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Banking, Commerce and Insurance Committee  
January 22, 2018

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[LB683 LB736 LB741]

The Committee on Banking, Commerce and Insurance met at 1:30 p.m. on Tuesday, January 22, 2018, in Room 1507 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB683, LB736, and LB741. Senators present: Brett Lindstrom, Chairperson; Matt Williams, Vice Chairperson; Roy Baker; Tom Brewer; Mark Kolterman; John McCollister; and Paul Schumacher. Senators absent: Burke Harr.

SENATOR LINDSTROM: Welcome to the Banking, Commerce and Insurance Committee hearing. My name is Brett Lindstrom. I'm from Omaha and represent Legislative District 18. I serve as chair of this committee. The committee will take up the bills in the order posted. Our hearing today is your public part of the legislative process. This is your opportunity to express your position on the proposed legislation before us today. The committee members will come and go during the hearing. We have to introduce bills in other committees and are called away. It is not an indication we are not interested in the bill being heard in this committee, just part of the process. To better facilitate today's proceeding I ask that you abide by the following procedures. The information is posted on a chart to your left. Please silence or turn off your cell phones. Move to the front row when you're ready to testify. The order of testimony will go as follows: introducer, proponents, opponents, neutral and closing. Testifiers, please sign in, hand your pink sheet, sign-in sheet to the committee clerk when you come up to testify. Please spell your name for the record before you testify. We ask that you be concise. It is my request that you limit your testimony to five minutes today. If you will not be testifying at the microphone, but want to go on record as having a position on a bill being heard today, there are white tablets at each entrance where you may leave your name and other pertinent information. These sign-in sheets will become exhibits in the permanent record at the end of today's hearing. Written materials may be distributed to committee members as exhibits only while testimony is being offered. Hand them to the page for distribution to the committee and staff. When you come up to testify, we will need ten copies. If you have written testimony, but do not have ten copies, please raise your hand now so the page can make copies for you. To my immediate right is committee counsel, Bill Marienau; to my far left at the head of the table is committee clerk, Jan Foster; and starting at my far right we will have the committee members introduce themselves this afternoon.

SENATOR SCHUMACHER: Paul Schumacher, District 22, that's Platte and parts of Colfax and Stanton Counties. [LB683]

SENATOR KOLTERMAN: Mark Kolterman, District 24, Seward, York and Polk Counties. [LB683]

SENATOR BREWER: Tom Brewer, District 43, thirteen counties of western Nebraska. [LB683]

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SENATOR WILLIAMS: Matt Williams, District 36, Dawson, Custer, and the north part of Buffalo Counties. [LB683]

SENATOR BAKER: Roy Baker, District 30, Gage County and part of Lancaster County. [LB683]

SENATOR McCOLLISTER: John McCollister, District 20, central Omaha. [LB683]

SENATOR LINDSTROM: And I believe Senator Harr is excused, absent today. Our page today is Alyssa Lund from Woodbury, Minnesota. And like I said before, we'll go in the order of the bills on the agenda and we'll start first and open our hearing on LB683, and we would like to welcome Senator Blood. Good afternoon. [LB683]

SENATOR BLOOD: Good afternoon. This is my first time in front of this committee. [LB683]

SENATOR LINDSTROM: Welcome. [LB683]

SENATOR BLOOD: On this beautiful sunny day. Thank you, Mr. Chairman and members of the Banking, Commerce and Insurance Committee. My name is Senator Carol Blood, C-a-r-o-l B-l-o-o-d and I represent District 3 which encompasses parts of western Bellevue and southeastern Papillion. I'd like to thank you for the opportunity to speak on LB683 this afternoon. LB683 is similar to other bills that I've brought in my first two years in the Legislature. The bill is designed to help remove the unnecessary hurdles that surround licensing in the state when it comes to military spouses and active duty members who have moved into Nebraska already licensed in their chosen profession. In this case, LB683 would allow active duty members or the spouses of active military members that are assigned to a permanent duty station in Nebraska and are also licensed realtors in another state to practice their profession in Nebraska with greater ease by exempting them from the payment of the license fee for the first year. Not only will active duty members or their spouses be able to be licensed without having to pay the licensing fee in Nebraska, as long as they're licensed in another state, they will also be able to forego the fee if they've already been licensed in Nebraska within a three-year window of time. Specifically, if the realtor has been licensed in the state of Nebraska in the last three years, but have allowed their license to lapse because they were ordered outside of the state, they will not have to pay the licensing fee when they're ordered to return with their military member and their family. I'm thrilled to say that the realtors of Nebraska have embraced this bill as well. They understand the importance that the influx of military families...they understand the importance that the influx of military families moving in and out of Nebraska has for their industry as well as the benefits of experienced realtors coming into our state to join the community of experts. The fact of the matter is that the state of Nebraska can and should do more to help our military

