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Floor Debate  
March 14, 2011

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[LB45 LB80 LB106 LB137 LB156 LB226 LB237 LB255 LB259 LB265 LB283 LB289  
LB297 LB316 LB337 LB342 LB360 LB366 LB383 LB385 LB387A LB389 LB389A  
LB390 LB400 LB404 LB406 LB449 LB463 LB465 LB468 LB490 LB500 LB512 LB524  
LB535 LB541 LB558 LB589 LB590 LB628 LB634 LB665 LB669 LB673 LB681 LB682  
LB684 LR98 LR99 LR100]

PRESIDENT SHEEHY PRESIDING

PRESIDENT SHEEHY: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the forty-fifth day of the One Hundred Second Legislature, First Session. Our chaplain for today is the Reverend Darin Corder of the Bennet Community Church in Bennet, Nebraska, Senator Wallman's district. Would you all please rise.

REVEREND CORDER: (Prayer offered.)

PRESIDENT SHEEHY: Thank you, Reverend Corder. I now call to order the forty-fifth day of the One Hundred Second Legislature, First Session. Senators, please record your presence. Please record, Mr. Clerk.

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

PRESIDENT SHEEHY: Are there corrections for the Journal?

CLERK: I have no corrections.

PRESIDENT SHEEHY: Any messages, reports, or announcements?

CLERK: Just one, Mr. President. I have 25 bills selected by the Speaker as Speaker...

PRESIDENT SHEEHY: (Gavel)

CLERK: ...priority bills. (Re: LB137, LB156, LB226, LB289, LB316, LB337, LB360, LB385, LB390, LB400, LB404, LB449, LB465, LB468, LB500, LB512, LB535, LB541, LB589, LB590, LB628, LB665, LB669, LB673, LB684.) Those will be inserted in the Journal. That's all that I have, Mr. President. (Legislative Journal page 851.) [LB137 LB156 LB226 LB289 LB316 LB337 LB360 LB385 LB390 LB400 LB404 LB449 LB465 LB468 LB500 LB512 LB535 LB541 LB589 LB590 LB628 LB665 LB669 LB673 LB684]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. While the Legislature is in session and capable of transacting business, I propose to sign and do hereby sign LR98, LR99, and LR100. Mr. Clerk, we'll move to the first item under General File, appropriation bill. [LR98 LR99 LR100]

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CLERK: Mr. President, Senator Cornett offers LB389A. (Read title.) I do have an amendment to the bill from Senator Cornett, Mr. President, AM765. (Legislative Journal page 852.) [LB389A]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Senator Cornett, you're recognized to open on LB389A. [LB389A]

SENATOR CORNETT: Good morning, Lieutenant Governor and members of the body. As introduced, LB389A appropriates \$85,075 from the General Fund for fiscal year 2011 and '12, and \$0 for fiscal year 2012 and '13 to the Department of Revenue for Program 102 to help carry out the purposes of LB389, Angel Investment Tax Credit Act. Also, as introduced, LB389A appropriates \$83,500 from the General Fund for each fiscal year, FY 2011 and '12 to FY 2012 and '13, to the Department of Economic Development for Program 603 to help carry out the purpose of LB389, the Angel Investment Tax Credit Act. Total expenditures for salaries and per diems from that appropriation cannot exceed \$60,000 for each fiscal year, FY 2011 and '12 and FY 2012 and '13. I do have an amendment filed to this A bill though. Thank you. [LB389A LB389]

PRESIDENT SHEEHY: Thank you, Senator Cornett. You've heard the opening to LB389A. Mr. Clerk, do you have an amendment. [LB389A]

CLERK: Senator Cornett, AM765. [LB389A]

PRESIDENT SHEEHY: Senator Cornett, you're recognized to open on AM765. [LB389A]

SENATOR CORNETT: Thank you very much, Lieutenant Governor and members of the body. AM765 to LB389A will reduce the General Fund appropriation to the Department of Revenue for 2011-12 to \$62,000, down from the originally stated amount of \$85,075, which will result in a savings to the General Fund of \$23,075 for the upcoming fiscal year. I urge the body to adopt the amendment. We were able to reduce the fiscal note by that amount. Thank you. [LB389A]

PRESIDENT SHEEHY: Thank you, Senator Cornett. You've heard the opening of AM765 to LB389A. Are there members requesting to speak? Seeing no...Senator Fischer. [LB389A]

SENATOR FISCHER: Thank you, Mr. President and members. Would Senator Cornett yield for questions, please? [LB389A]

PRESIDENT SHEEHY: Senator Cornett, would you yield to Senator Fischer? [LB389A]

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SENATOR CORNETT: Yes. [LB389A]

SENATOR FISCHER: Thank you, Senator Cornett. Senator Heidemann isn't here, my seatmate, so I think I have to stand up and say this since nobody else's light was on. With the amendment we're looking at, what did you say, \$60,000-some from the General Fund? [LB389A]

SENATOR CORNETT: That is a reduction from what we passed out of committee at \$85,075, yes. [LB389A]

SENATOR FISCHER: Correct. I just am doing Senator Heidemann's job and Senator Harms is looking at me now, too, but members need to be aware that this is General Fund money that we're talking about in this budget time. So thank you, Mr. President. [LB389A]

PRESIDENT SHEEHY: Thank you, Senator Fischer. Seeing no additional requests to speak, Senator Cornett, you're recognized to close. Senator Cornett waives closing. The question before the body is on the adoption of AM765 to LB389A. All those in favor vote yea; opposed, nay. Record, Mr. Clerk. [LB389A]

CLERK: 31 ayes, 0 nays, Mr. President, on adoption of the amendment. [LB389A]

PRESIDENT SHEEHY: AM765 is adopted. Anything further on the bill, Mr. Clerk? [LB389A]

CLERK: Nothing further, Mr. President. [LB389A]

PRESIDENT SHEEHY: Seeing no additional requests to speak, Senator Cornett, you're recognized to close on LB389A. [LB389A]

SENATOR CORNETT: Thank you, Lieutenant Governor and members of the body. This is the A bill for angel investment. We have reduced the fiscal note by \$23,000 and I would urge the body to support the A bill. Thank you. [LB389A]

PRESIDENT SHEEHY: Thank you, Senator Cornett. You've heard the closing. The question before the body is on the advancement of LB389A. All those in favor vote yea; opposed, nay. Record, Mr. Clerk. [LB389A]

CLERK: 33 ayes, 0 nays, Mr. President, on the advancement of LB389A. [LB389A]

PRESIDENT SHEEHY: LB389A. (Doctor of the day and visitors introduced.) Mr. Clerk, we'll now proceed to the next item under General File, 2011 senator priority bills.

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[LB389A]

CLERK: Mr. President, LB524 by Senator McGill relates to gift enterprises. (Read title.) Introduced on January 18 of this year, referred to the General Affairs Committee. The bill was advanced to General File. There are committee amendments, Mr. President. (AM340, Legislative Journal page 608.) [LB524]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Senator McGill, you're recognized to open on LB524. [LB524]

SENATOR MCGILL: Mr. President. Good morning, colleagues. I bring to you an innovative and fun idea to encourage people to save more money. I think we all know that times have changed a great deal over the decades and whereas around the time I was born in 1980 people had savings built up, and nowadays they have debt built up. And so I've been working...I've been attending many conferences over the last couple of years and learned about this idea presented by Doorways to Dreams which was started by a business professor out of Harvard. I've sent a link to all of your e-mail accounts if you want to look on the gadget and pull up their Web site. They come up with fun ideas to encourage people to save, to teach them about how to balance their checkbook, and this is one of the many ideas they've been pitching to various states, many of which had bills in front of them like this one here today. What they did is they ran...what they did is they took a look at other countries who link some sort of prize to a savings account. Many countries around the world, Great Britain do this. So they found one state in the Union, Michigan, where they could attach some sort of winnings to a savings account and they did a pilot project. What happens is you go into...well, right now federal law doesn't allow banks to do this. This is for credit unions. It allows a person to go in, open a savings product at a credit union and then get a chance to win some grand prize that the credit unions decide upon. In Michigan, which I passed out a handout that says "Prize-Linked Savings FAQs." This is largely about the pilot project in Michigan where each customer could go in and, for every \$25 that they put into a savings project, they got a chance to win a \$100,000 grand prize throughout the year. And then each credit union location had monthly prizes. If you look at the chart that I hand out, in 2009, which was the first year they tried this in Michigan, they were able to get people to save \$8.56 million and those folks had a balance of \$734 in that savings account. In 2010 they're still adding up all the numbers but it grew to \$28.1 million with an average of \$1,673 in each of those savings products. And what's most impressive about this is in the pie chart right next to the chart on the handout, which is that 56 percent of the people who open these savings products had never saved before, so it's reaching a target audience that is not used to saving. They've shown through studies, Doorways to Dreams has, that the average or 50 percent of American households couldn't come up with \$2,000 on a 30-day notice if they lost their job or their car broke down, so encouraging savings amongst a population that isn't used to saving is really a breakthrough. I mean this project has really done a lot to change the culture of savings in Michigan. So I bring to

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you a bill today that would allow this sort of mechanism to take place here in Nebraska. It's changing the gift enterprise statutes to allow credit unions to conduct a contest like this. From what I understand, the grand prize here in Nebraska wouldn't be anything like \$100,000. It would be up to the credit unions to determine what that grand prize would be. They're pulling money together that would be from other marketing or community purposes. They wouldn't be taking money from the saver off of an interest rate or anything like that. This is money that normally went to advertising and it would go into a grand prize. And so the credit unions here are already ready to jump on this and make it happen. There were no opponents to this bill although the Nebraska Bankers did come in and offer some suggestions on ways to make the bill a little stronger, and you'll be hearing about those changes in the committee amendment. And with that, I hope that we'll have a good discussion and we can vote LB524 to Select File. Thank you, Mr. President. [LB524]

PRESIDENT SHEEHY: Thank you, Senator McGill. You've heard the opening of LB524. As was stated, there is a General Affairs Committee amendment, AM340. Senator Karpisek, you're recognized to open. [LB524]

