two and a half to three times in that period of time. And we can continue to put more duties upon the counties. If we don't increase our user fees from time to time and then we put lids, spending lids and levy lids on the budget, eventually these counties have nowhere to turn to raise the additional money since they are limited by their lids on how much property tax they can raise. But more and more the property tax is picking up the increase of cost of these particular services and certainly the register of deeds would be one of the main ones in the county courthouse. So it is true that...and I still don't know the year. My staff is looking for that as to when we first implemented a portion of the documentary stamps going to the counties. But they do go directly to county treasurer and you have to remember that the county treasurer is providing for maintenance and room in the courthouse for the register of deeds office. So that's all in addition to the budget, the fact that you're maintaining the courthouse as not part of the register of deeds budget. So when we take a fee and don't look at it for 25 to 30 years and the cost increases by triple, we're just providing a real problem for the counties in being able to support all of the services that they render from the property taxes and particularly when we put a lid on those property taxes. So I do urge you to advance the bill. I think it's a good bill. I think it's a good compromise. I understand Senator Campbell's question with

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regard to the fact that we haven't set aside these funds but I think most of the counties are probably using that much in the way of funds and they need to use that much in the way of funds to create Web sites and place on the Web sites all of these records which in time will be far more accessible by the public. Thank you, Mr. President. [LB686]

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PRESIDENT SHEEHY: Thank you, Senator Wightman. Senator Stuthman, you're recognized. [LB686]

SENATOR STUTHMAN: Thank you, Mr. President and members of the body. I would like to ask another question directed to Senator Wightman. [LB686]

PRESIDENT SHEEHY: Senator Wightman, would you yield to Senator Stuthman? [LB686]

SENATOR WIGHTMAN: I will. [LB686]

SENATOR STUTHMAN: Senator Wightman, if this bill would pass, would that be a decrease in the property tax of the individuals of the county? [LB686]

SENATOR WIGHTMAN: Well, first of all, all of these property taxes are set in a meeting and to say that one particular act is going to reduce the property taxes when other costs of the county may be going up, I don't know that anybody could stand here on the floor of the Legislature and tell you that. And, of course, you've sat on the board of county commissioners over in your own county and you realize that the change of one item would not necessarily mean that you would have a lowered property tax for any particular year. [LB686]

SENATOR STUTHMAN: Another question that I had for you, Senator Wightman, would be, you know, with the increase in modernization and technology, costs should be coming down for, you know, maintaining the records and everything like that, so, and we're going to increase the fee and the costs should go down. So do you feel that there is going to be an increase in the cost of the technology for maintaining these records? [LB686]

SENATOR WIGHTMAN: Well, I think as the counties move forward with placing all of these records on the Web site, and I think that's the intent to eventually have that happen, there's going to be a substantial increase in costs if that is done. And that's what the realtors and the bankers wanted, I think, to see this money set aside for so that that could be done with some of this increased fees. As a practical matter, I think we're nowhere near getting back to where the register of deeds is as nearly self-supporting as it was when the last change of fees took place 27 years ago. [LB686]

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SENATOR STUTHMAN: Yes, thank you, Senator Wightman. You know, I do agree that if there's an increase in fee for some type of technology of these elected officials like the clerk and the register of deeds, that does get added on to the property tax of the county because the county board is responsible, you know, for maintaining and the storage of these records. That is the concern that I have is, you know, is this going to replace some money that the property tax is going to...had been responsible for or is it going to be just the property tax will continue to increase and individuals are going to have to pay an additional amount to record these fees? And that is the concern that I mainly have is the fact that, you know, we're going to ask the people that have documents that need to be recorded, we're going to ask them to pay a little bit more. They're already paying some and they're going to have to pay a little bit more. But for the modernization and the technology, we want to utilize that money and it's not the responsibility of the county then anymore. So with that, I'm not one to support increasing fees and I'll have to take a real serious look at this bill. So thank you, Mr. President. [LB686]

PRESIDENT SHEEHY: Thank you, Senator Stuthman. Members requesting to speak on AM1598: Senator Avery, followed by Senator Wightman. Senator Avery, you're recognized. [LB686]

SENATOR AVERY: Thank you, Mr. President. I do want to speak to the amendment, particularly as it relates to the need for records preservation. The current situation is that law requires the registers of deeds to keep copies of all documents filed and to keep a numerical index of those documents. In many counties the indexes date back to the late 1800s. As you might imagine, some of these documents and indexes have deteriorated over time and what is needed is money. And this amendment would allow for a portion of the fees to go to help these counties deal with the deteriorating documents, keeping the records intact for general public use. The law also requires the registers of deeds to maintain microfilm of all of their records and that, of course, is difficult to do if you don't have the money and most of the registers would like to be able to store the microfilm off-site. In case of fire or some other disaster, the records could be preserved. Many counties cannot afford to do that. In fact, many counties have not even been able to microfilm documents for many years, and many of them do not have off-site storage. It all comes down to one thing and that's money. This amendment is designed to deal with that. There, right now, is only a small portion of the counties across the state using computers for indexing these documents. That's something that needs to be improved. Many counties still only index everything by hand and probably will continue to do so for a quite a long time. If they have funds to help with this indexing, some of them will be able to buy computers, they'll be able to purchase software to manage these data, and it will be a great improvement. So I think this is a bill that is needed. The amendment certainly is needed. I note Senator Wightman said in his opening remarks that it's been something like 26 years since the fees have been changed. I think this is a good bill. It's long overdue and it's been three years of painful work to get where we are now, so I

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urge you to adopt this amendment and to pass the underlying bill. Thank you. [LB686]

PRESIDENT SHEEHY: Thank you, Senator Avery. Senator Wightman, you're recognized. [LB686]

SENATOR WIGHTMAN: Thank you, Mr. President. I would like to address a little more on the increase on the first page of the document that's being filed. And I've talked to several register of deeds and one of the problems that they had was this indexing fee was frequently miscalculated. And so they would get a check in the mail frequently from somewhere else in the state, occasionally from out of state, in which the fee would be improperly calculated because they weren't able to determine what the indexing fee would be. And this is why they're asking for a bigger increase in that first page because they are taking off the indexing fee. They think that it will save some money in the office of register of deeds by not having to respond by long distance telephone calls when they get an incorrect amount sent to them in the mail for purposes of recording. Sometimes that resulted in documents, perhaps, being returned and then being late on the recording. So while the first page looks high in that we're increasing it from a minimum of \$5.50 and a top of \$7.50 to \$10, typically on mortgages and deeds of trust, most of them aren't mortgages anymore but are deeds of trust, these would run four to eight pages probably, would be kind of a typical document. Deeds may run two pages. Some of them are, of course, one. But we're looking at a 20 percent increase from \$5 to \$6 on all of those subsequent pages. So on a mortgage that would say eight pages, we're looking at 20 percent increases all on seven pages of those eight pages. For the compromise of giving up the indexing fee, we are taking a larger increase with regard to the first page but that is because so often that's required a telephone call and they require...it's the document itself that requires the telephone call. So the time is being spent on the first page of that document and the differential between the first page and subsequent pages needs to reflect that. So still looking for information. Senator Langemeier questioned the increase in the documentary stamp fee. That did increase on July 1 from \$1.75 per thousand to \$2.25, but most of that increase...most of that cost is going to the state of Nebraska and a lot of it is used to...actually \$1.25 per thousand is used to fund affordable housing grants throughout the state of Nebraska. And that will continue and that is something that we're looking at right now in the Appropriations Committee with regard to the Affordable Housing Fund. You'll hear about that later in the session. I'm not sure whether the county was getting any part of the 50 cents prior to 2005 or not, but that all goes into the county general fund. And part of that is because the county is housing all these records separate and apart from the actual operational expense of the office of the register of deeds. So, again, I urge your support both for the committee amendment and for the underlying bill. Thank you, Mr. President. [LB686]

PRESIDENT SHEEHY: Thank you, Senator Wightman. Mr. Clerk, do you have items for the record? [LB686]

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CLERK: Mr. President, just two announcements at this time, thank you. Education Committee Executive Session at 10:00 a.m.; Education Committee Executive Session at 10:00 a.m. in Room 2022. And that will be followed by a General Affairs Executive Session at 10:30 a.m. in that same room. Thank you, Mr. President.

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Continuing with floor discussion of AM1598 to LB686, members requesting to speak: Senator Harms, followed by Senator Wallman. Senator Harms, you're recognized. [LB686]

SENATOR HARMS: Thank you, Mr. President and colleagues. I rise in support of the amendment, AM1598, and the underlying bill, LB686. I think the thing we have to give some thought to, all we're asking for is the opportunity to modernize their technology and I can tell you now from the experiences I've had historically in other kinds of setting, this is critical for us. And in a long run what you find is cost-efficiency and cost-effectiveness when you can actually modernize your technology and bring it up to date. And so this is a good bill. This is a good amendment and it does make the necessary changes for support. So I would recommend and encourage you to support the amendment as well as the underlying bill. Thank you, Mr. President. [LB686]

PRESIDENT SHEEHY: Thank you, Senator Harms. Senator Wallman, you're recognized (gavel). [LB686]

SENATOR WALLMAN: Thank you, Mr. President and members of the body. Would Senator Giese yield to a question? [LB686]

PRESIDENT SHEEHY: Senator Giese, would you yield to Senator Wallman? [LB686]

SENATOR GIESE: Yes. [LB686]

SENATOR WALLMAN: I noticed you were a no vote on this bill. Did you have concerns about this? [LB686]

SENATOR GIESE: Senator Wallman, I did. I felt that the fees being raised were extremely exorbitant and also the...just because in this situation I don't think that two wrongs make a right. We've got the realtors and the bankers on board so, therefore, it is a green light for us to go ahead and raise these fees, and I don't agree with that. I realize the importance and the bind that the counties are in and looking for cash, but...and some of that is a result of some of the things that we do here in the Legislature, more and more costs are being shifted back to the county. So that was kind of my thoughts behind my opposition to the bill as it is. [LB686]

SENATOR WALLMAN: Thank you, Senator Giese. I, too, have concerns when we pass costs down from out of here or tell counties how to spend their money. And whether it

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be for technology or whatever it may be, we're telling counties how they can spend their money. So I do have concerns. Thank you, Mr. President. [LB686]

PRESIDENT SHEEHY: Thank you, Senator Wallman. Seeing no additional requests to speak, Senator Avery you're recognized to close on AM1598. [LB686]

SENATOR AVERY: Thank you, Mr. President. This amendment is needed as I indicated in my comments awhile ago. Many of these counties are way behind in microfilming. As required by law, they have to have that. They're way behind in indexing. They don't have the technology that they need to modernize their recordkeeping. And if we approve this amendment, it will give them some funds out of the increased fees to buy the equipment and to buy the software in order to modernize their recordkeeping. It is important and I urge that you support it. Thank you. [LB686]

PRESIDENT SHEEHY: Thank you, Senator Avery. You have heard the closing. The question before the body is on the adoption of the Government, Military and Veterans Affairs amendment, AM1598, to LB686. All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB686]

CLERK: 27 ayes, 6 nays, Mr. President, on adoption of committee amendments. [LB686]

PRESIDENT SHEEHY: AM1598 is adopted. We will now return to floor discussion of LB686. Seeing no requests to speak, Senator Wightman, you're recognized to close. [LB686]