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families. This is an ongoing mission I will continue on behalf of our military. I have a fire in my belly to create this change while I am a Nebraska Senator. The people that work in and around Offutt are more than our friends and neighbors. They're people who keep a massive economic driver going on in the state. With a new round of BRAC, Base Realignment and Closure, likely coming later this year or next, Nebraska could be on the chopping block. We need to do everything that we can do in order to show the federal government and the Pentagon that we are military friendly. This is more than just a phrase to be thrown around. This is an actual designation. Making it that much easier for spouses and military members get jobs and work at the professions of choice is part of getting Nebraska that specific delegation. Because of that, I'm happy to take any questions you might have, but I ask you to advance the bill out of committee and on to the floor to be debated to the full Legislature in hopes of adding one more amenity for our incoming military families. Thank you. [LB683]

SENATOR LINDSTROM: Thank you, Senator Blood. Any questions from the committee? Senator Brewer. [LB683]

SENATOR BREWER: Yeah, mine is basic. How did you get a letter of support from Martin Dempsey, the Assistant Secretary of Defense? [LB683]

SENATOR BLOOD: That's a really good question. I have actually been invited to come and speak at the Pentagon on behalf of military spouse licensure and I've had an ongoing relationship with USA4 Military Families through the Department of Defense, and so every bill that I brought forward this year and last year, I worked directly with the Department of Defense. [LB683]

SENATOR BREWER: Well done. Thank you. [LB683]

SENATOR BLOOD: Thank you. [LB683]

SENATOR LINDSTROM: Senator Williams. [LB683]

SENATOR WILLIAMS: Thank you, Chairman Lindstrom. Thank you, Senator Blood. A couple of questions. I want to be sure that I understand the...I understand that this legislation, if a person was already licensed in Nebraska, that's one thing, but this also, if I'm understanding it correctly, if someone had a real estate license, broker or sales person in another state and was coming here, we're in essence giving them reciprocity also. Are we sure that the education and training requirements are similar enough that that doesn't put any of our consumers in jeopardy? [LB683]

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SENATOR BLOOD: That's a good question and, yes, we are. In fact, that is why the Nebraska Real Estate Commission worked with me on this bill, as well as the Nebraska Realtors Association. I wanted to NRA, but I didn't want to confuse anybody. And they can speak more on it when they come forward on the table, but that was, of course, the first thing that we would research in doing a bill like this is to make sure that we weren't lowering the standards. And you'll see that we're only removing the licensing fee itself. So should they require additional education, they'll still have to do additional education. [LB683]

SENATOR WILLIAMS: Okay. Thank you. [LB683]

SENATOR LINDSTROM: Senator McCollister. [LB683]

SENATOR McCOLLISTER: Yeah, thank you, Chairman Lindstrom. But the normal cycle for renewing real estate licenses is what, three years? [LB683]

SENATOR BLOOD: That's a good question. I am not sure. I think that would be a question for Mr. Lemon when he comes forward. [LB683]

SENATOR McCOLLISTER: Okay. Thank you. And the fee for the renewals, probably he's the one to answer. [LB683]

SENATOR BLOOD: He is the one to answer. I know it's \$80 for the broker and \$100 for the realtor license. But to be really frank, I don't remember off the top of my head what the cycle is right now. [LB683]

SENATOR McCOLLISTER: Then where does that \$250 come in? Did I misread that in the bill? [LB683]

SENATOR BLOOD: \$250. [LB683]

SENATOR McCOLLISTER: I thought I saw a \$250 number in the bill. [LB683]

SENATOR BLOOD: Can you point me to the page? [LB683]

SENATOR McCOLLISTER: I can't. [LB683]

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SENATOR BLOOD: Okay. Because all they are waiving is the hundred dollar licensing fee, and that is a hundred dollars. [LB683]

SENATOR McCOLLISTER: Okay. Thank you. [LB683]

SENATOR LINDSTROM: Senator Schumacher. [LB683]

SENATOR SCHUMACHER: Thank you, Chairman Lindstrom. Thank you for introducing this bill. Is there some reason why you do not require reciprocity from the state? We're going to be accepting their license. Oftentimes, we say, if they accept our license on a similar deal, that would put the pressure on the other state to do a similar thing. The second question is, if this is a good idea, why not do it for everybody? [LB683]

SENATOR BLOOD: So on question number one, I mean, it sounds like you're talking about interstate compact and that... [LB683]

SENATOR SCHUMACHER: No, just reciprocity. [LB683]