SENATOR KARPISEK: Thank you, Mr. President, members of the body. As Senator McGill stated, we do have an amendment and four components contained within the committee amendment were suggested by the Nebraska Bankers Association, who testified neutral at the hearing. The changes include the following: excludes employees from participating in the savings promotion raffle; it requires financial institution to disclose to participants the raffle terms and conditions; provides that the financial institution may place limits on the number of chances but not the number of deposits a participant may make; and finally, it allows any financial institution that is not otherwise prohibited to conduct a savings promotion raffle. I believe Senator McGill has an amendment that addresses this last point. It's all I have on the committee amendment. Thank you, Mr. President. [LB524]

PRESIDENT SHEEHY: Thank you, Senator Karpisek. You've heard the opening of the General Affairs Committee amendment, AM340, to LB524. Mr. Clerk, do you have an amendment to committee amendment? [LB524]

CLERK: Senator McGill would move to amend with AM697. (Legislative Journal page 812.) [LB524]

PRESIDENT SHEEHY: Senator McGill, you're recognized to open on AM697. [LB524]

SENATOR MCGILL: Thank you, Mr. President, members of the body. After working with the Nebraska Bankers Association, they decided that they wanted to keep the language in this bill as saying that this product is only for credit unions. They thought about...we actually considered in with the committee amendment, change credit unions to financial

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institutions in case federal law would ever change and then banks could have access to this tool to get folks to help save money. But they've decided that they actually want to just leave it as credit unions. They don't want to confuse their clients. And so I ask for you to vote for this particular amendment. Thank you, Mr. President. [LB524]

PRESIDENT SHEEHY: Thank you, Senator McGill. You've heard the opening of AM697, amendment to committee amendment. Members requesting to speak are Senator Nordquist, followed by Senator Mello, Senator Dubas, and Senator Pirsch. Senator Nordquist. [LB524]

SENATOR NORDQUIST: Thank you, Mr. President and members. I rise in support of LB524. I, too, was able to hear about the success of this initiative in the state of Michigan. The underlying purpose is really to get people to save. We know that's a challenge in our country, in our state. The stat that really jumped out at me at the conference that we were at, was presented that a survey show that 38 percent of people earning under \$25,000 a year think that the lottery is the most practical way for them to accumulate significant assets. Nearly 50 percent of low-income people think that the lottery is the best way for them to accumulate assets. This bill takes advantage of that mind-set to help people build those assets, to give them a chance to win a prize but more to incentivize them to put money away, to build and accumulate assets. We know research shows that assets promote household stability and educational attainment, they decrease the risk of intergenerational poverty, they increase health and satisfaction among adults, and they...research shows that it increases civic involvement as well. When people have assets, they think about the long term. They save for long-term things, whether it's to help move into a new house in a new neighborhood, or to save for transportation purposes to get dependable transportation, to be able to obtain even more stable employment, whether it's to save for education purposes. Assets help people do that and this bill has shown in the state of Michigan, in the pilot project that was done there, that people who typically don't save will save under this, and I think that's a benefit for our state. Thank you, Mr. President. [LB524]

PRESIDENT SHEEHY: Thank you, Senator Nordquist. Senator Mello. [LB524]

SENATOR MELLO: Thank you, Mr. President, members of the Legislature. I won't belabor some of the statistics that Senator Nordquist just mentioned. I as well as Senator Dubas, Senator Harms, Senator Wightman all attended a similar conference that Senator McGill and Nordquist have discussed where we learned about this very innovative program, the Doorway to Dreams Program based out of the state of Michigan. And at the end of the day, and Senator Nordquist alluded to some of those facts regarding what low-income working families feel is the best way for them to accumulate wealth, the best way for them to be, quote unquote, a millionaire is by winning the lottery; not by saving \$25 or \$50 a paycheck but instead to buy lottery tickets to accumulate that wealth by striking it big. What LB524 does--and I want to

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applaud Senator McGill for doing a lot of the hard work that went into finding how to make this bill work for the state of Nebraska, as well as bringing all interested parties to the table to ensure that we can move forward on this piece of legislation--is that it solves what is obviously a critical need, not just for low-income families but just working people. The sense that we have to put forward and we have to accentuate more the need to save; that in these tough economic times it's easier for us to spend all that we get, primarily when you're living under \$30,000 a year and you have a family of three; that by saving \$25 or \$50 a week through LB524 you not only accumulate those assets that you would normally save but you'll have an opportunity to see a benefit from that beyond just building assets. It incentivizes a new way of thinking, a new way of understanding financial literacy and financial education that more working families will benefit from. Once again, I applaud Senator McGill for bringing this innovative piece of legislation forward and I encourage the body to vote for LB524. [LB524]

PRESIDENT SHEEHY: Thank you, Senator Mello. Senator Dubas. [LB524]

SENATOR DUBAS: Thank you very much, Mr. Lieutenant Governor. I, too, want to stand up and echo my strong support for the bill with the underlying amendments. The Working Families Conference has given those of us senators who have attended many great ideas to come back, introduce to the Legislature very effective programs and policies that will help all of our families across the state of Nebraska. I can remember oh so many years ago when I was in elementary school we had a savings bond program where every week there was a booklet and every week you brought in your quarters and you bought so many stamps and as soon as you filled that booklet of stamps you received a savings bond. And I was able to purchase quite a few savings bonds, which when I graduated from high school came in quite handy when I furthered my education. And so anything that we can do to help people recognize the importance of savings, I think especially those who are on small incomes or even fixed incomes think how can I even begin to think about saving money, I'm doing all I can just to meet my basic needs right now. But there was a story on the news the other night. A young man, when he was about eight years old, and his mother, a single mother, had someone talk to them about the importance of saving money. So between his allowance and the mother's commitment to putting money aside were able to build up a nice nest egg for that young man. He is now a senior in high school, ready to go on to college, and has \$30,000 available for his use for his higher education. So I think with just some guidance and some understanding, people can save money and it doesn't have to be, you know, large chunks of change that you're putting into these savings accounts. You know, just a little bit over the course of time does add up. So programs such as this, we're all looking to hit the mother lode when we buy those lottery tickets and hoping that our number will be the one that will hit that big jackpot, but if we can provide something that kind of entices people to put money into savings all the while helping them get a little pleasure or enjoyment out of it, I think it's a great program. It's a win-win for the state and for the individuals. I think more of us need to be thinking, we recognize during these economic

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hard times, the importance of having those savings accounts and the ability to have that little bit of a cushion there when either you lose your job or the economy turns and you have just your basic needs to meet. So anything that we do to encourage people to save money is a good thing. I think this is a great bill. I appreciate Senator McGill's commitment to it and bringing it forward, and hope the body will lend its support. Thank you. [LB524]

PRESIDENT SHEEHY: Thank you, Senator Dubas. Senator Pirsch. [LB524]

SENATOR PIRSCH: Thank you, Mr. President. Members of the body, I rise in support of this bill. It ties into an issue which we've been talking about quite a bit in this body in recent years and that is financial literacy and the need for more of it in the state. I think this bill will have the practical effect of putting a lot...incentivizing a lot of people into a good financial habit and that is saving. And when you look around at not just our state but the country as a whole and compare that to other industrialized nations, we are sadly lacking, far behind in terms of our savings rates and that does have a material effect. We kind of live, unfortunately, for today. I think that the important feature of this when the Michigan experience, a material amount of the individuals who are participating in this program were nonsavers prior to being incentivized by this. And so that has to have a long-term, positive effect on reducing the number of people who are relying on governmental services, people who spend their paycheck, everything in it tend, I'm sure, to be more prone to utilize then governmental services. So I think as a side effect we're going to see, you know, and if you look in the experiences in Michigan, these are not immaterial amounts. Went from in a one-year time, saving \$8.5 million to over \$28 million. So I think that there will be...that the taxpayers will be well-served through programs such as this. Thank you. [LB524]

PRESIDENT SHEEHY: Thank you, Senator Pirsch. (Visitors introduced.) Continuing with floor discussion of AM697, Senator Krist, you're recognized. [LB524]

SENATOR KRIST: Thank you, Mr. President, colleagues. I'm a member of the General Affairs Committee. I heard the bill as it came forward. I watched the progress that was made in the neutral testimony of the bankers as well as those who came forward to testify in favor of this kind of legislation and followed the track through. You'll notice that it came out of committee very well and it is a good idea. It is an idea that several of the senators have stood up and professed to have heard, by our contact with other legislative structures, other states, it has worked well in other states. And I am here to support AM340, AM697, and LB524. I remember many times hearing, and I'm sure you have, too, if you could just be patient enough and convicted enough to put away 10 percent of everything you earn in your life what that would mean to you when you turn 50, and I wish I would have done that. But the point is that we do have a financial literacy problem all over this country and this kind of a program, although it triggers, it pulls at the same kind of mechanism that you would use to entice someone, it also

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establishes a fundamentally sound respect for a banking institution and brings people in that normally would not think of saving into the institution, which is a good training mechanism across the board for people of all ages. Thank you, Senator McGill, for bringing it forward, and I think it's testimony to the fact that every once in a while we get to do something that makes us feel good about sitting in these leather chairs. Thank you, Mr. President. [LB524]

PRESIDENT SHEEHY: Thank you, Senator Krist. Seeing no additional requests to speak, Senator McGill, you're recognized to close on AM697. [LB524]

SENATOR MCGILL: Thank you, Mr. President and members. This is the amendment that strikes financial institutions and puts credit unions back into the language as those institutions that are able to use this. This is at the request of the Nebraska Bankers. Thank you, Mr. President. [LB524]

PRESIDENT SHEEHY: Thank you, Senator McGill. You've heard the closing. The question before the body is on the adoption of AM697 to AM340. All those in favor vote yea; opposed, nay. Record, Mr. Clerk. [LB524]

CLERK: 32 ayes, 0 nays, Mr. President, on the adoption of Senator McGill's amendment to the committee amendments. [LB524]

PRESIDENT SHEEHY: AM697 is adopted. We will now return to the General Affairs Committee amendment, AM340. Seeing no requests to speak, Senator Karpisek, you're recognized to close. [LB524]