SENATOR WIGHTMAN: Thank you, Mr. President, members of the body. I do urge your advancement of LB686. As I've said, we've been 27 years since we've increased these fees. It has been brought up that there has been some increase in the amount of the documentary stamps but that does go to the county generally. In addition to the budgeted amount of the register of deeds office, which I've told you has gone up in some instances close to triple but two and a half to three times pretty much across the state of Nebraska since these fees were last increased, if we continue to have increased costs in providing the services and we don't allow the counties to increase their charges for this, there's only one answer and that is that property taxes are going to have to go up. And there are a number of fees like this across the county. The county clerk has fees. The county court has costs that's paid for generally out of another budget. But we have all of these fees and certainly the biggest one would be the register of deeds, I believe. The clerk could be almost equal. And if we continue to go 30 years every time before we review these fees, we're eventually going to reach the stage where there's only one way to pick up the increase in these budgets and that is through an increase in property taxes and I know none of us like to see increase in property taxes. And I don't know how many times I've heard members of this body stand

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up and say that the property tax is the most onerous tax of all. I have often thought that's because you're paying it in one or two increments instead of readably throughout the year like you usually do on both your income tax and your sales taxes. So I think it's only logical that we do review these fees from time to time. We've done it at the state level and we need to do it at the county level, particularly if we intend that these counties hold the line on property taxes. So I do urge your support for LB686. Thank you, Mr. President. [LB686]

PRESIDENT SHEEHY: Thank you, Senator Wightman. You have heard the closing. The question before the body is on the advancement of LB686. All those in favor vote yea; opposed, nay. Senator Wightman, you're recognized. [LB686]

SENATOR WIGHTMAN: I would ask for a call of the house, Mr. President, and a roll call vote. [LB686]

PRESIDENT SHEEHY: There has been a request for the call of the house. The question before the body is, shall the house be placed under call? All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB686]

CLERK: 34 ayes, 0 nays, Mr. President, to place the house under call. [LB686]

PRESIDENT SHEEHY: The house is placed under call. All unexcused senators please report to the Legislative Chamber. All unauthorized personnel please step from the floor. The house is under call. Senators, please record your presence. Senator Lathrop, Senator Gloor, the house is under call. Senator Wightman, all members are present or accounted for. You have requested a roll call? [LB686]

SENATOR WIGHTMAN: Yes, in regular order. [LB686]

PRESIDENT SHEEHY: Members, the question before the body is on the advancement of LB686. Mr. Clerk. [LB686]

CLERK: (Roll call vote taken, Legislative Journal pages 555-556.) 19 ayes, 17 nays, Mr. President, on the motion to advance. [LB686]

PRESIDENT SHEEHY: LB686 does not advance. The call is raised. Mr. Clerk, we will move to the next item under General File, 2010 committee...Mr. Clerk, do you have items for the record? [LB686]

CLERK: I do, Mr. President. Thank you very much. Your committee on Transportation chaired by Senator Fischer reports LB805 to General File with amendments attached. I have a proposed rules change offered by Senator Avery, that will be referred to the Rules Committee for their consideration. Priority bill designations: the Executive Board

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has selected LB770 and LB685; Education Committee, LB1071 and LB1006; General Affairs Committee, LB861; Senator Avery, LB1021; and Senator Pankonin, LB1010. That's all that I have, Mr. President. (Legislative Journal pages 556-557.) [LB805 LB770 LB685 LB1071 LB1006 LB861 LB1021 LB1010]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. (Visitors introduced.) We will now proceed under General File, 2010 committee priority bills, LR277CA. [LR277CA]

CLERK: Mr. President, LR277CA proposes an amendment to the Nebraska Constitution, specifically Article III, Section 24. Resolution was introduced on January 8 of this year, at that time referred to the General Affairs Committee. The committee has advanced the resolution for further consideration. At this time I have no amendments pending, Mr. President. [LR277CA]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Senator Karpisek, you're recognized to open on LR277CA. [LR277CA]

SENATOR KARPISEK: Thank you, Mr. President, members of the body. LR277CA places on the November 2010 general election ballot a constitutional amendment that would allow for satellite wagering facilities for horse racing. Passage of the constitutional amendment by the Legislature and then by the vote of the people would still require the future passage of the enabling legislation and then approval by the local county, city, or village. We really can't talk about LR277CA without mentioning LB825, which is the enabling legislation currently parked in General Affairs Committee. If anyone wants to go on their computer and look up LB825, that is the mechanism by which I would intend to do this if it would pass by the people. If LR277CA were to pass the Legislature and be passed by the people, I would reintroduce LB825 next year. Again, I only introduced it this year as a road map so everyone could see what my intentions were with this constitutional amendment. I want this process to be as transparent as possible and not leave any question on how this would work. It is important to remember that this bill and constitutional amendment do not expand the types of gaming allowed in Nebraska but merely allow for additional locations to participate in an already legal activity. Of the 30 states that allow horse racing, 24 of them allow wagering from locations other than the racetrack. The five states that do not allow satellite wagering do allow slot machines or card rooms at the tracks. Nebraska is the only state with horse racing that allows neither. The additional revenue that would be generated by satellite facilities would be placed with the Racing Commission to enhance purses, provide breeder awards, and allow for racetrack construction and maintenance. By losing the racetrack at the state fair, it is imperative to the future of horse racing that Lincoln has a competitive track and additional horse racing revenue would help that become a reality. The General Affairs Committee has also adopted an amendment to LB825 that would direct 1 percent of the revenue that would be placed with the Racing Commission to instead go to the Compulsive Gamblers Assistance

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Fund. It was determined after speaking with a representative of the Compulsive Gamblers Assistance Fund that additional funding is needed to treat existing compulsive gamblers and it is my intention all along to include this provision into enabling legislation. I just forgot. The Racing Commission will have the responsibilities, along with the local authorities, to oversee a satellite facility. LB825 requires a feasibility study to be submitted to the Racing Commission prior to a license being issued by the Racing Commission. This study would be paid for by the racetrack. For those of you who, perhaps, have never attended a horse race, I want to give you a basic explanation of terms involved and how it works. What is a simulcast horse racing? Simulcast horse racing refers to watching broadcasts of live horse races taking place anywhere in Nebraska, the United States, or the rest of the world. These are live horse races with possibility of a minor delay depending on how far away the satellite signal has to travel. For example, there are races in Dubai that now are at the racetracks that there may be just a little delay, but it is not tape delayed. What is pari-mutuel wagering? Pari-mutuel wagering means that all the wagers are placed in a pool and then paid out to the winners. The participants are wagering against other participants, unlike other forms of gaming where participants try to beat the house, such as in blackjack. Why is LR277CA important? I'm sending around a handout that shows horse racing revenues have been on the decline. If nothing is done to help horse racing, we will likely lose the industry altogether. What would this mean for Nebraska? As of 2007, horse racing in Nebraska had a total economic impact of approximately \$29 million and it employed approximately 2,500 people. That is what hangs in the balance with LR277CA. It would also mean an estimated...the amendment would bring in an estimated \$6 million in increased revenue from satellite simulcast. This would provide a much needed injection of revenue for enhanced purses and improve facilities. I believe it is necessary for the future of horse racing in Nebraska that Lincoln builds a quality equestrian center and horse track facility. Without a Lincoln horse track and enhanced purse prizes, there will not be a future for horse racing in Nebraska, in my opinion. With LR277CA, I'm not asking you to support gambling in Nebraska. All this constitutional amendment does is give Nebraskans a chance to decide whether there should be a future for horse racing in Nebraska, because without this constitutional amendment I'm afraid there will not be. Thank you, Mr. President. [LR277CA LB825]

PRESIDENT SHEEHY: Thank you, Senator Karpisek. You've heard the opening to LR277CA. Members requesting to speak are Senator Harms, followed by Senator Krist, Senator Stuthman, and Senator Nelson. Senator Harms, you're recognized. [LR277CA]

SENATOR HARMS: Thank you, Mr. President and colleagues. Senator Karpisek, would you yield to...I'd like to visit with you. I've got a couple questions I'd like to ask you. [LR277CA]

PRESIDENT SHEEHY: Senator Karpisek, would you yield to Senator Harms? [LR277CA]

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SENATOR KARPISEK: Yes, I will. [LR277CA]

SENATOR HARMS: Senator Karpisek, what kind of financial condition is horse racing in today? [LR277CA]

SENATOR KARPISEK: Right now, I think Senator Stuthman has a bill to reduce the number of horse races at the Columbus track. They're having a hard time making enough money to keep the racing going. Purses are down, horses are not coming that we had seen in the past. With the loss of Ak-Sar-Ben years ago, I think it's been a steady decline, but right now they're in dire straits. [LR277CA]

SENATOR HARMS: So, Senator, then what we're really saying, that the revenue flow is in a losing category, is that correct? It's not a profit, it's actually losing money at this point. Is that correct? [LR277CA]

SENATOR KARPISEK: Senator, I can't say that it's losing money but it's not making enough money to make it feasible. [LR277CA]

SENATOR HARMS: So it's not profitable. [LR277CA]

SENATOR KARPISEK: It may be slightly profitable. I'll get you those numbers. [LR277CA]

SENATOR HARMS: Okay. That's okay. Now, is this...as you look at this and just the comments that you've made now on the mike, are we going to be bailing a dying business out, is that what you're asking for us to do, using tax dollars to accomplish this? [LR277CA]

SENATOR KARPISEK: No, there's no tax dollars in this. It's just the satellite facilities that people could bet at a different place, much like keno, that the money would flow into the Racing Commission and then flow to the horse tracks. [LR277CA]

SENATOR HARMS: So you're really saying that because we are down in the revenue and it's hard for them to be able to successfully continue horse racing, that this business is truly a failing business and we want to bail it out by expanding gambling, is that correct? [LR277CA]

SENATOR KARPISEK: This is not expanded gambling in definition of the word, it is the same type of gambling. I also don't see it as a bail out because there's no taxpayer money. It's giving them another tool. There's so many other ways that people go for entertainment these days and not go to the track. Right now, they have to go to the track to bet on horse racing. This would give them another place to be able to bet.

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[LR277CA]

SENATOR HARMS: Thank you, Senator. Senator, let's now shift it a little bit our discussion about tax exemptions on this dying business. What kind of tax exemptions do we give them today? Since we don't use tax dollars, we're giving an exemption already in a dying industry or dying business. So what kind of tax exemptions do we give those...that horse racing business today? [LR277CA]

SENATOR KARPISEK: The first \$10 million is exempt. The rest is not. [LR277CA]

SENATOR HARMS: The first \$10 million is exempt on gross bets, is that correct? [LR277CA]

SENATOR KARPISEK: Yes, yes. [LR277CA]

SENATOR HARMS: Now, from a \$10 million to \$73 million, how much taxes do they pay going from \$10 million to \$73 million, what kind of taxes do they pay in regard to this? [LR277CA]

SENATOR KARPISEK: They pay 2 percent, Senator. [LR277CA]

SENATOR HARMS: Actually it's...I think it's maybe...yeah, you're probably correct. I was thinking it was 2.5 percent. Do you think that's adequate? We've already given them a tax break. Now we want to expand this whole aspect of gambling in an economy where, quite frankly, people are struggling and they're going to want to go ahead and bet on horses with families that cannot...don't have enough discretionary funds now, and yet we don't tax them enough, is that correct? [LR277CA]

PRESIDENT SHEEHY: One minute. [LR277CA]

SENATOR HARMS: Thank you, Mr. President. One more minute. Well, I'm going to keep going then. [LR277CA]

SENATOR KARPISEK: I think we give a lot of tax incentives to a lot of places here in the state that we can't even track, so to... [LR277CA]

SENATOR HARMS: Senator, let me ask you another question then. What other businesses get this kind of tax break? Can you identify those for me at this level and that's a dying business, that's a business that's addictive that causes destruction in families? What other breaks do we give in this great state for something like this? [LR277CA]