SENATOR BLOOD: Just reciprocity. I don't think that's a bad idea, but that's not what this bill is about today. I think that that would take a lot more research and a lot more wheeling and dealing to get that done. You know, because you're asking reciprocity for other states. Will they accept our Nebraska license? And there are some that I believe that do and it's Florida, and we have some realtors here that could probably better answer that. But there's several designated military-friendly states and I believe that Florida accepts that, possibly Arizona, New York state. So the ones that are designated military friendly usually have reciprocity, but I can't guarantee that that's indeed the case, but it would be my assumption based on all their other licensure hurdles that they've removed from military. [LB683]

SENATOR SCHUMACHER: Then nothing would stop us from saying, yes, we will accept if you do likewise for our people. [LB683]

SENATOR BLOOD: Yeah, what would stop us is that I wouldn't support a bill that would say that because that would slow down the hurdle that we're...that's been created for our military families. I really want to get these hurdles removed. I think that we could revisit it and work on that, but I don't think that that's fair to our military families to say, we'll take your license if coming from Kansas as long as they accept Nebraska's. I don't think that that's in the spirit of what this bill is about. So could you do it? Absolutely. Would I be willing to do that? I would be hesitant to do that because I think Senator Brewer could probably build on that better during an

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Executive Session, but we have so many licensure hurdles in Nebraska for our military families. And Senator Williams likes me to keep my intros short, so what I usually say is that 90...up to 90 percent of all military spouses are underemployed or unemployed because they come to a state where there's licensure hurdles and they can't get work. And when you're rotated every two to three years, what usually happens is either you don't get a job in your field or you get a job at a much lesser paid area...pay level than you would otherwise. So it's really unfortunate because that's millions of dollars that aren't being pumped into it. I'm sorry, what was the second question? [LB683]

SENATOR SCHUMACHER: Why, I mean if there's barriers for military, there must be barriers for everybody... [LB683]

SENATOR BLOOD: Yeah, I agree and I believe Senator Howard actually has a bill that's addressing that this year. I don't believe realty is involved in that, but you are aware of my LB88 as well last year that removed a lot of hurdles for many, many people. And then I've also brought forward three interstate compacts that don't just help military families but help people that are not military, and that would be APRN, fiscal therapists, and psychologists. So I agree with you, but baby steps. [LB683]

SENATOR SCHUMACHER: Thank you. [LB683]

SENATOR LINDSTROM: Thank you. Any other questions of Senator Blood? Seeing none, thank you. Are you going to stick around for closing? [LB683]

SENATOR BLOOD: Yes. [LB683]

SENATOR LINDSTROM: Okay. Thank you. We'll now move to proponents. Good afternoon. [LB683]

GREG LEMON: (Exhibit 1) Thank you, Senator Lindstrom, and members of the Banking, Commerce and Insurance Committee. For the record, my name is Greg Lemon, G-r-e-g L-e-m-o-n. I'm the director of the Nebraska Real Estate Commission appearing today in support of LB683. LB683 would waive the license application fee which is \$135 for applicants who are active military transferred to Nebraska who have a license in another state or their spouses. There were a lot of questions. I probably should have jotted them down, but I will try to answer some of those questions in my time allotted and if you have some more questions, I'll try to answer those as well. Nebraska recognizes those licensed in other states by what's called license recognition. Basically, we recognize it if they've met the requirements in another state for a

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license. We allow them to be licensed in Nebraska as well with a couple of things which they have to do in addition. One is they have to pass a criminal background check; two, they have to take a three-hour class on Nebraska based license law. They don't have to take a test like an original applicant would have to do, etcetera. The military applicants would still have to do that. This bill simply waives that application fee. The rest of those things they would still have to do. As far as whether we...you know, if one state doesn't recognize us, do we not recognize them? We took the approach, I mean, there are states that do it that way...most of the surrounding states. Every state has different requirements for somebody that's coming in from out of state, but most of them waive certain requirements for somebody that has a license in another state. We didn't want to really get into playing the game of saying, okay, well if you're not going to let our guys in, we're not going to let your guys in. We take a fairly broad approach, as I said, to licensure recognition and let people in if they're qualified in another state. The \$250 that was referred to, I believe there's \$250...we have a range of fees we can charge in statute. It's an up to, and we're well below that, so I think that's probably what we were talking about there. With that, I would be glad to answer any questions and I would just like to reiterate that the commission had an opportunity to review this bill. Senator Blood brought it to us early. We took a look at it, worked with her on the language, and we're very pleased with the support, both the concept and the technical aspects of the bill. [LB683]

SENATOR LINDSTROM: Thank you, Director Lemon. Any questions from the committee?  
Senator Williams. [LB683]