SENATOR KARPISEK: Thank you, Mr. President and members of the body. The three remaining changes in the bill, as I mentioned before, they exclude employees from participating in the promotion, they require the financial institution to disclose to participants the raffle terms and conditions, and also provides that the financial institution may place limits on the number of chances but not the number of deposits a participant may make. So those also were brought forward by the Nebraska Bankers Association. Senator McGill has done a great job of working with them and they've done a great job also of voicing their concerns and making this even a better bill. Thank you, Mr. President. [LB524]

PRESIDENT SHEEHY: Thank you, Senator Karpisek. You've heard the closing of the General Affairs Committee amendment, AM340, to LB524. All those in favor vote yea; opposed, nay. Record, Mr. Clerk. [LB524]

CLERK: 35 ayes, 0 nays, Mr. President, on adoption of committee amendments. [LB524]

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PRESIDENT SHEEHY: AM340 is adopted. [LB524]

CLERK: I have nothing further on the bill, Mr. President. [LB524]

PRESIDENT SHEEHY: Seeing no requests to speak, Senator McGill, you're recognized to close on LB524. [LB524]

SENATOR MCGILL: Mr. President, members of the body, I know this seems like a no-brainer sort of bill, but really be excited about what we're doing here. It's innovative and if we can even have part of the success that Michigan has, it will change the lives of many Nebraskans. Getting people to save even just a little bit can prevent them from getting trapped in a cycle of debt through a payday lender with high interest rates or some other sort of financial product. It provides so much security to people. And I mean, like I said, if we have just the fraction of the success they did, then everyday Nebraskan lives will be changed. Thank you, Mr. President. [LB524]

PRESIDENT SHEEHY: Thank you, Senator McGill. You have heard the closing. The question before the body is on the advancement of LB524. All those in favor vote yea; opposed, nay. Record, Mr. Clerk. [LB524]

CLERK: 38 ayes, 0 nays, Mr. President, on the advancement of LB524. [LB524]

PRESIDENT SHEEHY: LB524 advances. Mr. Clerk, do you have items for the record? [LB524]

CLERK: I do, Mr. President. Thank you. Enrollment and Review reports LB342, LB366, LB255, LB259, and LB45 to Select File, some having Enrollment and Review amendments. Enrollment and Review also reports LB237 as correctly engrossed. New A bill. (Read LB387A by title for the first time.) Judiciary Committee, chaired by Senator Ashford, reports LB80, LB137, LB463 to General File with committee amendments. I have a hearing notice with respect to a confirmation hearing by Natural Resources. Amendments to be printed: Senator Cornett to LB389, Senator Ken Haar to LB283. That's all that I have, Mr. President. (Legislative Journal pages 852-858.) [LB342 LB366 LB255 LB259 LB45 LB237 LB387A LB80 LB137 LB463 LB389 LB283]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. We'll move to the next item under General File.

CLERK: LB297, a bill by Senator Dubas. (Read title.) Introduced on January 12, at that time referred to the Revenue Committee. The bill was advanced to General File. I have no committee amendments, but I do have an amendment from Senator Flood. [LB297]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Senator Dubas, you're recognized to

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open on LB297. [LB297]

SENATOR DUBAS: Thank you very much, Mr. Lieutenant Governor. I am happy to bring to you my priority bill for this session, LB297. It really makes some very modest changes to the existing Convention Center Financing Act. The main changes include just clarifying that this is used for construction of new facilities, can be used for the renovation or expansion of existing civic or community centers, can also be used for the conversion or rehabilitation or reuse of historic buildings, allows for the dollars to be used for planning purposes, and lowers the cash match from 80 percent to 50 percent. These grants are awarded to municipalities on a competitive basis, with the scoring based on the following criteria: the attraction of new activity from outside of Nebraska, local matching abilities, the readiness of the project, the location within the municipality that applies for the grant, and completed technical and feasibility studies. The guidelines for the grant applications are established by the Department of Economic Development. Most Nebraska municipalities are eligible, and they must own or operate the center directly or under contract for which the grant is sought. The dollars for these grants are based--the amount of the grants available are based on the community's population. This fund was created in 1999 through LB382, and we commonly refer to it or use the term "turnback tax" when we're talking about this. The main focus at that time with the bill was on the Qwest Center and how to finance the Qwest Center. So through this act, through LB382 in 1999, 70 percent of state sales tax that's generated within a certain area surrounding the Qwest Center goes to pay off that facility. The remaining 30 percent of those state sales taxes generated are directed to the Civic and Community Center Financing Fund for use out in greater Nebraska. To date, just under \$3 million have been distributed throughout Nebraska to provide a variety of community and civic centers and cultural centers. Grand Island, Kimball, Stuart, David City, Creston, Carroll, Odell, Blue Hill, and Dannebrog are just a few of the communities who have received direct financial help through this program. Last year, in talking about another bill, there was a book passed out on the floor that contained pictures of all of these facilities. And I do still have some of those books available; if anybody would like to see those pictures, please let me know. We talked about this fund last year on the floor, and there was an attempt to divert some of this money from the financing act into the General Fund. So it made me question, you know, why--are there monies laying around in that fund that aren't being used? So that led me to do some research and to talk to some people. And this fund is very well used. The department receives many grant applications, of which they are only able to fund a few. So I'm very happy to say that through the efforts of the Department of Economic Development and the League of Municipalities, this fund has been promoted to our communities, and the available money has been appropriated. Just this last year, in 2010, all of the money, just around \$1 million, was appropriated to six very worthy projects, in Beatrice, Clarkson, Crawford, Fremont, West Point, and Wilber. This is a very important tool for our municipalities. In the times that we're in, we've already taken away some of the financial aid to our municipalities. Programs such as this are going to be even more critical to help our municipalities meet their needs. I'd

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like to take a quote from former Senator Dave Landis, who worked very hard on the original bill, along with our own Senator Ashford: This legislation was born of the need to establish a statewide rationale for the Qwest Center, with the hope to create a tide that lifted a number of boats. Legislators knew of the need for improvements in facilities throughout our state, for which there did not seem to be adequate resources. And as I've pointed out, with over \$3 million going into the communities across the state, this has provided a very valuable resource. We fought very hard last session to make sure that these dollars stayed in the fund and stayed intact. And, again, that's what led me to introduce LB297. I did send out to you, you and your staff, this morning an e-mail with the guidelines, the report; there's a series of attachments in that e-mail--rather than passing out a bunch of papers on the floor. Those attachments are free for you to look at and maybe get some of your questions answered. As I stated earlier, as we look to reduce aid to our cities and counties, these types of funds are going to be even more critical. And we have to be able to figure out a way to use these types of dollars even more efficiently. And so anything that our communities can use to maintain the integrity of their existing buildings and structures or build new ones--these can be used to promote the culture of the area. And, you know, quite often, just the community center is kind of that social epicenter of the various communities. So while you drive through the main streets of these towns--and you'll see what many may think is a relatively small building, that building houses a lot of activities. I mean, you're talking community events, weddings, receptions, family reunions, holiday events, homecomings, Fourth of July, Veterans Day, all kinds of programs. And so the local community is using it, as well as those who come into those communities to visit. So while it may not appear to be of the Qwest Center size, it still is generating social activity as well as economic activity. The original intent of the bill and this fund was to provide a balance between rural and urban needs. The large sports arenas and convention centers do serve our urban communities well. Grand Island definitely received the benefits with the Heartland convention center, and that has been a real added plus when we worked to attract the State Fair to our region. But how likely is it that a smaller or more rural community can economically maintain the likes of a Qwest Center or even the Heartland Events Center? Our small communities just don't have the population base nor the financial means to support those types of facilities. But, again, those community centers, those cultural centers--they bring a great deal of community pride and very functional use at the same time. We did shorten the name a little bit, because it's a mouthful when you talk about the convention and civic and cultural community finance act, just shortened that down a little bit, just so it's not quite the mouthful that it originally was. Again, I'd just like to reemphasize that the changes made to this bill are very modest in nature. As we look down the road, with the potential of the Haymarket arena and the generating of additional dollars through that, we want to make sure that our communities will continue to be able to access these funds and use them. So I do know that there's definitely a need for this type of economic help in rural Nebraska. We've proven that through the fact that there are more applications than there are monies available for this grant program. And the facilities that have been used and have been built are a very positive

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addition to the communities they serve. And, then, I think, by bringing the historical building component into this will even enhance the program further. Again, it's a program intended for municipalities to use. So these aren't private businesses that can come in and apply for these dollars; these are to be used for our municipalities to provide for our practical needs as well as, again, preserving and promoting our local heritage and history. So I appreciate the... [LB297]

PRESIDENT SHEEHY: One minute. [LB297]

SENATOR DUBAS: ...body's consideration of this bill and look forward to any questions or comments that may be generated. Thank you. [LB297]

PRESIDENT SHEEHY: Thank you, Senator Dubas. You've heard the opening to LB297. Mr. Clerk, you have an amendment on your desk. [LB297]

ASSISTANT CLERK: Mr. President, Speaker Flood would offer AM749. (Legislative Journal page 858.) [LB297]

PRESIDENT SHEEHY: Senator Flood, you're recognized to open on AM749. [LB297]

SPEAKER FLOOD: Good morning, Mr. President and members. AM749 is a very simple amendment. It would add the word "library" to the definition of "civic center" on page 6 of the bill. In its rules and regs, the Department of Economic Development already includes libraries in the definition of a "cultural center." AM749 would simply preserve the current interpretation of the statutes and make it explicit that libraries are eligible to pursue grant funding. I note that two libraries have received grant funding in '08. The libraries in Tobias and Tekamah both received funds. I don't need to detail for you all the benefits of our libraries and the educational, cultural opportunities they provide. Libraries offer a safe and attractive place to read, converse, relax, and feel at home. Beyond the traditional benefits of libraries, our community libraries work hard to promote quality programming, like speakers, authors, adventurers, and scientists. And what I like the most about libraries in communities that are smaller in Nebraska: they really represent an early childhood education opportunity for 0 to 5--where that's a lot of times where parents will take kids to start reading before they get to preschool or kindergarten. These kinds of programs expose viewers to ideas, fields of study, and people they may have never encountered otherwise. And I'm very much supportive of Nebraska libraries; and I know it seems like apple pie, but I do think it's important that we specifically identify libraries in the text of the bill as it goes forward, because there is a lot of value there. Thank you, Mr. President. [LB297]