SENATOR KARPISEK: I think we give a lot of money in the Nebraska Tax Advantage

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Act, used to be LB775 money that we can't even track that money and know if those businesses are profitable, if they're...what they're doing. [LR277CA]

SENATOR HARMS: From what I've seen of the Advantage, it's been very profitable or they're out of business. They don't ask for a tax break and they don't ask for any other sorts of special conditions. But yet in a business like this that is questionable, that we know that it does harm to families... [LR277CA]

PRESIDENT SHEEHY: Time, Senator. [LR277CA]

SENATOR HARMS: Thank you, Mr. President. [LR277CA]

PRESIDENT SHEEHY: Thank you, Senator Harms. Senator Krist, you're recognized. [LR277CA]

SENATOR KRIST: Thank you, President and colleagues. I had a script all prepared, Senator Harms, but you got me going a different direction. I sat in a committee hearing and listened to families, families come in that raised quarter horses that make their living in the horse industry. We did something to them and it's an unintended consequence of what we did to them. When the Legislature moved the State Fairgrounds to Grand Island, it provided the resources to reconstruct the fair itself. However, the racing facility was left behind in the University of Nebraska. The university now owns it. The university has cooperated with the racing industry by permitting them to stay and race for three years, but that time is coming to a close. We have eliminated a venue. We have taken a capability to continue to raise revenue in the industry. We have cuffed them and now we are slapping them in the face for saying, they can't exist because they're losing money. How does that check? How do we take opportunities away from people to continue to raise revenue, to have family businesses, to bring the quarter horses to the track, to attract people from outside, and then we slap them down for saying you're losing money? I'm sorry. This is not a vote about up or down on gambling. This is a vote to allow the citizens to vote whether they want to give this opportunity to the horse industry. What we're saying here today is: Yes, we trust you, citizens of Nebraska, to make the right choice, or no, we want you to wear a helmet and we want you to do it this way and we want you to do it that way, and that's dead wrong. This is a constitutional amendment. All you're saying is, citizens, you voted for me, you trusted me, now I'm going to give it back to you. You vote on the issue. Thank you, Mr. President. [LR277CA]

PRESIDENT SHEEHY: Thank you, Senator Krist. Senator Stuthman, you're recognized. [LR277CA]

SENATOR STUTHMAN: Thank you, Mr. President and members of the body. I want to engage in a little discussion and ask a question of Senator Karpisek. [LR277CA]

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PRESIDENT SHEEHY: Senator Karpisek, would you yield to Senator Stuthman?
[LR277CA]

SENATOR KARPISEK: Yes, I will. [LR277CA]

SENATOR STUTHMAN: Senator Karpisek, could you explain to me how we're going to establish the satellite stations, the areas, or how is that going to be determined and who's going to determine as to where they're going to be, and which track is going to benefit from those stations of the satellite video simulcast? [LR277CA]

SENATOR KARPISEK: Sure, good question, Senator. It will go through the Racing Commission first. They will be the ones to give out the licenses. There will also be...if this would pass, the people, the vote of the people, it would also...the local communities could vote it in or out. They...it does not have to be in a town. If Fremont doesn't want it, they don't have to have it. Then the track would do a feasibility study on the location. Say a bar that has keno would apply for that license, there would be a feasibility done paid for by the track to see if it is feasible, and then if it is, the Racing Commission would give the permit. [LR277CA]

SENATOR STUTHMAN: Okay, Senator Karpisek. The main thing that I'm interested in is, let's say, the Columbus races. What area around them and what establishments, if the community decided that they wanted to have the simulcast in a facility in that area, is there going to be a designated area where those funds will come directly to the Columbus track, directly to the Grand Island track, or directly to the Lincoln track or the Omaha track? The way I understand, there's going to be lines drawn, areas drawn by the Commission. Is this correct? [LR277CA]

SENATOR KARPISEK: Not the way I...not the way I intended it. But there could be, Senator, if that's the way that we wanted it done or they wanted it done. My thinking on it is just like keno, you can go to a keno operator and contract with them. So if Columbus, in my opinion right now, wanted to contract with Scottsbluff they'd be able to. But there, again, that would be up to the Racing Commission. [LR277CA]

SENATOR STUTHMAN: Okay, thank you, Senator Karpisek. You know, I've been involved and observed the races for many, many years and the thing that I see is the thing that it is losing interest. And I feel the main reason why it's losing interest is because when you bet that \$5, you don't have an instant return on the money. The time between races is what takes the time. And a lot of the people like to just push a couple buttons and see if they won or lost. But I think there is a lot of value to the horse racing industry to the communities where the horse races do attend because it does bring people to the communities. A lot of horses come to the area. A lot of workers come to the area. A lot of...there are a number of people employed at the racetrack where these

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aces are held. And I think if we could...if the racing industry could expand, you know, where these simulcast places would be held in areas, to me it's the same issue as the keno. Keno wants to go into a community, they have a vote of the community to put it in there or not. And I think this is about the same thing. And I think all we're asking in this bill is, you know, to ask the people whether this should be allowed to have additional sites for the simulcast to take place. [LR277CA]

PRESIDENT SHEEHY: One minute. [LR277CA]

SENATOR STUTHMAN: And I see nothing wrong with that. You know we're not forcing anybody to go to these sites. We don't force people to go to the keno bars where they have the keno machines. It is their opportunity to exercise in an activity or entertainment, as they say, while they're at the establishment. So I say, it's not expanded gambling whatsoever. It's just making another site. We're not creating another form of gambling. We're just giving people in another area of the communities of the state of Nebraska, you know, to maybe participate in an activity that they would like to do. That could benefit some of those tracks that are, you know, starting to lose a lot of money, and they may not be in existence. I know the Columbus track, we're trying to get a few more less days so we don't lose as much money, but. [LR277CA]

PRESIDENT SHEEHY: Time, Senator. [LR277CA]

SENATOR STUTHMAN: Thank you, Mr. President. [LR277CA]

PRESIDENT SHEEHY: Thank you, Senator Stuthman. (Visitors introduced.) Continuing with floor discussion of LR277CA, members requesting to speak are Senator Nelson, followed by Senator Wallman, Senator Harms, Senator Pankonin, Senator McCoy, and others. Senator Nelson, you're recognized. [LR277CA]

SENATOR NELSON: Thank you, Mr. President, members of the body. I'd like to address some questions to the sponsor of this bill here, Senator Karpisek. [LR277CA]

PRESIDENT SHEEHY: Senator Karpisek, would you yield to Senator Nelson? [LR277CA]

SENATOR KARPISEK: Yes, I will. [LR277CA]

SENATOR NELSON: I'm off to a bad start if I can't remember your name, Senator. (Laughter) Senator, let me begin by saying that I'm a resident of Omaha and I used to enjoy going over to the Ak-Sar-Ben track. And I'm sorry it's not there any longer. It provided a lot of fun. But the fact is that they were put out of business by the dog races over in Council Bluffs and later the casino gambling. How many racetracks, operating racetracks do we have in Nebraska now? [LR277CA]

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SENATOR KARPISEK: I'm pretty sure there's five, Senator. [LR277CA]

SENATOR NELSON: There are five. All right, so one in Omaha, Horseman's Park; one in Lincoln; I believe Columbus and Grand Island. [LR277CA]

SENATOR KARPISEK: And Sioux... [LR277CA]

SENATOR NELSON: Sioux City? [LR277CA]

SENATOR KARPISEK: South Sioux. [LR277CA]

SENATOR NELSON: South Sioux City. Okay. Now, from what I heard before, this is going to be satellite. So these satellites operate off of any one of those tracks, is that the way it works? [LR277CA]

SENATOR KARPISEK: Correct. Yes. [LR277CA]

SENATOR NELSON: And we aren't sure about the areas that are going to be covered but this can expand across the state, can it not? [LR277CA]

SENATOR KARPISEK: Yes. [LR277CA]

SENATOR NELSON: I mean, there's no restriction. Could you describe what a satellite would be? What it would consist of? Where it would be located and how it would operate? [LR277CA]

SENATOR KARPISEK: It would probably...I mean, my thought is at a bar, a sports bar. There's no restriction. The Racing Commission would set those parameters. But it would be much like keno now. The keno...the bar contracts with the city or county to have keno and then that person, which now would be the racetrack, they would contract with the racetrack, the money would flow through the existing satellite mechanism within the Racing Commission. [LR277CA]

SENATOR NELSON: I'm not very familiar with keno. I know it's popular, so you have to educate me a little bit. How are bets placed at these satellites on pari-mutuel horse racing? [LR277CA]

SENATOR KARPISEK: You would just go up to the window or to the teller and you would...there would be a sheet there just like when you go to the track or you could look it up probably on-line, see the odds, all those things, and you would bet your money, win, place, or show, your trifecta, however, with that person. They would enter it into their station, their outlet just...and it would be almost identical to the ones that are at the

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track now and it would travel to the track via phone line, Internet, and then that bet would just be placed at the track. [LR277CA]

SENATOR NELSON: So you place a \$5 bet. Do you hand it to a person then... [LR277CA]

SENATOR KARPISEK: Yes. [LR277CA]

SENATOR NELSON: ...at that site? [LR277CA]

SENATOR KARPISEK: Yes. [LR277CA]

SENATOR NELSON: Is it the bartender or the operator of the tavern? [LR277CA]

SENATOR KARPISEK: The operator of the machine. [LR277CA]

SENATOR NELSON: So there is a machine and you know a race is coming up in Santa Barbara, California, or Dubai, or wherever it is, and you have to get your bets placed by that time. [LR277CA]

SENATOR KARPISEK: Correct. Just like at a track now in Nebraska, we have live simulcasting at the track. This would just take all that and put it at another place, not at the track. [LR277CA]

SENATOR NELSON: A bar owner then for instance in Lexington, Nebraska, would begin by applying to the Racing Commission? [LR277CA]

SENATOR KARPISEK: Correct. [LR277CA]

SENATOR NELSON: All right. Is there any reason why they would turn that person down? [LR277CA]

SENATOR KARPISEK: I would say if they've had problems in the past, I would say they may do...I don't know. They would set these up but they would probably contact Liquor Commission, see if there's been any infractions on the license, that sort of thing, background check. [LR277CA]

PRESIDENT SHEEHY: One minute. [LR277CA]

SENATOR NELSON: But if they've conducted a good operation up to that point, why then, probably a license is going to be issued through the auspices of one of the other tracks. Who determines that? Does the racetrack, the existing racetrack make the application or...? [LR277CA]

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SENATOR KARPISEK: They would...yes, they would do a feasibility study and make sure that it would be feasible to have it there and it would be based on that. Yes, the existing track would do that. [LR277CA]

SENATOR NELSON: But once the license is granted then, then you have to go to your county or to your municipality and work something out with them at that time. [LR277CA]

SENATOR KARPISEK: Well, my thought would be is you would go to them prior to see... [LR277CA]

SENATOR NELSON: Right. [LR277CA]

SENATOR KARPISEK: ...to make sure that they would even be in favor of having one in their locale. [LR277CA]

SENATOR NELSON: And what's the advantage to a town for having one of these in the town? [LR277CA]

SENATOR KARPISEK: Well, the town could...just like with keno, the town could make their own contract. [LR277CA]

PRESIDENT SHEEHY: Time, Senator. [LR277CA]

SENATOR NELSON: Thank you very much. [LR277CA]

SENATOR KARPISEK: Thank you. [LR277CA]

SENATOR NELSON: Thank you, Mr. President. [LR277CA]

PRESIDENT SHEEHY: Thank you, Senator Nelson. Senator Wallman, you're recognized. [LR277CA]

SENATOR WALLMAN: Thank you, Mr. President. And I appreciated Senator Krist's statements and also Senator Karpisek for bringing this forth. And I would like to ask Senator Karpisek a question. [LR277CA]

PRESIDENT SHEEHY: Senator Karpisek, would you yield to Senator Wallman? [LR277CA]

SENATOR KARPISEK: Yes, I will. [LR277CA]

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SENATOR WALLMAN: Could existing racetracks, also like in Europe, they could have simulcast in there couldn't they? [LR277CA]

SENATOR KARPISEK: Yes. This would be all over the world. It comes in just like at a track now, but right now you have to do the simulcast within one of those five tracks. This would just be able to have it at another place outside the track. [LR277CA]

SENATOR WALLMAN: And I think, you know, we moved the State Fair and we literally took away a racing venue here, eventually, the way it looks. So we've got to make...and I have lots of racehorses in my district and they race all over the United States. It's definitely an economic thing to my area because they raise horses and they're good citizens. So I think it should be up to the people. I appreciate the bill here, what he brought forth and I hope the people would support it. Thank you. [LR277CA]

PRESIDENT SHEEHY: Thank you, Senator Wallman. Senator Harms, you're recognized. Senator Harms. [LR277CA]

SENATOR HARMS: Yes, Mr. President. Thank you, Mr. President. I'm going to get in tune with you here in just a minute. Senator Karpisek, would you yield again, please? [LR277CA]

PRESIDENT SHEEHY: Senator Karpisek, would you yield to Senator Harms? [LR277CA]

SENATOR KARPISEK: Yes, I will. [LR277CA]

SENATOR HARMS: Senator Karpisek, I'd kind of like to finish our conversation that we started, is that okay? [LR277CA]

SENATOR KARPISEK: I thought you might. [LR277CA]

SENATOR HARMS: Okay. Well, let me ask you some more questions, if I can. [LR277CA]

SENATOR KARPISEK: Okay. [LR277CA]

SENATOR HARMS: First of all, we...you have talked about the fact that this is not expanding this business and you also testified or at least I heard your comments that there's probably five places where...locations where horse races take place. So that's correct, right? [LR277CA]

SENATOR KARPISEK: Well, there are five. I didn't mean to say that this doesn't expand that business. It doesn't expand gambling. [LR277CA]

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SENATOR HARMS: Okay. But what...well, but, you know, there's a very fine line there, Senator. When you extend that business you expand, because it is gambling, you expand the gambling as I see it. So how many bars do we have in this great state, Senator? [LR277CA]

SENATOR KARPISEK: Gosh, I don't know, Senator. [LR277CA]

SENATOR HARMS: Well, how about 500 and in that...and I'm guessing. I think it's fairly close, maybe a few more. What's a hundred one way or the other here? If 500 of those made application and they got approved, we have just expanded this business. Isn't that correct, Senator? [LR277CA]

SENATOR KARPISEK: I don't...you are correct. I don't think that racing...I'm sure the feasibility study would not come back that that would be profitable. Again, this is much like keno and we have those in many bars. [LR277CA]

SENATOR HARMS: Well, what I'm trying to get clear in my mind, Senator Karpisek, and as I told you off mike, Senator, this is not anything personal for me. I just have a problem with phases of gambling. What I'm trying to get us to understand is that if, in fact, we have five locations and let's just say, we might have 500 bars, and all 500 bars or 300 of the 500 or 200 of the 500 comes forward and says, I want this to be in my bar, we have just taken a business and that business is gambling or horse racing is gambling and we have just expanded that. And I object to that. On January 27, 2010, the Des Moines Register had an article and it was entitled "Track owners file bill in Iowa to end dog racing." That dog racing is in the same condition that the horse racing industry in this great state is today, and they are going forward to eliminate that. And if we have an industry that's dying or an industry that's in trouble and they're coming to the Legislature and they're wanting to put this into...on the ballot to vote, it really means that they're wanting bailed out. They're wanting to, quite frankly, expand this business because there's no other way you can get past this. Five locations, 500 potential bars or whatever it might be, and they all want it. You have just expanded a business that we're saying and debating that isn't going to happen. It is going to happen, colleagues. And I don't think it's the right thing to do. Now, let me ask you one other question, Senator. Do you believe that this is just a way for us to open up the slots in these bars? Is this more or less the hidden idea behind all of this that it gives them that opportunity to open the slots in this great state? Because I really believe that that's the motive, may not be your motive. [LR277CA]

PRESIDENT SHEEHY: One minute. [LR277CA]

SENATOR HARMS: Thank you, Mr. President. You have to watch me now. I think that, quite frankly, that is the intent of some people. That may not be your intent and I'm not

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saying that it is. But I believe that that is the intent of some folks, that's what they want to have happen. What are your thoughts about this? [LR277CA]

SENATOR KARPISEK: Senator, first, the Racing Commission has estimated that there would be 30 satellite sites. Now, I know that's an estimate. [LR277CA]

SENATOR HARMS: Senator, could I ask you a question? [LR277CA]

SENATOR KARPISEK: Sure. [LR277CA]

SENATOR HARMS: How do they...what criteria do they base that decision on? Because they'll tell us 37, but I'm here to tell you there are probably going to be more. There are going to be a lot of pressure put on the... [LR277CA]

PRESIDENT SHEEHY: Time, Senator. [LR277CA]

SENATOR HARMS: Oh, thank you, Mr. President. [LR277CA]

PRESIDENT SHEEHY: Thank you, Senator Harms. Members requesting to speak on LR277CA: Senator McCoy, followed by Senator Louden, Senator Karpisek, Senator Krist, Senator Stuthman, and others. Senator McCoy, you're recognized. [LR277CA]

SENATOR McCOY: Thank you, Mr. President and members. I wondered if Senator Karpisek would yield to a question. [LR277CA]

PRESIDENT SHEEHY: Senator Karpisek, would you yield to Senator McCoy? [LR277CA]

SENATOR KARPISEK: Yes, I will. [LR277CA]

SENATOR McCOY: Thank you, Senator. I'm curious, and maybe you touched on this earlier. I had to step out for a moment. Could you let me know for my benefit how similar to this is the measure that went on the ballot in 1996? [LR277CA]

SENATOR KARPISEK: You know, I can't tell you exactly. I...in my opinion, and I could be wrong, I thought that was to phone in bets. I could be wrong. I know there was a ballot measure similar. One was to phone in bets and I apologize I don't know which one...what it was. [LR277CA]

SENATOR McCOY: That's fine. If you could let me...give me that information, I'd appreciate. [LR277CA]

SENATOR KARPISEK: I sure will. I'll find that out. [LR277CA]

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SENATOR McCOY: A concern I have, and this would be another question, Senator Karpisek, I represent a good chunk of west Omaha, western Douglas County, and a concern that I have is how this would relate to keno revenues which are tied, as we all know, to a good portion of things with our municipalities across the state, and are tied to a number of things in the Omaha metropolitan area, police cruisers for Omaha Police Department, the new baseball stadium that's currently under construction. Senator, could you kind of walk through with me how this may affect keno revenues in your knowledge? [LR277CA]

SENATOR KARPISEK: I would say that it could and probably would lower the keno revenues if nothing else was done. Now, in my opinion, hopefully, to draw some more people to these places and they'd play keno, too, and I just played into Senator Harms's hand with that. But my thought is the bar owner, the establishment will make a contract with the city. The city will, I think, in my opinion, could do the same things with this money as has happened with the keno. And that would be my intent, but I don't want to move that through with legislation so each community could get their own contracts. [LR277CA]

SENATOR McCOY: Well, thank you, Senator. I...members I think that speaks to my biggest concern about this legislation, is as the senator that represents the Omaha metropolitan area, all of us see through the newspaper and through news accounts that we're in very dire situation with the city budget in Omaha. And I have reservations about what this may do to several key things for economic development and for jobs in our city that are tied to keno revenues. And my fear would be that this may greatly reduce those revenues and consequently put in jeopardy a number of measures that are very, very important to the Omaha metropolitan area and for jobs as we come out of this economic downturn. Thank you, Mr. President. [LR277CA]

PRESIDENT SHEEHY: Thank you, Senator McCoy. Senator Louden, you're recognized. [LR277CA]

SENATOR LOUDEN: Thank you, Mr. President and members of the body. As the discussion is on this amendment or on this LR has come about here today, LR277CA, it's been mostly on the gambling and that sort of thing. I'm more interested in having a viable horse racing industry in Nebraska. Right now, the thoroughbred is the only horse racing industry we have in Nebraska and that's in dire straits and that's part of the reason that some of these things are being brought forward. But we have a quarter horse industry out there that we've neglected for years. And there's...I've been told now there's around 85,000 head of quarter horses in Nebraska. Some of them are being raced already and we should be setting up some system so that we can use this as a resource for the state of Nebraska and for also local people. You have a race horsing industry, they all use local products. They've got to have grain. They've got to have

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transportation, training, and all that. And this is all something you can value-add some of our agriculture products to. So I would like to see something like this brought forward. And I'm wondering if Senator Karpisek would yield for questions, if he would, please. [LR277CA]

PRESIDENT SHEEHY: Senator Karpisek, would you yield to Senator Louden? [LR277CA]

SENATOR KARPISEK: Yes, I will. [LR277CA]

SENATOR LOUDEN: Senator Karpisek, is...as you've been talking about just expanding the simulcast betting places, can this also be used to, perhaps, start up another racetrack someplace, a quarter horse racing track or something like that and still have this simulcast betting there? [LR277CA]

SENATOR KARPISEK: It sure could, Senator. And one big push here is to try to get a new track in Lincoln. [LR277CA]

SENATOR LOUDEN: And what about other tracks and...such as your quarter horse tracks around the area someplace? I think Hastings has one that they've tried to operate for a few years but they've never been able to get it going. Could they go ahead and have a simulcast betting in that Hastings area there and open that horse track up? [LR277CA]

SENATOR KARPISEK: They could and I was remiss to forget about Hastings. They could only simulcast quarter horse races, though, not the thoroughbreds. [LR277CA]

SENATOR LOUDEN: Okay, then whatever track they have, if it's quarter horse track, it would only be quarter horse racing, is that what you're telling me? In order to do thoroughbred racing, you'd have to have a thoroughbred track? [LR277CA]

SENATOR KARPISEK: Yes. [LR277CA]

SENATOR LOUDEN: And then what about, I call it sulky racing or anything like that, you couldn't simulcast any sulky races on any of these because we don't have a sulky racetrack in Nebraska? [LR277CA]

SENATOR KARPISEK: Not that I understand, Senator. Again, it would be exactly the same as at the track now and I haven't been to one for a while. I hope to go next weekend. [LR277CA]

SENATOR LOUDEN: But since we don't have any of those kind of races in Nebraska, they're not able to simulcast that type of racing, is that correct? [LR277CA]

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SENATOR KARPISEK: That is correct. [LR277CA]

SENATOR LOUDEN: One other question. I don't know if you're familiar with it or not, but can you actually put...can you bet horse racing now on television? [LR277CA]

SENATOR KARPISEK: No. [LR277CA]

SENATOR LOUDEN: Because you can watch certain channels and they have the horse racing on there all the time. But there isn't any way that anybody can phone in some place and place bets on that? [LR277CA]

SENATOR KARPISEK: Well, not that I know. There's a lot of gambling on the Internet, Senator, and I guess I can't say that you can't do that. There may be something but not that I'm aware of. [LR277CA]