PRESIDENT SHEEHY: Thank you, Senator Flood. You've heard the opening of AM749 to LB297. Member requesting to speak: Senator Nelson. [LB297]

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SENATOR NELSON: Thank you Mr. President and members of the body. Would the Speaker entertain a question? [LB297]

SPEAKER FLOOD: Yes. [LB297]

PRESIDENT SHEEHY: Senator Flood, would you yield? [LB297]

SENATOR NELSON: Thank you, Mr. Speaker. I'm just looking at the...I have no objection to the amendment, but you're adding it on at the line: "to host conventions, meetings, and cultural events"--"and a library." Does this mean the library has to be contained within that facility? Or are...? [LB297]

SPEAKER FLOOD: No. And the way that it's phrased in my amendment stands it alone from a convention center. It's a stand-alone library, municipally owned. [LB297]

SENATOR NELSON: Any small town, then, that has a library, this could be used for renovation and... [LB297]

SPEAKER FLOOD: Renovation, expansion, addition, you know, remodeling inside. [LB297]

SENATOR NELSON: All right. All right, thank you very much. That answers my question. Thank you, Senator. [LB297]

SPEAKER FLOOD: Thank you. [LB297]

SENATOR NELSON: Would Senator Dubas entertain a question or two? [LB297]

PRESIDENT SHEEHY: Senator Dubas, would you yield to Senator Nelson? [LB297]

SENATOR DUBAS: Certainly. [LB297]

SENATOR NELSON: Thank you, Senator. What is the current source of revenue for the fund? Where does the money coming in...? There's been an increase, apparently, in some of the information I received. Could you kind of educate us a little bit about how that works? And my second question would be, some of these new facilities then that can come under this, are they going to provide revenue of any sort other than the match? [LB297]

SENATOR DUBAS: The revenue that currently goes into this fund comes from the sales tax that's generated in a designated area. And I don't have the specific on that, but it's generated in a designated area that surrounds the Qwest Center. [LB297]

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SENATOR NELSON: All right. [LB297]

SENATOR DUBAS: So it's sales tax revenues coming from that area down by the Qwest Center. And any additional monies that come from the local level will be monies that they have to--so they'll have to come up with a 50 percent cash match of some kind from their local level. So there's no specific tax or fee that comes from the local level, but they will have to generate a portion of the dollars to match this grant. [LB297]

SENATOR NELSON: All right. So the basic income is just from the Qwest Center at Omaha--no other source, is that correct? [LB297]

SENATOR DUBAS: That's correct. [LB297]

SENATOR NELSON: All right. All right, thank you very much, Senator. Thank you, Mr. President. [LB297]

PRESIDENT SHEEHY: Thank you, Senator Nelson. Seeing no additional requests to speak. Senator Flood, you're recognized to close on AM749. [LB297]

SPEAKER FLOOD: Thank you, Mr. President and members. I just want to thank Senator Dubas for her attention to rural Nebraska and the issues we have; she's been great to work with on this bill. And I hope that you will vote in favor of this amendment. I do believe it's good state policy, and it just codifies it for the purposes of rural Nebraska as it relates to libraries. Thank you, Mr. President. [LB297]

PRESIDENT SHEEHY: Thank you, Senator Flood. You've heard the closing to AM749. The question before the body is on the adoption of AM749 to LB297. All those in favor vote yea, opposed nay. Record, Mr. Clerk. [LB297]

CLERK: 29 ayes, 0 nays, Mr. President, on adoption of Senator Flood's amendment. [LB297]

PRESIDENT SHEEHY: AM749 is adopted. [LB297]

CLERK: I have nothing further on the bill, Mr. President. [LB297]

PRESIDENT SHEEHY: We'll now return to floor discussion on LB297. Member requesting to speak: Senator Sullivan. [LB297]

SENATOR SULLIVAN: Thank you. Good morning, colleagues. I rise in support of LB297. Have a couple questions if Senator Dubas would yield. [LB297]

PRESIDENT SHEEHY: Senator Dubas, would you yield to Senator Sullivan? [LB297]

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SENATOR DUBAS: Yes, I will. [LB297]

SENATOR SULLIVAN: Thank you, Senator Dubas. I noticed in the bill itself there is mention of a planning component. Could you tell me a little bit more about how that works, because apparently that's new to this bill, is that correct? [LB297]

SENATOR DUBAS: Under the existing statutes, the money could not be used for planning. And we decided to move forward with allowing the money to be used for planning, because it's a very important component in ensuring that whatever is going to be done is successful. And so having dollars available to do some feasibility studies and some planning, we thought was very important to just ensure the success of this. So this is just bringing that planning component into the uses of those dollars. [LB297]

SENATOR SULLIVAN: Thank you. And do you know, under the existing situation--and I'm not sure that this would change with your legislation--I notice in the application form that there are categories based on population of the communities. Do you know if the funds are disbursed in a proportionate manner among all the population groupings? [LB297]

SENATOR DUBAS: I couldn't tell you for certain. I mean, just looking at the projects that have been awarded, I think they cover the gamut of community sizes. I don't know that there's any specific saying, okay, so many have to fall into this category and so many have to fall into this category. More of the determination is based on that point system of criteria for what does this project specifically meet. But, again, if you look at the number of projects that have been approved that we have some of the smallest communities in our state all the way up to a community the size of Grand Island. [LB297]

SENATOR SULLIVAN: And then I also noticed you're adding the historic building component. Clarify if you will, though--if they are looking at renovation of a historical structure, does it have to already have received the historical site designation? [LB297]

SENATOR DUBAS: If it's going to be categorized as historical. But I don't think it has to have that determination. Basically, the only requirement is that the facility or the building be owned by the municipality. So, I mean, they could be in the process of applying for the historical designation or not, as long as it meets that other criteria. [LB297]

SENATOR SULLIVAN: Thank you, Senator Dubas. As I said, I rise in support of this bill. This is and can be a big deal to really small communities that are struggling to survive. You go down a main street of a community--many in my district, including the one that I live in--and we have vacant buildings. We're struggling to keep main street alive. And oftentimes the support of that infrastructure, the support of main street primarily comes from two areas. Oftentimes the best-looking and newest building on main street is the

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bank, I'm proud to say. But also the village structure and the city fathers, the village fathers and mothers, if you will, are looking for ways to keep that infrastructure alive. And I think this bill helps in that regard. If a new building can be renovated or built on main street, that actually makes that community more attractive not only to visiting residents, but to businesses that might be giving a second thought to either expanding or locating in that community. So this is just--we've used it before--another tool in the toolbox, if you will. But I think this is a good thing for not only Nebraska but for communities and particularly those in my district. Thank you very much. [LB297]

PRESIDENT SHEEHY: Thank you, Senator Sullivan. Members requesting to speak on LB297, we have Senator Adams, followed by Senator Avery and Senator Schilz. Senator Adams. [LB297]

SENATOR ADAMS: Thank you, Mr. President. Members, I'm not going to speak for very long, but as a member of the Revenue Committee that deliberated this bill, I want to explain my mind-set. We had that afternoon when we heard this bill several different bills dealing with the monies that come back to rural Nebraska from the Qwest Center turnback. And there was--Senator Coash had brought one on tourism and using the money in that way. And there were several different things, and I don't recall what they all were. But it was my belief, and I think that the committee generally was in agreement, that when we did the Qwest Center turnback, we committed those dollars to the Qwest Center, then there needed to be a trade-off for rural Nebraska. And here it is, this convention and civic center money. And that's how I think it ought to stay. That's why of all the bills that we looked at that day, Senator Dubas' bill was the bill that simply said, that money stays for rural Nebraska civic centers, convention centers. But what it does do is to broaden it a bit, broaden its use a bit. And one of the things that we heard in testimony was: Well, this money is sitting there and it's not getting used. Well, it became apparent to me during testimony that one of the reasons it isn't getting used is because the applications are there but potentially our restrictions on the use of the money may be a bit too narrow. What Senator Dubas' bill does is to loosen that up a little bit so that it can be used a bit more liberally in our rural communities. It may be the historic building downtown that's sitting empty that needs to be renovated to use as a senior center. It may be now the library, with Senator Flood's amendment. But what we have in front of us right now, which was important for me, is in principle the same thing we had before we came in here this morning. We've got an opportunity for some of this money to come back to rural Nebraska so they, too, can do their convention centers or their civic centers. But it is a little different world in rural Nebraska, and so I think this bill loosens that up a little bit. Thank you, Mr. President. [LB297]

PRESIDENT SHEEHY: Thank you, Senator Adams. Senator Avery. [LB297]

SENATOR AVERY: Thank you, Mr. President. I'm going to ask if Senator Dubas would yield to one small question. [LB297]

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PRESIDENT SHEEHY: Senator Dubas, would you yield to Senator Avery? [LB297]

SENATOR DUBAS: Yes, I will. [LB297]

SENATOR AVERY: Thank you, Senator. As you know, I have an interest in sales tax turnback because I had a priority bill a couple years ago that got that aspect of state law to apply to the west Haymarket arena development. And I just want to ask you to establish clearly for the record that this bill does not alter in any way the 70/30 split in the turnback of sales tax, right? [LB297]

SENATOR DUBAS: That is correct. [LB297]

SENATOR AVERY: Thank you. This is a good bill, and I intend to support it, because it does give more flexibility to rural areas in the use of that 30 percent fund, and it's a good idea. We need more good ideas in this Legislature. Thank you, Mr. President. [LB297]

PRESIDENT SHEEHY: Thank you, Senator Avery. Senator Schilz. [LB297]