SENATOR LOUDEN: Well, that was part of my question, I guess, is, is if any of this is being done now, then...and there isn't any chance of any revenue being brought forward, because there are matched races in the Quarter Horse Association, or not the association, they're just matched quarter horse races going on in different areas and those are all outside of any way of gaining any revenue from that thing. So I would... [LR277CA]

PRESIDENT SHEEHY: One minute. [LR277CA]

SENATOR LOUDEN: ...like to see something like this brought forwards if it was something that would enhance our quarter horse racing industry in Nebraska. Thank you, Mr. President. [LR277CA]

PRESIDENT SHEEHY: Thank you, Senator Louden. Senator Karpisek, you're recognized. [LR277CA]

SENATOR KARPISEK: Thank you, Mr. President, members of the body. The quarter horses are important to me also and I hope that this...I'm sure it could help them. One of the main pushes to this bill is the displacement of the State Fair Park racetrack. In 2012, it is scheduled to be gone. The university will take that over. It's this body that allowed that to happen that is going to make...force them to move. Lincoln is one of the biggest handles in the track...in the state. If we don't have something here, folks, I'm afraid it's gone. I think Senator Krist was right on the money when he said this is a vote, do you want to save horse racing in the state of Nebraska or do you not? If you have a better idea on how to do it, then you think that you want to save it, I'd be more than happy to talk to you. It is not my intention to bring slots in. I had a slots bill last year. I heard the committee, I heard the Legislature, and I heard the state say, we don't want that. So we

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came back with something that I feel is much less onerous. I will be honest, I do support gambling. I don't want to push anything more than Nebraskans want. However, I see all this money going to every state around us. Nebraska cars parked everywhere, taking their money out of state. I'm not pushing for a full casino. I don't intend for this to go that way. This is nothing more to me than another way to get them some money and it is drafted much like the keno bill. Again, the State Fair Park is going to be gone. I think a new track in Lincoln, hopefully, a one-mile track, would bring in horses from all over the country and make it...it will never be another Ak-Sar-Ben. We know that but, boy, I think we could really do something there. You look at the Saltdogs Park over with baseball. They've made it kid friendly. They get people out, families out to do something. Now, you can argue that you don't want your kids around the gambling, fine. I understand that. But I think that there's some great plans in this park here in Lincoln, the one-mile one, that could really do some great things, family oriented, off to the side. Parents could go to the race. The kids could have things to do if you don't want to take them there. I also hope that they would allow quarter horse racing somehow in the middle or to the side of that track. I have been pushing that part of that track, if and when it ever gets going. There's a great number of quarter horse owners in the state of Nebraska. Not all of them are racers, but the ones that are, there's a great number and I think that they are also a big contributor to our economy. That is one of the main reasons why I've brought this bill so that we can try to get that track in Lincoln, and I feel that it was this body that displaced that track. I don't feel that it was, it was. I appreciate the dialogue. I know that there are antigambling people and I appreciate their view. I understand. In my opinion though, we have lottery, we have keno, we have bingo at churches. We have many different kinds of gambling, pickle cards. I also appreciate Senator McCoy's concern about... [LR277CA]

PRESIDENT SHEEHY: One minute. [LR277CA]

SENATOR KARPISEK: ...about...thank you, Mr. President...about keno revenues going down. I think that we could displace that revenue another way. Again, they would be able to work with the cities on how the contracts work. The cities could put that money toward whatever they wanted to, the fire department, again, much the same way as keno, again, if there is a less onerous, which I don't think this is very onerous, nothing different than keno, to do this to save horse racing, I'd like to hear it. Again, if you don't support horse racing, I think your vote is no. If you think horse racing is worth saving, as I do, I think the vote is yes. Thank you, Mr. President. [LR277CA]

PRESIDENT SHEEHY: Thank you, Senator Karpisek. Members requesting to speak on LR277CA: Senator Stuthman, followed by Senator Christensen, Senator Pankonin, Senator Nelson, Senator Harms, and others. Senator Stuthman, you're recognized. [LR277CA]

SENATOR STUTHMAN: Thank you, Mr. President and members of the body. Having

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served on an ag society where we have horse racing, you know, I want to explain the process the way I see it of how things would be handled with this constitutional amendment. If we pass this and put it to the vote of the people, which I truly support, let the people decide whether we should have expanded simulcast satellite stations. If the bill would pass, a community like Hastings or Norfolk could...the city council, the community, could pass a resolution to allow simulcast racing in that community. Then when that was taken place and they have a motion and it was passed to allow that, then that would go to the Racing Commission to make a decision as to how many satellite stations would be allowed in that community. I'm sure they don't want to saturate a community. They don't want them in every bar, but they want to have an opportunity for those people in that area so they don't have to drive to Columbus from Norfolk or from Hastings to Grand Island. They could have a station where they could hold the simulcast meet. Because at the present time under the laws and regulations of the Racing Commission, you know, simulcasting can only be held at a track that has a live meet. That's why Horsemen's Park at Omaha only has a couple days of racing but they have to have a couple days of racing. If Columbus would decide not to have live racing anymore, within a year after they decide to not have live racing, simulcasting would quit. There would be no simulcasting in Columbus. Simulcasting gives people the opportunity that they can bet on races, you know, throughout the state, throughout the country on different races. They pick their race, they pick their horse, they go to the betting window and say, I'll bet \$5 to win on horse three, race two, at Atokad or Horsemen's Park or Columbus or in California, any one of those, then the bet is placed. That is the procedure that takes place. I want to also talk a little bit about, you know, the value of the live races to the state of Nebraska. Where I'm aware of is in the Columbus area. When we have our live meet we have between 600 and 800 horses on the ground during the live meet. A lot of the horses maybe race once or twice to fit a certain race. But that brings a lot of people to town. There's a lot of hay consumed, a lot of feed consumed, a lot of people working with these horses. There are people that are trainers that are there. They bring their families to that community. The trailer park is full of trailers that are taking care of their horses. There are local people that are employed in that area. So it does help the communities. It isn't just the simulcasting part of it and the betting part of it, there is benefit in addition to that to our communities. I know it's not very profitable at the present time for these tracks to have a live meet because of the expense to have a live meet. But as we currently have, we have to race so many days in the state of Nebraska and that's what the horsemen have decided with the Racing Commission so many days. [LR277CA]

PRESIDENT SHEEHY: One minute. [LR277CA]

SENATOR STUTHMAN: So many days for Grand Island, so many for Columbus, so many for Lincoln, a few days in Omaha, and a few at South Sioux City. I know the Columbus track is in a financial...has a financial concern that they'd like to race less days because they're losing so much money on that. But I feel that if they race less

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days, somebody else has got to pick up those days, some other track. But I think we have to be serious about do we want to keep the industry in Nebraska, the racing industry in Nebraska, or do we want to drive it down to the point where we have two or three races at each track and only have simulcasting? No, I don't want to see that happen. But I think we have to try to allow the Race Commission to put these satellite stations throughout the state of Nebraska that can benefit the tracks that they're closest to and... [LR277CA]

PRESIDENT SHEEHY: Time, Senator. [LR277CA]

SENATOR STUTHMAN: Thank you, Mr. President. [LR277CA]

PRESIDENT SHEEHY: Thank you, Senator Stuthman. Senator Christensen, you're recognized. [LR277CA]

SENATOR CHRISTENSEN: Thank you, Mr. President. Would Senator Karpisek yield to a question, please? [LR277CA]

PRESIDENT SHEEHY: Senator Karpisek, would you yield to Senator Christensen? [LR277CA]

SENATOR KARPISEK: Yes, I will. [LR277CA]

SENATOR CHRISTENSEN: Senator, how many people attend horse racing in a year? [LR277CA]

SENATOR KARPISEK: I guess we don't actually have that number. [LR277CA]

SENATOR CHRISTENSEN: Could you tell me what the total number of breeders or small horse farms that raise just for the horse industry are in the state? [LR277CA]

SENATOR KARPISEK: No. [LR277CA]

SENATOR CHRISTENSEN: Okay. [LR277CA]

SENATOR KARPISEK: About a thousand. [LR277CA]

SENATOR CHRISTENSEN: Is that a guess or is that pretty accurate? [LR277CA]

SENATOR KARPISEK: Well, no, I think that's...I think I read those lips, about 1,000. [LR277CA]

SENATOR CHRISTENSEN: Okay. (Laughter) All right. Has this measure been before

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the people before on the voting? [LR277CA]

SENATOR KARPISEK: Yes, it has. [LR277CA]

SENATOR CHRISTENSEN: Do you know how many times? [LR277CA]

SENATOR KARPISEK: I think in this form, once. [LR277CA]

SENATOR CHRISTENSEN: But similar forms? [LR277CA]

SENATOR KARPISEK: Well, they're all different so...to talk about, one I think was phone-ins. I don't know, Senator, I think one like this was once. [LR277CA]

SENATOR CHRISTENSEN: Okay. Thank you, Senator. I guess my concern comes in that if I look at the language on page 3, line 22 and 23 about additional locations, I compare this...if you're going to open more additional locations on this, it's just like if...when I had my brokerage business when I opened one in a neighboring town, I expanded my business. When I opened another one in a third town, I expanded my business again. The same thing here. We keep getting comments that this is not expanding gambling. I disagree. There's a new revenue stream location and it has expanded what we are looking at. So I think we need to think about this. I question that this industry is going to survive anyway. I look over to Iowa. Senator Harms talked about it earlier. The dog races as of July 1, they don't have to have them no more, Council Bluffs. They're just pari-mutuel betting now. Now, is it considered gambling now that there's no races or is that still horse racing or dog racing when they're no longer there? To me when we're looking at this bill to expand locations, we've got another bill to expand pari-mutuel, it is expansion. They both got to occur to keep this industry alive, and that's the reason I asked how many people are we looking. I guess I'd like to know what percent of gamblers have a gambling problem, how many people are actually attending. I think to really look at this from a holistic stance we have to have all these answers if you're going to make a good decision upon this, because we're going to affect livelihoods of people no matter which way this bill goes. If the horse racing industry dies, we will lose them breeders, we will lose them small ranches, we will lose that direction. [LR277CA]

PRESIDENT SHEEHY: One minute. [LR277CA]

SENATOR CHRISTENSEN: If we pass this, we're going to have more locations, we're going to have more people gambling, we're going to have more people with a gambling problem, there's going to be more crime. I typically, when I go visit another state, I typically go drive around behind the casinos or behind the racetracks, go look in the town and look at the poverty around it. It does affect it. In Iowa, if you've paid any attention, Council Bluffs, you can see the area that's grew. Everyone talks about the

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effects on Nebraska, why not the income? We've got effects because it's so close. But the fact is, it would expand it, the effects on families. And it's hard for me not to look at how we're going to affect these families. [LR277CA]

PRESIDENT SHEEHY: Time, Senator. [LR277CA]

SENATOR CHRISTENSEN: Thank you. [LR277CA]

PRESIDENT SHEEHY: Thank you, Senator Christensen. Senator Pankonin, you're recognized. [LR277CA]

SENATOR PANKONIN: Thank you, Mr. President. Colleagues, we have another choice at hand in this discussion. Some choices may be harder than others, but this one is a relatively easy choice for me. This is one I just feel inside. I want to give you a little history. These issues have been on the ballot several times and they have been defeated on the ballot and I want to tell you why I think so. I think Nebraskans at the grass-roots level have been against expanded gambling because they also know inside that it's not good for Nebraska families. And I think a couple of citizens that many Nebraskans admire have provided significant leadership in these fights against these ballot issues and that's Tom and Nancy Osborne. I was at a Family First breakfast earlier this year, earlier this session, where Tom Osborne talked for 45 minutes with a lot of personal history and also world history about the decline in our values and what that means to a society. He then said again, expanded gambling locations leads to pressure on families, not positive pressure but negative pressure for many problems that we already have seen in other venues in other states. I know the horse racing industry is in decline and it's always hard because I respect those people and I know they've worked hard to try to survive. I'm involved in a small business as well. I know there's no guarantees. Senator Karpisek, I've always thought being in a small business was a big gamble. What about you? Yes, he agrees. So I feel sorry for those folks but I don't know that we can bail them out, especially when the other side of the policy is a terrible choice for Nebraska families. And the choice here is so many more venues that make it easier for people to get into this habit and ends up hurting the citizens and their families. It can be very addictive. It can lead to financial failure, stress on their family life, divorce, all kinds of outcomes that we know end up costing the state as well from folks that are under stress. So Nebraskans have voted down expanded gambling at the polls on several occasions. I will be voting no on this measure today because I think they have spoken and I don't think we need to put this choice before them for the reasons I've given. And when you have people leading, like Tom and Nancy Osborne, against these issues, that means a lot to me, not only because of coaching success but because of the type of people they are. And Coach Osborne has seen this over the years with young people that he has been associated with in athletics that the decline in family values and two-parent families and these sort of things have huge ramifications for not only Nebraska but through world history for our society, and this is a slippery

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slope to put this out again. So thank you. [LR277CA]

PRESIDENT SHEEHY: Thank you, Senator Pankonin. Senator Nelson, you're recognized. [LR277CA]

SENATOR NELSON: Thank you, Mr. President, members of the body. I'd like to continue my conversation with Senator Karpisek, if he will yield. [LR277CA]

PRESIDENT SHEEHY: Senator Karpisek, would you yield to Senator Nelson? [LR277CA]

SENATOR KARPISEK: Yes, I will. [LR277CA]

SENATOR NELSON: Thank you, Senator. I missed out on a little bit on the dialogue here because of other conversations. First of all, let me say that I'm fully supportive of saving the horsemen industry here in the state of Nebraska and all the people involved. My recollection is that, at least at the Ak-Sar-Ben, horses came in from all over the country. Now, doesn't it work the other way? Don't Nebraska horses, when they travel to other states where there is racing to race their horses or do they just confine their racing here to the five tracks in Nebraska? [LR277CA]

SENATOR KARPISEK: Well, they do, of course, when it's cold here, some of them do go south. The one thing is that we don't have the mile tracks here. We've got the three-fifths mile tracks which are not the same at all, not the same kind of horses. So some do go, not a lot. [LR277CA]

SENATOR NELSON: I've had quite a bit of correspondence from breeders and horse persons here, racers, and concerned about the lack of...eventual lack of facilities for racing here in Lincoln. And they talk about another facility that could be built out in east Lincoln, is that correct? [LR277CA]

SENATOR KARPISEK: That is correct and probably the main reason for this bill. [LR277CA]

SENATOR NELSON: Why is it incumbent on the horse racing industry to have to come up with the money to build that? If it's important and it's important to Lincoln, why isn't Lincoln building a racetrack there for regular...I'm...if you have an answer to that? [LR277CA]

SENATOR KARPISEK: I think it comes back to some of the arguments that we've heard today that, oh, it's a dying industry and, hey, money is tight. Everybody knows that. It would help Lincoln, obviously, but, you know, that track is going to be a considerable amount of millions of dollars. So we don't know that Lincoln wouldn't help out, but to

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build it on their own I think would be not feasible. [LR277CA]

SENATOR NELSON: All right. I think I heard the figure of an increase that it may be \$6 million for the horse racing industry if we had pari-mutuel, is that correct? [LR277CA]

SENATOR KARPISEK: Correct. [LR277CA]

SENATOR NELSON: In light of what Senator Stuthman said, the limited days of racing at the four tracks, is that going to save the industry, \$6 million with as many people as we have here in Nebraska? [LR277CA]

SENATOR KARPISEK: No, sir, it will not save it but it sure won't hurt, especially every year to try to get, again, as you said, some other interests into the new track. I think we can get some private money once things start rolling. No one wants to put money into something that looks like it might not be able to stand up and get some other funding. [LR277CA]

SENATOR NELSON: All right. Is there...the other question that's been raised or the other statements made, the matter of accessibility. Right now, for pari-mutuel betting you might have to drive 100 miles if you want to do that to go to Columbus or Lincoln right now and so I guess one argument is that it would make it more available for people to go bet at these various satellites. [LR277CA]

SENATOR KARPISEK: Absolutely. [LR277CA]

SENATOR NELSON: All right. [LR277CA]

SENATOR KARPISEK: You know, Grand Island is the farthest west that there is a track. [LR277CA]

SENATOR NELSON: Um-hum. [LR277CA]

SENATOR KARPISEK: Well, in Hastings, but with the quarter horses. [LR277CA]

SENATOR NELSON: I'm just wondering if there's a limited amount of income. People that like to bet on keno, if pari-mutuel racing is expanded here in Nebraska,... [LR277CA]

PRESIDENT SHEEHY: One minute. [LR277CA]

SENATOR NELSON: ...then are we going to see a downturn in the income of the keno parlors? [LR277CA]

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SENATOR KARPISEK: And Senator McCoy brought that up, Senator Nelson, and I say, yeah, that could happen. [LR277CA]

SENATOR NELSON: Um-hum. [LR277CA]

SENATOR KARPISEK: However, I would hope to say that the cities that institute this would also make the same sort of deals and contracts with the satellite operator as the keno people and it would stay where it's at, if not better. [LR277CA]

SENATOR NELSON: Thank you, Senator. I'm undecided on this bill at the time. I think I'm tending toward not supporting it but I'll continue to listen. And thank you, Senator Karpisek. [LR277CA]

SENATOR KARPISEK: Thank you. [LR277CA]

SENATOR NELSON: Thank you, Mr. President. [LR277CA]

PRESIDENT SHEEHY: Thank you, Senator Nelson. Members requesting to speak on LR277CA: Senator Harms, followed by Senator Campbell, Senator Carlson, Senator Karpisek, Senator Christensen, and others. Senator Harms, you're recognized. This is your third time. [LR277CA]

SENATOR HARMS: Oh, thank you. This is my third time? Thank you, Mr. President, colleagues. Senator Karpisek, I'd kind of like to finish our conversation. [LR277CA]

PRESIDENT SHEEHY: Senator Karpisek, would you yield to Senator Harms? [LR277CA]

SENATOR KARPISEK: Yes, I will. [LR277CA]

SENATOR HARMS: Senator, as we look at this discussion about expansion or not expansion, how many times has this been brought up on the ballot as far as gambling? What years did this come up and what were the percentages that the voters said, we don't want any more of this? [LR277CA]

SENATOR KARPISEK: As I recall or have been told, I think something very similar to this was up in 1996 and I think maybe it was defeated about 60-40 roughly. [LR277CA]

SENATOR HARMS: Yeah, I think in...you're correct. It was 1996 and 2006 it was actually defeated by 61 percent of the voters, made it very clear that they no longer wanted to have this take place. And I can tell you from my experiences, at least looking at the data and the research, Nebraska doesn't change its views very much and some of the other things that we've talked about on this floor today it's clear when we got into

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the helmet issue, the percentages change very little. And I can tell you now with this percentage of what the voters said, it's not going to change very much. And so we're going to take this to the ballot, if we approve it, against really, quite frankly, I don't think it will pass and I think it's a tragedy that we do this and I think it's the wrong thing to do. Senator, I'd like to ask...what will this, your thoughts about this, now keep in mind the economy is in the state that it's in today, what are your thoughts about what impact will this have in regard to families? [LR277CA]

SENATOR KARPISEK: Well, I've talked to the Compulsive Gamblers, Senator, and they said that they would like the 1 percent in the bill because they already can't...they don't have enough money now. I think we forget about the illegal forms of gambling and everything else that goes on that nobody wants to talk about. Would it cause no problems? I can't say that. Everything causes problems. I would hope to say, Senator, that it would not create the sort of problems that want to be painted. [LR277CA]

SENATOR HARMS: Senator, another question I'd like to ask. What does horse racing provide for a society? What does this provide for this great state other than some cash and other than us not charging then very much in taxes, what does this provide for this great nation's...great Nebraska society here? [LR277CA]

SENATOR KARPISEK: I think it provides jobs, which again, you said, money. It provides entertainment. Horse racing is one of the oldest sports, the sport of kings, we've been told. It does provide entertainment. And I think that it is a grass-roots business that hardworking people are involved in. That's what I think. I think it's Midwestern values, hard work, and enjoyment. [LR277CA]

SENATOR HARMS: Well, Senator, let me help you just a little bit in regard to what I think it does to families. I mean, what it does to society, it does the following things. It creates addiction, bankruptcy, crime, and family destruction. That's exactly what it does for society. Now, let me just support that with some studies that have been done in this great state that provides the same basic information here. And this is a problem associated with gambling and percentages and this was done...I'll give that part of it to you but it's done by a Nebraska... [LR277CA]

PRESIDENT SHEEHY: One minute. [LR277CA]

SENATOR HARMS: Thank you, Mr. President. It's very clear when you look at the one chart that it does have a major impact in families, folks. The highest impact of gambling is...and this is a form of gambling, has a negative impact of family. It's over 30 percent of families are affected in a negative sense. And then if you go further, tied to that is the financial conditions of the family. And that's almost identical. So there is a relationship, it does create addiction, it does create problems for families. And I don't think we can afford to do this in this society. I think it's the wrong thing to do. I'm not against the

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people who raise horses or quarter horses and I'm not against any of that. What I am having my...what I think we have to think about is, what is the negative impact that it causes with our families and what does it do? [LR277CA]

PRESIDENT SHEEHY: Time, Senator. [LR277CA]

SENATOR HARMS: Thank you, Mr. President. [LR277CA]

PRESIDENT SHEEHY: Thank you, Senator Harms. Senator Campbell, you're recognized. [LR277CA]

SENATOR CAMPBELL: Thank you, Mr. President. You know, generally, I have spoken in opposition to certain forms of video slots, casinos, that type of gambling. But I have come to see that I feel horse racing is different. And I will support the bill for the reason that I feel it goes to a vote of the people. And I know that they've had several chances before, but this is an opportunity for the horse racing industry to come forward and say to people, we are willing to look to ourselves for financial help rather than looking to the state. And I want to explain. I was very involved in the whole keno situation when it came to cities and counties, and I feel that that model is an excellent model to look at because it does allow a local community to determine if this is a form of entertainment, a form of gambling, that they would like to have in their community. The county of Lancaster and the city of Lincoln were very thoughtful in the process that they went about in putting the keno parlors in place. And over the course of the time that we watched that operation, very few problems arose and, in fact, most people did see them as a form of entertainment. The other part of the questions that have come to the floor is, would they be in every bar, would they be in every establishment? And if we can judge from keno, no, they were not. We were very careful and very thoughtful in placing them throughout the county or in the city of Lincoln, and primarily for the effect of saying, why would you flood the market with such an entity? And number two, I think we looked very carefully at those establishments that could handle it. I feel that the cities and counties would be as thoughtful as they would approach this situation. I'd like to also make some comment about Senator Krist in terms of replacing the track at State Fair Park. Certainly, we all knew that when Innovation Park came forward, and we all supported that, we knew that we would lose the track there at State Fair Park. And I must say to the horse racing industry that they didn't turn around and say to the state, well, then you owe us the money; you should replace that track. What they did come forward with was to use the keno model and say, if the people in the state of Nebraska want to use that, then we will help ourselves financially. And I would like to answer those people that said, well, why doesn't Lincoln just pay for this? It's my understanding that there are a number of private dollars that will come forward to help if such a track were put into place. But I agree with Senator Karpisek, there is no way that the entire cost of that could be borne by just the private citizens in Lincoln. Thank you, Mr. President. [LR277CA]

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PRESIDENT SHEEHY: Thank you, Senator Campbell. Mr. Clerk, you have an item for the record. [LR277CA]

ASSISTANT CLERK: Mr. President, an announcement: Judiciary Committee will hold an Executive Session at 11:15 in Room 2022.