SENATOR SCHILZ: Thank you, Mr. President and members of the body. Good morning. I stand...I was listening to Senator Sullivan, and I think that she was exactly right. I want to thank Senator Dubas for introducing this bill. It is so vitally important for our rural areas to find some things that work. If you look across all these programs that we have set up, one of the biggest things that you see is that those funds are underutilized almost every single year by our rural communities. And I think we can all see it's not because the need isn't there. Double-digit population decline, people moving, young people leaving. It's something that we very much need to deal with. That's why this year I'm really excited to see the kind of changes that we're talking about, whether it's through economic development, whether it's through community development initiatives like this. Let's hope that some of these things start to take a foothold and start to work. Because if they don't, it's only going to get tougher and tougher. We need to make sure that we continue to change up the game plan when we find that it doesn't work until we find a formula, or a path that makes sense, and starts to bring population, jobs, some pride back to rural Nebraska. Thank you very much. [LB297]

PRESIDENT SHEEHY: Thank you, Senator Schilz. Members requesting to speak on LB297: Senator Harms followed by Senator Fulton and Senator Wallman. Senator Harms. [LB297]

SENATOR HARMS: Thank you, Mr. President and colleagues. I rise in support of LB297. My own community has used this in our own convention center. It made a big difference; we've been able to upgrade it to being efficient and much better as far as

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energy is concerned. We never would have been able to do that without qualifying for previous funds. I like the way that Senator Dubas has written this bill; it does give us greater flexibility. And one of the things that I found in so many of our smaller rural communities: it just didn't fit them. And not only that, we find that--I think we'll find that a lot of our smaller rural communities do not even realize that they qualify for these funds. So I hope as we go forward with this that the Department of Economic Development would send out a notice to all the cities, that they would--potentially could qualify for this, encourage them to use the dollars. So I thank Senator Dubas for doing this. I think it's the right move if money comes back to rural Nebraska, which is needed. And I support LB297. Thank you, Mr. President. [LB297]

PRESIDENT SHEEHY: Thank you, Senator Harms. Senator Fulton. [LB297]

SENATOR FULTON: Thank you, Mr. President. Members of the body, good morning. Would Senator Dubas yield to a question, please. [LB297]

PRESIDENT SHEEHY: Senator Dubas, would you yield to Senator Fulton? [LB297]

SENATOR DUBAS: Yes, I will. [LB297]

SENATOR FULTON: Senator, just to be clear, I do support the bill. But there are some things I've heard here this morning that I want to try to get into the record and ask questions about; perhaps we can come up with some answers. The program and underlying cash fund appear to be underutilized throughout Nebraska. Would that be an accurate statement? [LB297]

SENATOR DUBAS: I think there was that thought before that it was underutilized. But as I've gone back and looked at the grants that have been applied for since the fund's inception, there have been plenty of grant applications. And, you know, we're talking upwards of 20. Not all of them have qualified, but the fund has been used. [LB297]

SENATOR FULTON: Okay. So the fund--the money which was set forward by way of intention some--well, recently, some years ago, is being utilized today. That's correct? [LB297]

SENATOR DUBAS: That's correct. [LB297]

SENATOR FULTON: Okay, so that could answer our question. My next point was--or next question to ask--if the funds are underutilized, would it be because smaller communities aren't aware that the funds exist? I guess...so that still could be a question. I'm thinking of my own hometown and, you know, and communities in southeast Nebraska. Is it possible that a number of communities still are not even aware that this fund exists? [LB297]

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SENATOR DUBAS: I think that's definitely a possibility. I know the League of Municipalities has worked very, very hard to get this--get the information out about this. And I would intend to talk with the Department of Economic Development, because when you go to the Web site you can't really find anything easily about this program. So I would hope that through their Web site they would promote it more. But, again, there have been upwards of 20 applications each cycle. So the word is getting out, but I think we can do a better job making sure everybody knows about it. [LB297]

SENATOR FULTON: Okay. Thank you, Senator Dubas. That's the only concern that I have. And it's not a concern with the bill; I mean, the bill--it's a great idea, and the bill should go forward; I'm going to support it. It is: How do we communicate this mechanism to small towns in Nebraska? And, you know, if that's something that we senators can do--maybe not so much urban senators but probably more so rural senators, although there are some of us urban senators who are from small towns. If that's something that we can do, then so be it. But in some way, shape, or form, the knowledge of this program, indeed of any of the programs that we have to benefit rural Nebraska--it has to get out there; otherwise, we can't--we're spinning our wheels; we can't make judgment as to whether a program is working if indeed folks don't know about it. So I thank you, Senator Dubas, for this bill. And thank you, Mr. President. [LB297]

PRESIDENT SHEEHY: Thank you, Senator Fulton. Senator Wallman. [LB297]

SENATOR WALLMAN: Thank you, Mr. President. Good morning, members of the body. Thank you, Senator Fulton--I mean, and also Senator Dubas. I come from definitely a small community, one farmstead. But I'm a rural senator. And my small community did apply for grants and built a nice park. And another one of my good friends is going to donate a lot of money to a village to get something started, like a water park. So I'm proud of some of my small-town constituents who stepped up to the plate, whether it be farmers or businesspeople. And if we can help them in any way promote small-town America--it is truly a good place to grow up; and only one better place, Senator Dubas, that's a farm. And so--and I will definitely support this bill, and, please...otherwise...they do too. Thank you, Mr. President. [LB297]

PRESIDENT SHEEHY: Thank you, Senator Wallman. Seeing no additional requests to speak, Senator Dubas, you're recognized to close on LB297. [LB297]

SENATOR DUBAS: Thank you very much, colleagues, for the comments and questions this morning. I do feel very strongly about this bill. I think Senator Flood's amendment reemphasizes the importance of what these dollars can be used for. Libraries are definitely a critical component in our smaller communities; a lot of activity go on around those buildings. And I just want to reemphasize the importance of the uses for these

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community and cultural centers. I mean, you know, I mentioned a lot of the recreational and the fun type of activities that go with these buildings but also very practical and useful places for--if there's an emergency--places for people to go to for safe haven. Many of them are used for WIC centers and immunization clinics and a lot of programs such as that. They're a nice, safe, clean facility to go to that can provide all types of uses. No, they aren't a Qwest Center, but they provide every bit as much support to the community as the Qwest Center does to Omaha. I just think sometimes we underestimate the impact that these buildings have on our local towns and the uses that they provide for our citizens. And so I appreciate the support, the questions, and comments and appreciate a green vote on LB297. Thank you. [LB297]

PRESIDENT SHEEHY: Thank you, Senator Dubas. You have heard the closing. The question before the body is on the advancement of LB297. All those in favor vote yea, opposed nay. Record, Mr. Clerk. [LB297]

CLERK: 36 ayes, 0 nays on the advancement of LB297. [LB297]

PRESIDENT SHEEHY: LB297 advances. (Visitors introduced.) We'll continue to the next item under General File. [LB297]

CLERK: Mr. President, LB490 is a bill by Senator Karpisek. (Read title.) Introduced on January 18, referred to the General Affairs Committee. The bill was advanced to General File. There are committee amendments. I have other amendments pending as well, Mr. President. (AM595, Legislative Journal pages 689.) [LB490]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Senator Karpisek, you're recognized to open on LB490. [LB490]

SENATOR KARPISEK: Thank you, Mr. President, members of the body. LB490 would eliminate the requirement for an attendant to write keno tickets. This would likely be accomplished with a kiosk that would allow the player to select his or her numbers and then give the player a paper ticket. The second component under the current law, a keno operator must wait at least five minutes after the conclusion of previous game before the next game can start. LB490 would set the time requirement between games at one minute but the local political subdivision could increase the time requirement to any time longer than one minute; however, the committee amendment eliminates this provision, leaving the minimum time required between keno games at five minutes. So all we are changing in LB490 is the ability for a player to pick their own numbers from a kiosk. It would still be a paper ticket. They cannot start the game on their own. They can just put the numbers in. I think that would help small bars maybe that have keno or...and also bigger ones so they don't have to have one person that that's all they do is enter these numbers. Now I know we're going to have a lot of conversation on this bill and that's fine, but I hope that people listen to the floor discussion and not what they hear

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outside behind the glass or what they read in e-mails, because from what I can tell no one is under oath in what they're writing in e-mails. They're scare tactics. There's outright lies, and it's ridiculous. I've tried to help the horse industry all along. That's no big surprise. We can agree to disagree on that. But I will not stand here and lie to you. I will tell you what I'm trying to do and I will do it out front and open and I will answer any questions and be as forthright as I can, and I hope that everyone does the same. There is so much misinformation on this bill, I can't even believe it. So I'd like everyone to sit back and let's talk this out. It did get very complicated as we worked through some of the numbers. One thing I'm trying to do with this is to help city and counties, mainly cities, increase their keno take so they can increase their money that they bring in. As you recall, LB383 was passed; took the money away. I'm also trying to help the horse racing industry, it is no secret. I am not trying to keep horse tracks open so they can become casinos. That is ludicrous. As you recall, I tried to put slot machines in horse tracks a year ago; it didn't pass. That's fine. If there is going to be a repeal of the gambling laws in the state of Nebraska, why on earth would we want to try to put them into the horse tracks? That doesn't even make sense, folks. Again, scare tactics, talk about slot machines on these...on the kiosks is not a slot machine, again, scare tactics. Colleagues, we can, again, we can agree to disagree on gambling, we can agree to disagree on a lot of things. However, there's sure been a lot of interest in the money that the lottery has brought in this year. We've tried to shift that money here there and everywhere. This bill also has nothing to do with the lottery, nothing. It is the keno. With that, Mr. President, I will close on the bill and move to the committee amendments. Thank you. [LB490 LB383]

PRESIDENT SHEEHY: Thank you, Senator Karpisek. You've heard the opening to LB490. As was stated, there is a General Affairs Committee amendment, AM595. Senator Karpisek, you're recognized to open. [LB490]