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Continuing with floor discussion of LR277CA, members requesting to speak: Senator Carlson, followed by Senator Karpisek, Senator Christensen, Senator Schilz, Senator McCoy, and Senator Wallman. Senator Carlson, you're recognized. [LR277CA]

SENATOR CARLSON: Mr. President and members of the Legislature, I wish this was a simple issue for me. It is not. There are several issues that come before this body that I don't have any qualms about which way I'm going to vote and nothing changes that. This, to me, is not an easy issue. Some say that we said no to this in 1996. Why doesn't no mean no forever? Don't bring it up again. We fought it in 1996 and that was supposed to mean forever. It's a nuisance to have to deal with it again. Now, people who are proabortion believe it was settled in 1973 by Roe v. Wade and that should settle it forever. Those of us who are against abortion are thankful it wasn't settled forever. We have the right to bring legislation to restrict or do away with it. That's the American way. People or groups for saving horse racing have the right to bring forth the issue. We decide whether or not to allow the people to vote again. Now, many of us have been very upset with the federal government in the way they seem to go about mandating issues to the states. Many of us don't like the growth that we see in the federal government and taking decisions away from the state. We in the Legislature need to decide some issues right here and others we need to let the citizens make the decision. Part of me wants to say no on this issue. Part of me wants to say 1996 is 14 years ago, let the people speak again. Now we, as state senators, are required by law to run for reelection every four years. We have to tell our story again. That's the law. This is an important debate. I'm listening. I want to make the best vote that I can make. And I will continue to listen. Thank you, Mr. President. [LR277CA]

PRESIDENT SHEEHY: Thank you, Senator Carlson. Senator Karpisek, you're recognized. [LR277CA]

SENATOR KARPISEK: Thank you, Mr. President and members of the body. I'd like to just kind of answer a few questions or maybe not answer them but say what I think about them. The dog tracks, they have stopped running dogs. They have casinos. They have a casino there to make the money. The dogs were probably losing the money, sure. They have the casinos. I think that makes it a heck of a lot easier. There's no way that this is intended to get a casino in here. Can't go as far as to say that I wouldn't support it, but that is not my intention. Senator Christensen talked about expanding his

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business two or three times. No one stopped him to doing that, did they? He could expand all he wants. And that was a horizontal expansion, same as we're talking here, not vertical. If we talk about expanded gambling, in the definition of the word means going to Class III gambling which would allow slots, Indian gaming, all the things that we hear are so horrible but we're surrounded by in every other state this constitutional amendment does not get us to that point. All it does is take what we already have and put some other places out there around the state that they could do it. Folks, it is no different than keno. We hear how horrible gambling is. I'm almost half-tempted one of these days to put in a bill that would not allow churches to have bingo. See what kind of hypocrisy we get on that. You can't do that, that's our livelihood. Well, this is their livelihood, folks. It cuts both ways. In my opinion, you can't have it both ways. How many times has it been on the ballot? Nineteen ninety-six was...it was a different bill. It was way more wide open. This would narrow it. I think we've got a good hold on it. The Racing Commission does a great job. They're not going to get anything out there that they don't want. We've talked a little bit about if I would be willing to limit the number of satellite spots. I would be. I would not want to do that in the constitutional amendment. I would want to do that in the bill that if we come back to next year, if I'm here, that we would do. How many times...oh, and the 2006, by the way was keno. It was not horse racing. I really get tired of hearing about how many times this has been on the ballot. We don't want people to say or be able to vote on how they feel. What does that say? We don't think so. We don't want them to be able to vote. If they voted it down before and they're going to do it again, so what in the world are you scared of? We run here for four years. A lot of us, as we always said, the big freshman class are up again next year. Why do we have to run again? They voted us in once, we can only be here eight years. I don't know why I have to run again. I should just be able to stay. They voted me in once. Maybe things change. I don't like that argument. This goes out to a vote of the people. If they don't want it, fine. Yeah, it's 14 years ago. That's a long time ago. Some of the people in this body were probably in junior high school at that time. I wasn't one of them, unfortunately. [LR277CA]

PRESIDENT SHEEHY: One minute. [LR277CA]

SENATOR KARPISEK: Thank you, Mr. President. But let the people decide. And that's why I said, this is a vote, in my opinion, if you want to save horse racing or not. I understand the problems that people say about gambling and some of it does happen. It also happens with alcohol. It happens with drugs. It happens with all sorts of things. It happens. We can't put a wall up and not let people experience something that may be detrimental to them. By God, we should put a wall between here and Iowa if we're worried about people going over to gamble. There is a huge number of people that goes over to Iowa to gamble. I don't think that we see that sort of problem. I would be willing to limit the number if we'd like to, again, in enabling legislation. [LR277CA]

PRESIDENT SHEEHY: Time, Senator. [LR277CA]

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SENATOR KARPISEK: Thank you, Mr. President. [LR277CA]

PRESIDENT SHEEHY: Thank you, Senator Karpisek, and that was your third time. (Visitors introduced.) Continuing with floor discussion of LR277CA, members requesting to speak: Senator Schilz, followed by Senator McCoy, and Senator Wallman. Senator Schilz, you're recognized. [LR277CA]

SENATOR SCHILZ: Thank you, Mr. President and members of the body. I was wondering if Senator Karpisek would yield to a question. [LR277CA]

PRESIDENT SHEEHY: Senator Karpisek, would you yield to Senator Schilz? [LR277CA]

SENATOR KARPISEK: Yes, I would. [LR277CA]

SENATOR SCHILZ: Thank you, Senator Karpisek. You know, we've been talking about this and obviously, you know, this is one of those controversial issues that seems to come along every once in a while. I was just wondering, you know, what kind of jobs, what number of jobs are we talking about here that the horse racing industry provides the state of Nebraska? [LR277CA]

SENATOR KARPISEK: Approximately 2,500 people, Senator. [LR277CA]

SENATOR SCHILZ: Is that full-time jobs? [LR277CA]

SENATOR KARPISEK: I can't say that. I would say that probably not all of those are full-time jobs. When they're not racing here, probably not here. [LR277CA]

SENATOR SCHILZ: Right. And then do you have any numbers to say what kind of economic impact that has to the state of Nebraska on a yearly basis or some sort of...? [LR277CA]

SENATOR KARPISEK: From the HBPA I have that Nebraska had a total economic impact of approximately \$29 million just from the thoroughbred racers. Also, that's not including the Quarter Horse Association who we are number nine in the country in number of quarter horse races in the country. [LR277CA]

SENATOR SCHILZ: Okay. Thank you very much. And this is one of those issues that I have a tough time with because you can see both sides here. You know, my wife's family has been in horse racing for quite a number of years. I know quite a few of those people that are trainers and have met a lot of those folks that work at the tracks and I'm telling you, they're good people. We...you know, there's families involved in horse

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racing, families involved in raising horses, families involved in training and all that. And so to weigh that against the ills of what this could possibly bring to our communities is where I'm at and I'm thinking about it. I do have some concerns as far as what we're going to use these monies to pay for, but I hate to think that we would...that we can't find a way to help an industry that's been a good Nebraska industry to help them survive and thrive. I do know, though, that I have some questions on whether this is the right way, but I appreciate your answer, Senator Karpisek. And with that, I would yield the rest of my time to Senator Karpisek if he would so wish. [LR277CA]

PRESIDENT SHEEHY: Senator Karpisek, you're yielded 2 minutes. [LR277CA]

SENATOR KARPISEK: Thank you, Mr. President, members of the body. Thank you, Senator Schilz. From the Quarter Horse Association I see that we have 85,537 registered quarter horses in the state. Now, of course, those are not all racing horses but that is a lot of horses that are out there on feed, buying feed, buying tack, keeping people in business. The U.S....the central region of the U.S. is home to 40 percent of the world's quarter horse population. I think that's...that is an astonishing number and we're number nine in that whole mix with Kansas and Montana and Colorado just a few thousand ahead of us. I think it's hard to put a finger on what this really does for Nebraska. I would also like to say that I gave Senator Schilz... [LR277CA]

PRESIDENT SHEEHY: One minute. [LR277CA]

SENATOR KARPISEK: ...thank you...a \$29 million figure. That was not including Fonner Park. We did not have Fonner Park's numbers in that number. As we all know, Fonner Park is a pretty big part of horse racing in Nebraska. I also feel with the State Fair moving to Grand Island that Fonner Park is going to need those horse races to keep going there, to keep the fair, to get it going, to keep people coming and keep that whole complex alive. You all know I wasn't in favor of moving the State Fair Park out to Grand Island, but once it's there, I'm going to do my best to make it be the best that we can. Thank you, Mr. President. [LR277CA]

PRESIDENT SHEEHY: Thank you, Senator Karpisek. Senator McCoy, you're recognized (gavel). [LR277CA]

SENATOR McCOY: Thank you, Mr. President and members. I wondered if Senator Karpisek would yield to a question, please. [LR277CA]

PRESIDENT SHEEHY: Senator Karpisek, would you yield to Senator McCoy? [LR277CA]

SENATOR KARPISEK: Yes, I will. [LR277CA]

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SENATOR McCOY: Thank you, Senator. I'd like to continue the discussion we had a little earlier and I appreciate you making reference to it and speaking to it a little bit in an earlier discussion. Can you detail to me, if you would, Senator Karpisek, how this, the pari-mutuel aspect of this would interact with existing keno parlors and outlets in the state? [LR277CA]

SENATOR KARPISEK: Well, my intention would be that a place...I envision a sports bar would apply for the license from the Racing Commission. That place probably already has keno in it, maybe, maybe not. So they would go through, get the license if the feasibility study was okay with it, if the city or county was okay with it, and they would have both of those things going there at that one place. [LR277CA]

SENATOR McCOY: So is it conceivable in your mind, Senator, that it would be possible, since it would be in the same facility, that keno revenues could potentially go down and pari-mutuel revenues could go up, but, obviously, an establishment could still have a successful business? [LR277CA]

SENATOR KARPISEK: I think that is conceivable but I think it's conceivable that it may bring more people in and keno revenues may go up too. I don't know that. [LR277CA]

SENATOR McCOY: Thank you, Senator. And, members, that really is the crux of my concern on this issue, among several concerns, but that would probably be the chief concern that I would have. As I stated earlier, Omaha and the revenues from keno are tied very closely to a number of very, very important projects in our city for economic development and jobs and our economic well-being--the College World Series in the baseball stadium and a new 30-year lease on that baseball...or a 30-year contract with the World Series being tied to that new baseball stadium. And I have grave reservations about those revenues being jeopardized by this...by the unintended consequence of this legislation, and I believe that to be a valid concern. And what I'm discovering as I dig a little deeper into this is that that could be a very real possibility. It's hard to quantify that, but it is certainly a grave concern of mine that we would somehow unintentionally affect keno revenues if this were to be passed by us in the Legislature, go on the ballot and be passed and become law and go into our constitution. Thank you, Mr. President. [LR277CA]