SENATOR KARPISEK: Thank you, Mr. President and members of the body. The committee amendment creates the Live Horseracing Endowment Fund found in LB681. LB681 was heard in committee and it was always my intent to amend these bills together. The reason I had two separate bills is so we can track them, as they go through, who testifies on each one individually. Five percent of the Live Horseracing Endowment Fund may be used for administrative costs and the remainder of the fund is to be used for thoroughbred horse racing purses. Currently, the keno tax revenue is averaging approximately \$4 million. Since the hearing, it was brought to my attention that the state's tax revenue is then divided, with 60 percent going to the General Fund and 40 percent to the Charitable Gaming Fund. In order for this bill not to have a General Fund impact, my intention is to...my intent is for a portion of the future Charitable Gaming Fund revenue to go toward the Live Horseracing Endowment Fund under the jurisdiction of the State Racing Commission. Again, the goal is not to impact the state's General Fund. The Charitable Gaming Operations Fund generated on average \$1.57 million during the last five years. Last year it was \$1.48 million. The issue

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with the bill and committee amendment, as drafted, is that the state is to receive annually the first \$4 million of keno tax revenue, and any additional revenue would be divided 50 percent between the Charitable Gaming Fund and 50 percent to the Live Horseracing Endowment Fund. But there is no realistic way for the current \$1.48 million in the Charitable Gaming Fund to grow to \$4 million. Therefore, the next amendment or my next amendment would allow the Charitable Gaming Fund to receive the first \$1.6 million which would hold it harmless--again, it's been averaging \$1.57 million, was \$1.48 million last year--the next amendment would ask the first \$1.6 million to stay in that account. Then that fund and the Live Horseracing Endowment Fund would split any additional revenue 50-50. Have some numbers on what this would do, what it would create. Even if keno were to increase 50 percent, it would raise about, by fiscal note, \$600,000 to be split half General Fund, half Charitable Gaming Fund. No, excuse me, 60-40, excuse me, I got that number mixed up. It would bring more money into the General Fund, then 60-40 on the other part. With that, Mr. President, I'd be happy to answer any questions. [LB490 LB681]

PRESIDENT SHEEHY: Thank you, Senator Karpisek. You've heard the opening of the General Affairs Committee amendment, AM595, to LB490. Mr. Clerk, do you have an amendment to the committee amendment? [LB490]

CLERK: I do, Mr. President. The first amendment to the committee amendment, Senator Karpisek, AM760. (Legislative Journal page 859.) [LB490]

PRESIDENT SHEEHY: Senator Karpisek, you're recognized to open on AM760. [LB490]

SENATOR KARPISEK: Thank you, Mr. President and members of the body. This amendment is the one that I just talked about that takes the \$4 million and turns it into \$1.6 million. Again, the reason for that adjustment, we were not aware that the \$4 million it has brought in is split 60-40, 60 percent to General Funds, 40 percent to the Charitable Gaming Fund. So in order to not...to make sure that there's not any money coming out of the General Fund, I introduced AM760 to make sure there's no thought that this could affect the General Fund. Thank you, Mr. President. [LB490]

PRESIDENT SHEEHY: Thank you, Senator Karpisek. You've heard the opening of the amendment to committee amendment, AM760. Members requesting to speak: Senator Price, followed by Senator Krist. Senator Price. [LB490]

SENATOR PRICE: Thank you, Mr. President and members of the body. Would Senator Karpisek yield to a question, please? [LB490]

PRESIDENT SHEEHY: Senator Karpisek, would you yield to Senator Price? [LB490]

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SENATOR KARPISEK: Yes, I will. [LB490]

SENATOR PRICE: Good morning, Senator Karpisek. As I had told you off the mike we'd have this conversation, you said we're going to have a good one here today as we learn about things. A question I have right now with this fund and what we're doing, I see that there's a portion of our statute that allows for there to be a \$10 million exemption for these racing dollars. [LB490]

SENATOR KARPISEK: On the pari-mutuel betting, correct. [LB490]

SENATOR PRICE: Right. So the question I have for you is do you know how those \$10 million are apportioned and how they gather that money? Does it come off from one track? Does it come off the first \$10 million that's raised and how that... [LB490]

SENATOR KARPISEK: Senator, that comes from all of the tracks except for Grand Island. [LB490]

SENATOR PRICE: Okay. And so...and you would have us here in the body continue with that \$10 million exemption? [LB490]

SENATOR KARPISEK: I am not touching that in my amendments or my bill, no. [LB490]

SENATOR PRICE: All right. Thank you very much. Another question I have, Senator Karpisek, I had the good fortune of serving on the committee with you, years ago it seems even though it was only last year, and I recall that we had somewhat of an issue within the horse racing community where people at the tracks wanted these races to go on, actually, the horse owners, yet the track owners were very happy to, at least some of them, to release the burden of having an actual race at the track. Have they resolved the issues within the community? [LB490]

SENATOR KARPISEK: They haven't resolved all of the issues, Senator, but they are working together on this bill. [LB490]

SENATOR PRICE: Okay. So again, what we're seeing here, we want to commit some of our dollars above and beyond a certain threshold into a benevolent type fund, correct? [LB490]

SENATOR KARPISEK: That is correct, but it's funds that we do not currently receive. [LB490]

SENATOR PRICE: We don't receive them where? [LB490]

SENATOR KARPISEK: This is based upon increased money that would come in if we

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change things in the keno. [LB490]

SENATOR PRICE: If we change things in the keno. Okay. So we're going to take the money from the keno that we don't get now and we're going to create a brand new program that's going to have a dependency on dollars. [LB490]

SENATOR KARPISEK: It will be split off the Charitable Gaming Fund. [LB490]

SENATOR PRICE: Okay, great. Well, thank you very much, Senator Karpisek. [LB490]

SENATOR KARPISEK: Thank you. [LB490]

SENATOR PRICE: And again, Senator Karpisek was very accurate in saying that we don't want to have a discussion here that gets off track that talks about make-believe things that we just don't know. So I want to bring out the point that, you know, one of the interesting things that we keep seeing as a society is when we want to see more gambling or we want to see something that's less palatable to most people, we tend to sweeten that with a we'll feed this excess amount of money to your favorite pet project, whatever it is, and it's always a good project. They don't normally send money off to something of no consequence. But then what happens in an economic downturn, like we've seen in the past couple years, you'll see that revenues drop. It's almost like the gas tax thing, you know, where the floggings will continue until morale improves. What we see here is that the tax dollars, and I mean, excuse me, the revenue generated by the gambling is sent off to some worthy cause and then, when people stop gambling, their revenue goes down, know what we're left? We're left with a charitable organization, a cause, that's used to a revenue stream that now gets now a famous cliff effect because people are gambling less. And now we have an organization, an entity, that is depending on those dollars, and is that really right? You know, we... [LB490]

PRESIDENT SHEEHY: One minute. [LB490]

SENATOR PRICE: Thank you, Mr. President. We jokingly call some of the things done in the committee the sin committee and we call the tax raise the sin tax. And what would ever happen, ladies and gentlemen, if people stopped gambling and stopped smoking? We'd be in a world of hurt because we sure do use that revenue to fund a lot of things. I mean I believe Senator Pahls asks us each year to consider what we're exempting. And here we are, we're going to create another fund off a chunk of gambling winnings to a needy cause. And if the gambling goes, I mean if the horse racing industry continues to go on the trajectory it's on now, where will we be in two or three or four years? We're going to have another cause that's going to need revenue streams and somebody down the line is going to have to figure out how we fund that. Thank you, Mr. President. [LB490]

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PRESIDENT SHEEHY: Thank you, Senator Price. Senator Avery. [LB490]

SENATOR AVERY: Thank you, Mr. President. I'm going to speak first on this bill, probably speak a couple more times. But I want to emphasize an argument that I made last year when we discussed a bill that would have expanded gambling in order to help the live horse racing industry and I made an economic argument. And that economic argument, I think, is a compelling one. If you look at economic literature, and I would refer you to the Nobel laureate economist, Paul Samuelson, who argued in his famous textbook, Economics, that gambling is a net negative economic activity, negative. He argued that gambling involves sterile transfers of money between people, but it does not create new money nor does it create new goods. And I would add to that that gambling does not add value to existing goods in, say, a manufacturing process. So gambling creates no economic output, but it does absorb time and it absorbs resources. The key point here is that gambling often goes beyond the limits of recreation. When gambling is a part of recreation, it is primarily pursued as a way of killing time, not that you're actually expecting to make money. Gambling actually subtracts from the national income. It promotes inequality and it promotes instability of incomes. I often refer to gambling in this manner--it creates nothing of value, it creates no product, it adds no value to existing products, it simply transfers money from people who don't have it to people who already do. And in fact, legalized gambling consists primarily in the transfer of wealth from the many to the few. And that is not good for any economy, it's not good for the national economy, it's not good for the local economy, it's not good for the state economy. I would submit to you that this bill with its amendment is an expansion of gambling in the state of Nebraska and we ought to think very carefully before we rush to approve this. There are other aspects of this bill that I will address later including the potential constitutional problem with it. And I will get to that when we get to my amendment which is next in line. Thank you, Mr. President. [LB490]

PRESIDENT SHEEHY: Thank you, Senator Avery. Members requesting to speak on AM760 to AM595, Senator Krist followed by Senator Fulton, Senator Karpisek, Senator Brasch, Senator McCoy, and Senator Harms. Senator Krist. [LB490]

SENATOR KRIST: Thank you, Mr. President and members of the body. We will start this discussion again and it will all come down to the evils of gambling. I often will stand at the mike and give you personal perspectives. That's not going to happen today. I'm going to ask each one of you in this discussion this morning to call home in some way and ask how many ambulances, how many police cars, how much money has been given to your schools all from keno. So in the interest of fair disclosure, I don't think...I think TEEOSA would be adversely affected by a reduction in the amount of keno money in the state. I believe that the number of cruisers and ambulances and services that are out there would be adversely affected. So to follow Senator Avery is completely fortuitous on my part because I don't understand how his analogy and textbook would relate to the situation that we are talking about here. This is not an expansion of

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gambling. If I had a show of hands, and I won't ask for it, for those of you that have ever been to a keno parlor, I think I could get a representative number of people in here. And I'd ask you if you've ever walked up and planned on betting a dollar or wagering a dollar or donating a dollar to the education fund, as I like to call it. How many times have you been talked into betting another dollar or two because it's a better deal, it's a better win margin for you? This bill, LB490, introduces not a slot machine, not a standalone machine, it introduces a self-serve machine; if you don't know the game, you're not going to be able to bet it. I think in some ways this makes you spend less, bet less because if you don't understand it you're not going to be talked into it. The other part I would say to you is, if you live in a small town how many of you have gone into a local establishment for a burger and a beer and had to wait because the person was at the keno machine or vice versa, you went in to donate a dollar to the education fund and you had to wait because someone was getting a burger or a beer? Put this in perspective, folks. We're not talking about making gambling a casino-style slot machine. Whatever those, and Senator Karpisek was absolutely right, whatever you've heard, whatever is out there, take a real look at this bill and make the decision for yourself. Call home and find out how many cruisers, ambulances, services, or how much was donated in your area as a result of keno. And then realize that all this is doing is allowing a self-serve mechanism to go up and donate to those services. Do some study yourself, convince yourself one way or the other. But don't let the lobby or any other person tell you gambling bad, LB490 bad, vote against it. Make your own decision based upon your research. And I think if you make those calls home you will see my point. Thank you, Mr. President. [LB490]

PRESIDENT SHEEHY: Thank you, Senator Krist. Senator Fulton. [LB490]

SENATOR FULTON: Thank you, Mr. President. Okay. Would Senator Karpisek yield to a question? [LB490]

PRESIDENT SHEEHY: Senator Karpisek, would you yield to Senator Fulton? [LB490]

SENATOR KARPISEK: Yes, I will. [LB490]

SENATOR FULTON: Okay. Senator, I've followed...I was able to read this, this morning, the bills and the amendments. And I've followed a little bit of your testimony this morning, so I need to get some clarification. The new money under AM595, the new money would go to the Live Horseracing Endowment Fund. Is that correct? [LB490]

SENATOR KARPISEK: Not all of the new money, Senator. That money right now has been averaging...like 2 percent of what comes in from keno would go...goes to what we're talking about, has been averaging roughly \$4 million. Of that, 60 percent goes to the General Fund, 40 percent goes to the gambling, I can never remember the name of it, fund that we're talking about. So that new money would be split 60-40, 60 percent of it

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going to that fund, to the General Fund, excuse me, 40 percent to the gambling fund, and then that, after...with AM760, after \$1.6 million went to the gambling fund there would be...after \$1.6 million, excuse me, it would be split 50-50 between the gamblers fund, gambling fund and the horse track or the endowment. [LB490]

SENATOR FULTON: Okay. Okay. So there would then be, I think I understand that. There will be some new money. I guess the premise for bringing a bill forward is to capture new money to move into the live horse racing fund, otherwise there is no need for the amendment. So am I correct in saying there will be new money going into the live horse racing fund? [LB490]

SENATOR KARPSEK: Yes, only new money, not any old money. [LB490]

SENATOR FULTON: Okay. Where does the new money come from? Here's where I'm...I'm not following. In the beginning the idea was to lessen the amount of time between keno games and so that ostensibly would bring in more money to be utilized in some way. Now I understand that. However, the committee amendment causes...it disallows the lessening of time, so we're back to the same amount of time between keno games. And so I'm having a hard time apprehending where any new money comes into play. [LB490]

SENATOR KARPSEK: Well, and, Senator, you are correct. Taking...leaving the time at 5 million...(laugh) 5 million, the time at 5 minutes does create...doesn't create as much money as we were hoping. However, if we have the standalone kiosk we're hoping that that will still create some money. And I'll be up-front with you, Senator, if we do make it to Select File I will...someone will bring an amendment to try to lower that to 3.5 minutes. Now that will be voted up or down if we get to Select. [LB490]

SENATOR FULTON: Yeah. Okay. So then the new money under AM595, indeed under AM760 and AM595, any new money would be coming from these new types of kiosks. Is that correct? [LB490]

SENATOR KARPSEK: That is correct, Senator. [LB490]

SENATOR FULTON: Okay. [LB490]

SENATOR KARPSEK: Or, excuse me, or it could just be that there will be an uptick in keno play, which I doubt right now because we've been on a downhill slide so I don't see that as happening. But if that could be the case, if the economy would rebound maybe people will play it more, that could also be a possibility. [LB490]

SENATOR FULTON: Okay. [LB490]

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PRESIDENT SHEEHY: One minute. [LB490]

SENATOR FULTON: Well, for purposes of the amendments anyway I'm just going to...I'll form an opinion on what I understand the facts to be. And I take very seriously what you said, to be sure to verify any of the facts that we receive either by e-mail or through conversation. And so that's really what I'm trying to do here, so I appreciate that question being answered. The other question, can you comment on why the committee, if the original premise or one of the original premises was to move the time between playing keno from 5 minutes down to 1, what was the committee's rationale to move it back to 5? I mean, there had to have been some reason. What was the reason? [LB490]

SENATOR KARPISEK: The reasoning was that they felt that they didn't want to lower the time any to make the game play faster so people could play it faster. After discussion on that, one of the members had changed their mind thinking that it wasn't that... [LB490]

PRESIDENT SHEEHY: Time, Senator. Thank you, Senator Fulton. Thank you, Senator Karpisek. Senator Karpisek, you're recognized. [LB490]

SENATOR KARPISEK: Thank you, Mr. President. Would Senator Fulton yield? [LB490]

PRESIDENT SHEEHY: Senator Fulton, would you yield to Senator Karpisek? [LB490]

SENATOR FULTON: Of course I would. [LB490]

SENATOR KARPISEK: Thank you, Senator. We can just keep the dialogue going, if you'd like. One of the committee members did a little checking on his own and, instead of listening to other people in the committee or outside the glass, decided that it really didn't do a lot of good if we didn't have the time going down. I think, hence, since he's gotten some pressure on him also and maybe isn't going to bring the amendment now, but that's fine, I understand. But that is why the time was taken out of it, Senator. I guess if all we can do is even if we can just do the kiosk, know it's not going to make a lot more money, I'm hoping to get a little bit of money to try to help the horse racing industry and also help cities, if keno can raise more money. Does that...any other questions, Senator? [LB490]

SENATOR FULTON: Yeah. Well, just I'd thank you for that, Senator Karpisek. That's...I expected that that's probably what the deal was is that the idea was put forward--we should lessen the time. The committee decided, well, we don't like that idea and therefore that idea was knocked down. But maybe there was more to it. And I won't take anymore of your time; if I have anymore on it I'll just come back and ask. So thank you, Senator. [LB490]

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SENATOR KARPISEK: Thank you, I appreciate it, Senator Fulton. And I appreciate you listening and I think you've got it right on the money. I really do appreciate that. Again, we can talk about whether we agree or not on principle and I appreciate that from Senator Fulton because I know where he usually stands on these issues. And that's fine, that's why we're here is to debate. I would like to...could Senator Avery yield, please. [LB490]

PRESIDENT SHEEHY: Senator Avery, would you yield to Senator Karpisek? [LB490]

SENATOR AVERY: Yes, I will. [LB490]

SENATOR KARPISEK: Thank you, Senator Avery. Now you're talking about how gambling does nothing but reduce the gross national product, if you will. Correct? [LB490]

SENATOR AVERY: No, I'm saying it doesn't increase it, all it does is transfer money, doesn't create a product, doesn't add value to an existing product, doesn't... [LB490]

SENATOR KARPISEK: Okay. Then...but it does...we do have money that comes in from the lottery that helps schools, would you agree? [LB490]

SENATOR AVERY: But this is simply moving money around in the economy. [LB490]

SENATOR KARPISEK: But does it help the schools? [LB490]

SENATOR AVERY: Well, I think some of the...you're talking about lottery money or keno money? [LB490]

SENATOR KARPISEK: I'm talking about gambling, lottery money. [LB490]

SENATOR AVERY: Actually, yes, there is some lottery money that goes to schools. [LB490]

SENATOR KARPISEK: Okay. So somehow, even though you say it doesn't help, it does help. [LB490]

SENATOR AVERY: No, I'm saying that this is not an economic activity that generates new income. It moves existing money around. [LB490]

SENATOR KARPISEK: Okay, okay. So it moves money around. And, yeah, we can say that. However, have you heard of Las Vegas? [LB490]

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SENATOR AVERY: Yes, I have actually. [LB490]

SENATOR KARPISEK: Okay and what goes on there? Is that kind of a gambling mecca? [LB490]

SENATOR AVERY: It is. [LB490]

SENATOR KARPISEK: And so do you think Las Vegas would be there without gambling? [LB490]

SENATOR AVERY: Oh, I suspect that it would be a very different place without gambling. [LB490]

SENATOR KARPISEK: I suspect. So anyway, Senator, I'm just having a little fun with you. And I agree that it just moves money around. But it sure does build a lot of buildings and it sure does bring a lot of people to different places around the country. Again, we have really argued a little bit this year about what to do with some of the money. I know there is a bill on the Environmental Trust, having that money diverted that comes from the lottery, again, not my bill. But if we're going to talk about gambling and its ills and evils then I want to get on the record and say we sure like some of that money we get in. [LB490]

PRESIDENT SHEEHY: One minute. [LB490]

SENATOR KARPISEK: Now this bill as it sits right now would do nothing other than allow keno parlors to have a kiosk to be self-run. You would put your numbers in. You couldn't start the game, that still has to be done by someone else that runs the game, you could just make your own ticket. Then it would create the Horseracing Endowment Fund. Right now that's all we're talking about. And we're talking about, of the \$4 million that comes into the state, 40 percent of that and then half of that going to that fund. Even if keno would get another half as much as they do right now it would probably go, \$300,000, to that fund. We are not going to increase keno receipts by 50 percent. [LB490]

PRESIDENT SHEEHY: Time, Senator. [LB490]

SENATOR KARPISEK: Thank you, Mr. President. [LB490]

PRESIDENT SHEEHY: Thank you, Senator Karpisek. Senator Brasch. [LB490]

SENATOR BRASCH: Thank you, President. Thank you, body. On recess day, on Friday, I set my alarm clock at 4:30 a.m. so I could meet my goal of five counties by 3:30 in the afternoon. And I decided to take this topic to the coffee shops among other