PRESIDENT SHEEHY: Thank you, Senator McCoy. Members requesting to speak on LR277CA: Senator Wallman, followed by Senator Krist, and Senator Nelson. Senator Wallman, you're recognized. [LR277CA]

SENATOR WALLMAN: Thank you, Mr. President, members of the body. I find it ironic that we're talking about keno financing things. That's a form of gambling, so isn't that something? And how many people does keno bring in to...if you hire extra people to work? I have no idea and I don't think anybody else does either. But horses, they use

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feed, they have their children involved. I have horse people in my district. They exercise their horses, their kids work with their horses. The young girl will clean your horse barn for you if you have horses for money. And so it employs people and they're good, good people. And they take care of their animals and they go all over the United States. And some of the horses almost made it to the Kentucky Derby last year. That's how good they were. So do I like horses? Sure, I do. There are probably more horses in the United States now than there was in the twenties in Nebraska. And so I appreciate Senator Karpisek again bringing this forth. I think it would be nice for the people to vote on this. You know, they voted on term limits how many times? There's nothing wrong with voting on stuff because we pass stuff in here that some of the people don't like. And so I'd give the rest of my time to Senator Harms. [LR277CA]

SENATOR LANGEMEIER PRESIDING

SENATOR LANGEMEIER: Senator Harms, 3:30. [LR277CA]

SENATOR HARMS: Thank you, Mr. President. Thank you, Senator Wallman. Senator Karpisek, could we continue to have our conversation for a few minutes? [LR277CA]

SENATOR LANGEMEIER: Senator Karpisek, would you yield? [LR277CA]

SENATOR KARPISEK: Yes, I will. [LR277CA]

SENATOR HARMS: Senator Karpisek, first I want you to make sure you understand that I appreciate your willingness to answer the questions and thank you for that. I also want to make sure that people understand that I'm not against the people who raise the horses and who are involved in that aspect, it's just the end results. It's kind of like underage drinking. It's the end results that get my attention. Senator Karpisek, this is the question I have. Do you know what the preferred gambling activity is in this great state when you look at sports, lottery, scratch-offs, bingo, video poker, dog racing, horsing (sic), Internet, noncasino table gambling? I mean, the list goes on. Do you know in this great state what the preferred gambling activity is? [LR277CA]

SENATOR KARPISEK: In the state? [LR277CA]

SENATOR HARMS: Yeah. [LR277CA]

SENATOR KARPISEK: Well, I've always been told that slots are the crack cocaine of gambling, so. [LR277CA]

SENATOR HARMS: Actually, Senator, the study that was done...and that was originally when I was stumbling around earlier about the data that I gave you before is through the Nebraska Council of Compulsive Gambling so that you can at least understand where

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this is coming from and you can draw your own conclusions. In the data that they gave, in a study that they had done, the preferred, the preferred gambling activity in this great state is slots by 78 percent at least. It's between...probably between 75 and 80 percent. This is done by bar graph. Senator, do you have any idea how the citizens of this great state rank their preferred activity with dog racing and horses? [LR277CA]

SENATOR KARPISEK: Slot machines are much higher. [LR277CA]

SENATOR HARMS: Okay. But I'm talking about racing...what do they prefer as horse racing or dogs? When you look at it, how do people view that as being the preferred in ranking? [LR277CA]

SENATOR KARPISEK: Oh, it's probably one of the lower ones,... [LR277CA]

SENATOR HARMS: You're right. [LR277CA]

SENATOR HARMS: ...if not the lowest. [LR277CA]

SENATOR HARMS: It is the low...well, yeah, I would say...I would say... [LR277CA]

SENATOR LANGEMEIER: One minute. [LR277CA]

SENATOR HARMS: Is time or... [LR277CA]

SENATOR KARPISEK: One minute. [LR277CA]

SENATOR LANGEMEIER: One minute. [LR277CA]

SENATOR HARMS: Oh, thank you, Mr. President. I'd say bingo is the lowest, but next to it is horse racing and dog racing. So what we're really talking about here, whether you accept the data or not, it brings home the picture of the very thing that we are...and we should be discussing this because it is a public policy that we're asking our great citizens to make that decision about. But it is, in fact, going to subsidize, it is in fact going to save maybe a dying industry. We give them tax breaks. We give them everything we can but we're still not going to make this, folks. And then to have the argument that we're not expanding the slots, we're not going to expand gambling, you've probably got over 300 bars, I'm here to tell you, we will do that. Because when you look at this data... [LR277CA]

SENATOR LANGEMEIER: Time. [LR277CA]

SENATOR HARMS: Oh, thank you, Mr. President. [LR277CA]

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SENATOR LANGEMEIER: Thank you, Senator Harms and Senator Wallman. Senator Krist, you're recognized. [LR277CA]

SENATOR KRIST: I'd like to call the question. [LR277CA]

SENATOR LANGEMEIER: The question has been called. Do I see five hands? Do I see five hands? I do see five hands. The question for the body is, shall debate cease on LR277CA? The question for the body is...all those in favor say aye; all those opposed say nay. Have all those voted that wish to? Senator Krist, for what purpose do you rise? [LR277CA]

SENATOR KRIST: Call of the house, please. [LR277CA]

SENATOR LANGEMEIER: There has been a request to put the house under call. All those in favor vote yea; all those opposed vote nay. Have all those voted that wish to? Record, Mr. Clerk. [LR277CA]

CLERK: 26 ayes, 0 nays, Mr. President, to place the house under call. [LR277CA]

SENATOR LANGEMEIER: The house is under call. Senators, please return to the Chamber and record your presence. All unauthorized personnel please leave the floor. The house is under call. The house is under call. Senator Cornett, would you please check in. Senator Lathrop, Senator Flood, Senator Mello, would you please check in. Senator Ashford, Senator Council, Senator Coash, please return to the Chamber. The house is under call. All members are present and accounted for. Senator Krist, how do you wish to proceed? [LR277CA]

SENATOR KRIST: Roll call, reverse order, please. [LR277CA]

SENATOR LANGEMEIER: Been a request for roll call in reverse order. The question for the body is, shall debate cease on LR277CA? Mr. Clerk, please call the roll in reverse order. [LR277CA]

CLERK: (Roll call vote taken, Legislative Journal page 558.) 32 ayes, 11 nays, Mr. President, to cease debate. [LR277CA]

SENATOR LANGEMEIER: Thank you. Debate does cease. Senator Karpisek, you are recognized to close on LR277CA. [LR277CA]

SENATOR KARPISEK: Thank you, Mr. President, members of the body. I would like to keep the house under call while I close. I do think that this is a vote on the horse racing industry in Nebraska. I don't think that this is an expansion of gambling. Yes, it would make more places that you can bet on the horses. No different than keno. In fact, I'm

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sure there would be a lot less of these satellites than keno parlors in the state of Nebraska. It goes again to the Racing Commission from here, if we can pass this. It needs 25 votes today. It would need 30 votes on Final Reading. If it goes to the vote of the people, and they vote for it, it will come back. I will have to do some enabling legislation next year, again, provided I win the election and come back. It would also have to go through the local counties or cities to be approved. Then there would have to be a feasibility study done by the track. I feel that there are a great many ways that this is going to be regulated and watched. Again, all this does is to give the vote to the people, do you want satellite wagering or do you not? LB825 is the enabling legislation that will not come out this year because it will have to be passed again next year anyway if we are successful. There are many ways that we could work on that legislation to get people that aren't comfortable maybe with the way that receipts go. I would be willing to work on that. That is a rough draft. However, I will not back away from the things like giving money to the Compulsive Gamblers Fund. The things that I have in there I will keep in there. Anything else would be on top of it to make it more palatable for members of the body. I do think that horse racing is a vital part of our economy. It's entertainment. It's something for people to go and enjoy outdoors. Again, one of the biggest reasons that I brought this bill is I feel...and I, again, it was this body that is displacing State Fair Park. If that park is not replaced with another track near Lincoln, folks, they are going to be in even serious trouble and I would venture to say they will not make it. I think it would be a great service for Lincoln to have a new track out there, a mile track. I think we could bring in a lot of entertainment. Again, probably not Ak-Sar-Ben in its glory days, but I think that it could be a great development out there. The State Fair...it's roughly where the State Fair was proposed to go if it stayed in Lincoln. It's not there. It went to Grand Island. I also feel that this is important for Fonner Park to keep alive. The people of Grand Island have given a lot of money to get that State Fair. They're going to need money coming in to pay to keep that fair going. Remember, the State Fair Board is only leasing that spot for that week. They need some money. They need to keep that going. I feel that this is not so onerous. The Racing Commission has only said they expect 30 different satellite venues. Again, if we want to go into the language in the bill, even if we wanted to amend it this year, I'd be willing to talk with anyone and see what we can do. With that, Mr. President, I would ask for a roll call vote in regular order. [LR277CA LB825]

SENATOR LANGEMEIER: Thank you, Senator Karpisek. You have heard the closing on LR277CA. The question for the body is, shall LR277CA advance? There's been a request for roll call vote in regular order. Mr. Clerk, call the roll. [LR277CA]

CLERK: (Roll call vote taken, Legislative Journal pages 558-559.) 22 ayes, 11 nays, Mr. President, on the advancement. [LR277CA]

SENATOR LANGEMEIER: LR277CA does not advance. With that, I raise the call. Mr. Clerk, items for the record? [LR277CA]

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CLERK: I do, Mr. President, thank you. Mr. President, your Committee on Education chaired by Senator Adams reports LB916 as indefinitely postponed. Revenue Committee chaired by Senator Cornett reports LB877 to General File with amendments, and LB1002 to General File with amendments. I have a new resolution, LR322, resolution by Senator Council. That will be laid over. Senator Gloor offers LR323, likewise will be laid over. I have the rescheduling of a public hearing by Judiciary Committee for next Thursday. Priority bill designations: Senator Nordquist, LB1106; Senator Schilz, LB919; Transportation Committee, LB821; Senator Cornett, LB763; and Senator Carlson, LB1057. A reminder, the Executive Board will meet upon adjournment in Room 2102; the Executive Board, upon adjournment in Room 2102. I have some name adds, Mr. President: Senator Stuthman would like to add his name to LB1036; Senator Coash to LB1110; Senator Nordquist to LB1110. That's all I have, Mr. President. (Legislative Journal pages 559-564.) [LB916 LB877 LB1002 LR322 LR323 LB1106 LB919 LB821 LB763 LB1057 LB1036 LB1110]

SENATOR LANGEMEIER: Thank you, Mr. Clerk. Speaker Flood for announcement.

SPEAKER FLOOD: Thank you, Mr. President. Good morning, members. We worked through the agenda pretty well today. Obviously, there will be some Select File coming up tomorrow. We'll do our best to make sure your offices are notified but please be on notice, we're going to have some Select File tomorrow and there will be some new General File bills on the agenda. So please carefully look at your agenda tonight. You'll have some new interesting bills to look at this evening, and then tomorrow we'll start with Select File and we will then proceed into General File. Thank you, Mr. President.

SENATOR LANGEMEIER: Thank you, Speaker Flood. Mr. Clerk, further items?

CLERK: I do, Mr. President, thank you. One additional priority bill designation. Senator Wightman has selected LB945. (Legislative Journal page 564.) [LB945]

And I have a priority motion, Mr. President, that be to adjourn the body. Offered by Senator Cook, we would adjourn until Friday morning, February 19, at 9:00 a.m.

SENATOR LANGEMEIER: You have heard the motion to adjourn. All those in favor say aye. All those opposed say nay. The ayes have it. We are adjourned (gavel).