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legislation. We had reached our 45th day, halfway through, I wanted to hear on this and others. I was surprised because we are an agriculture community, District 16. But the coffee shops were no longer as enthused as I had been in the past in supporting the horsemen and keno. And part of it was because of LB383. The comment was--they need to choose their limited resources wisely. And a little confidence was lost in trying to keep the horsemen up and going and horses running. I had voted originally in favor of this, having just seen the Secretariat movie, which I loved, and having also been working as the marketing director 20 years ago at Nebraska State Fair Park and working with the horsemen. And I am concerned at this point now by putting, you know, I had a concern initially during the hearings about the new technologies. And in visiting with the people in our district over the course of the day I am going to vote against it. And I think the horse racing industry, as beautiful and noble as it is, are going to need to look at a new format, maybe like the NASCARs in having sponsorships, you know, regrouping the industry and not relying so much on gambling, as Senator Avery had mentioned that it's not an economy and the industry does deserve more than people taking chances altogether with every nickel, dime and penny they have. Thank you. [LB490 LB383]

PRESIDENT SHEEHY: Thank you, Senator Brasch. Continuing with discussion on AM760 to AM595, members requesting to speak Senator McCoy followed by Senator Harms and Senator Nelson. Senator McCoy. [LB490]

SENATOR McCOY: Thank you, Mr. President and members. Would Senator Karpisek yield to a question? [LB490]

PRESIDENT SHEEHY: Senator Karpisek, would you yield to Senator McCoy? [LB490]

SENATOR KARPISEK: Yes, I will. [LB490]

SENATOR McCOY: Thank you, Senator Karpisek. Can you go back, if you would please briefly, and kind of outline. When you're talking about these kiosks I got a little bit confused in the discussion so far because Senator Krist referred to them as, I believe if I'm, hopefully, I'm quoting him correctly and I'll certainly verify, but not freestanding. You talked about a kiosk. Can you briefly, I guess, for my benefit not...trying to visualize what we're talking about here. [LB490]

SENATOR KARPISEK: It is a device like an ATM machine, if you will, that you would go in and push your numbers in and it would print your ticket for you. Now when it...if I understand correctly, it is not freestanding to where it's connected to the game. So when you get your ticket the game knows the numbers you picked. And then whoever starts the game starts the game. [LB490]

SENATOR McCOY: Oh, okay, that certainly is helpful. So I would assume then it's

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electronic in nature. How would such a machine or a kiosk operate? [LB490]

SENATOR KARPISEK: It would operate, again, much the same as an ATM--you punch your numbers in, it is electrical, I'm sure it's plugged in and it is connected to the game. You punch your numbers in, hit print, it gives you your ticket. Then you go sit down and wait for the game to begin. [LB490]

SENATOR McCOY: Thank you. I guess, could you go back and kind of reiterate, if you would, you had mentioned a number of \$1.48 million. Your amendment originally would have had a \$4 million threshold before this 50-50 split were to be initiated. You had mentioned the \$1.48 million. Can you kind of refresh at least my memory and maybe there are others who were...who that... [LB490]

SENATOR KARPISEK: Sure, sure. And again, I do apologize. I did not know about the 60-40 split as we had talked about Friday off the mike. There's roughly \$4 million right now on average that comes from keno to state revenue. I...my original bill was anything over that \$4 million would be split. Well, the original bill was the next \$2 million would go to horse racing, then the committee amendments made that 50-50. However, after learning that it's a 60-40 split on the \$4 million, right now the Charitable Gaming Operations Fund is getting roughly \$1.48 million, that's what they got last year. So instead of the \$4 million that I thought that we could cap it at and go after that to try to get some of the horse racing, it's really only about \$1.5 million. So my new amendment, AM460, would say \$1.6 million of the charitable gaming fund, then after that \$1.6 million it would be split 50 percent still to the Charitable Gaming Operations Fund, 50 percent to the Horseracing Endowment Fund. [LB490]

SENATOR McCOY: Well, thank you, Senator Karpisek. I guess that's where I have some reservations about this amendment and quite honestly about the bill itself. And that would be that if the status quo, as I understand it, and Senator Karpisek just outlined, if the status quo were to be maintained then you could surmise that perhaps the revenues to the state would be the same. But essentially what we're doing here is we're expecting additional revenue if LB490 were to advance. [LB490]

PRESIDENT SHEEHY: One minute. [LB490]

SENATOR McCOY: Therefore...thank you, Mr. President. Therefore you would assume, logically I suppose, that revenues would also increase. But essentially what we're doing is we're capping to the state the revenues even under that 60-40 split. And well, frankly, I find that problematic on several levels. And I would question why we would do that. As it stands now, without the \$4 million...before the \$4 million cap was in place, unless I'm mistaken, it's a 60-40 split from dollar one to dollar whatever, whatever the total may be. Here we're flatlining it and we're saying that we're putting a lid on that. And I question as to why that is the case and the merits of that. Thank you, Mr. President. [LB490]

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PRESIDENT SHEEHY: Thank you, Senator McCoy. Senator Harms. [LB490]

SENATOR HARMS: Thank you, Mr. President and colleagues. Senator Karpisek, would you yield for a couple questions? [LB490]

PRESIDENT SHEEHY: Senator Karpisek, would you yield to Senator Harms? [LB490]

SENATOR KARPISEK: Yes, I will. [LB490]

SENATOR HARMS: Senator Karpisek, would you review just quickly for me the underlying portion of this bill about transferring, what is it, 50 percent to horse racing? [LB490]

SENATOR KARPISEK: It is 50 percent of the 40 percent that comes from keno. [LB490]

SENATOR HARMS: All right, how much is that? [LB490]

SENATOR KARPISEK: Right now we're at \$1.4 million, sorry, \$1.48 million goes to the Charitable Gaming Operations Fund. Now as Senator McCoy said, if anymore money would come in it would still be split 60-40. I don't want to take your time but Senator McCoy misspoke. It would still be a 60-40 split between General Fund and charitable gaming fund. Then after the \$1.6 million it would be 50 percent still to the charitable gaming fund, 50 percent to the horse... [LB490]

SENATOR HARMS: Well, that's the part that I really object to. And that's the issue of continuing to try to fund horse racing. It's a dying industry, colleagues. We went through this battle a year ago and it is a dying industry, there was no question about it, yet we're willing to give our money up and try to support something that's dead and I don't understand this. When you look at all the data and you look at all the statistics it's very clear that it's a business that's gone. We cannot regroup this business. When you look at the data and the research that brings this out it's really clear that there's no hope for this industry. There is no hope at all in Nebraska or any other small communities like this or states like this. You know, in a study that was done in June 2009, it indicated what's the thing that people like to do the best as far as gambling. Well, one of them is, of course, slots, that's at the top of the list, it's easy to do, there's no big deal. The rest of it is downhill, colleagues. When you get to horse racing it's so far down they had to throw dog racing into it to get it up off the scale. And my objection is this, I do not believe that we should be spending any tax dollars, transferring any of our money to a business that's gone, a business that's dead. It's over in Nebraska, yet we keep coming back with the same issues. We keep coming back and talking about the issues. And what does horse racing do for us? What is the thing that horse racing actually does for Nebraska? It doesn't do anything for us. If anything, it hurts the families because in

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gambling they only have so many discretionary dollars today. And when people are wanting to bet on horse racing or any other kind of gambling they're taking their hard-earned money, they're taking away from their families and their children. We know that people who are addicted to gambling...there's a high rate of misuse and abuse of families because of this issue. You know, the only thing that I can think and figure out on horse racing what it brings to us, what it brings to this economy, colleagues, is that it brings bankruptcy to us, it brings all kinds of other issues to us that I think are extremely poor. It bring addiction, it brings crime and it brings family destruction. And that's the thing that I object to, that's the thing that's wrong. Yet we're willing to stay here and disguise this process of helping the schools and helping the counties with all the money, but the real underlying theme is this, and Senator Karpisek knows it, we're giving some money to a dying industry which we battled a year ago and it's back again. And I'm sure it will be back next year or the year after until the group of us that came in together are going to be gone in three years. But it's wrong, colleagues, and I don't think it's the right thing to do. When you look at the actual tax breaks that we give horse racing, which is a dying industry, for the first \$10 million on their wagers they don't pay any taxes. From \$10 million... [LB490]

PRESIDENT SHEEHY: One minute. [LB490]

SENATOR HARMS: ...to \$73 million they pay about 2 percent. There is no other business or organization in this great state that gets that kind of tax break and yet we know what the destruction is. I'm going to come back later and that's probably tomorrow, I'm going to walk through these issues a little clearer. I'm going to talk about addiction, I'm going to talk about some of the crime that we have, all the things that are tied, that are bad to this aspect. I object to increasing gambling. I object to what it brings. I think it's not worth the money that we get to watch the families and what happens to their children and what goes on in their lives is not positive, colleagues. And so, Senator Karpisek, I appreciate you. You're at least at this point, you've laid out your facts. [LB490]

PRESIDENT SHEEHY: Time, Senator. [LB490]

SENATOR HARMS: Thank you, Mr. President. [LB490]

PRESIDENT SHEEHY: Thank you, Senator Harms. Mr. Clerk, do you have items for the record?

CLERK: I do, Mr. President. Revenue Committee, chaired by Senator Cornett, reports LB106 and LB682 to General File with committee amendments attached. Health and Human Services, chaired by Senator Campbell, reports LB265 and LB406 to General File, and LB534 indefinitely postponed. I have amendments to LB490 to be printed by Senators Avery and McCoy. Senator Howard would like to add her name to LB558.

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

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(Legislative Journal pages 859-864.) [LB106 LB682 LB265 LB406 LB534 LB490 LB558]

And I do have a priority motion. Senator Pankonin would move that the body adjourn until Tuesday morning, March 15, at 9:00 a.m.

PRESIDENT SHEEHY: You have heard the motion to adjourn until Tuesday, March 15, at 9:00 a.m. All those in favor say aye. Opposed, nay. We are adjourned.