SENATOR WILLIAMS: Thank you, Chairman Lindstrom. Thank you, Mr. Lemon, for being here. So my question relates to the quality. So again, if I'm understanding this correctly, you're waiving the fee, but they still have to take the 3-hour course and do that. [LB683]

GREG LEMON: Right. [LB683]

SENATOR WILLIAMS: And because they end up being licensed with that, they come under the purview of your reviews so if they are...if there are complaints or there is something that they aren't doing correctly, you have control of them because of the license that you issued. [LB683]

GREG LEMON: Correct. Correct. [LB683]

SENATOR WILLIAMS: Thank you. [LB683]

SENATOR LINDSTROM: Senator McCollister. [LB683]

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SENATOR McCOLLISTER: And you don't...Mr. Lemon, don't waive the background check? [LB683]

GREG LEMON: No. And actually that's one we can't waive because it's passed through to the FBI and State Patrol. I mean, I assume it could be waived, but it wouldn't be the commission's fee. It's actually paid directly to the State Patrol when they get the background checks done. [LB683]

SENATOR McCOLLISTER: Got it. Thank you. [LB683]

SENATOR LINDSTROM: Any other questions from the committee? I just have a question about the CE. How often do you have continuing education? [LB683]

GREG LEMON: There are 18 hours of continuing education required every two years and actually we already have an existing waiver for military if they're on active military that they don't have to meet that CE requirement while they're on active military duty. [LB683]

SENATOR LINDSTROM: Very good. Okay. Thank you. Thank you, Director Lemon. [LB683]

GREG LEMON: Thank you. [LB683]

SENATOR LINDSTROM: Next proponent. Good afternoon. [LB683]

JUSTIN BRADY: Good afternoon. Senator Lindstrom and members of the committee, my name is Justin Brady, J-u-s-t-i-n B-r-a-d-y. I appear before you today as the registered lobbyist for the Nebraska Realtors Association in support of LB683. In all honesty, a realtor from Bellevue was going to make her way down, Gina Ogle, who...I'm passing out her testimony and she was going to talk about her experience of following her husband from Florida here, and just the heartache of...financial heartache of trying to start up a real estate company again after moving roots. And she feels that...and she makes reference, and then maybe this is where the \$250 if any of you received this prior to the hearing, she makes reference to a \$250 fee, but I think as you heard the Director say, that's a range. She was just referencing that it could be up to that. That's probably, maybe where you saw it written, Senator. [LB683]

SENATOR McCOLLISTER: It is. [LB683]

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JUSTIN BRADY: So unfortunately, I can't speak to you on a firsthand basis like she could have, but I'm here to let you know they support and would try to answer any questions if there are any. [LB683]

SENATOR LINDSTROM: Thank you, Mr. Brady. Any questions from the committee? Seeing none, thank you. [LB683]

JUSTIN BRADY: Thank you. [LB683]

SENATOR LINDSTROM: Next proponent. Seeing none, we'll now move to opponents. Seeing none, we will now move to neutral testifiers. Also seeing none, Senator Blood, if you would like to close. [LB683]

SENATOR BLOOD: I'd like to point out an error, first of all, in your fiscal note. It does say \$100 for brokers and that is \$135 as he said and is for every two years. That question was not answered. And then in closing, and again I know that there's people at this table that can empathize with this. What's difference between military families and the people that choose to move to Nebraska is that military families don't get to choose where they go. They are assigned to go someplace. And I can't stress enough that the family serve as well. If we were to lose Offutt Air Force Base, we'd have a much bigger budget this year right now at the state level than you can even imagine. We have got to be diligent and constantly work in making Nebraska a military friendly state and BRAC more than missions and the runway. How you treat the military is also part of that formula and there's a lot of low-hanging fruit that we can take care of right now that has little to no fiscal note, if we put our nose to the grindstone, get these out on the floor, and get them passed. [LB683]

SENATOR LINDSTROM: Thank you, Senator Blood. Senator McCollister. [LB683]

SENATOR MCCOLLISTER: Yeah, thank you, Chairman Lindstrom. Just a...it's curious to me how many people will be impacted by this particular way. [LB683]

SENATOR BLOOD: It would purely be an estimation, but Bellevue employment would virtually disappear. When you consider in my district...especially in my district, from what I've researched, has more people that work on the base or are retired military than any district in Nebraska. And because we've got the contractors, we've got the people that work on the base, be it in the mail room or in the grocery store there, the...so I would say, I would say literally in one way or another it would impact all 1.9 million people in Nebraska because you take away that money that's generated, those millions of dollars that are generated into our economy, it's going

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to affect our schools. It's going to affect the Shadow Lake shopping mall that's in Papillion. It's going to affect all of the small businesses around the base. It's going to affect everybody. [LB683]

SENATOR McCOLLISTER: I understand the multiplier affect that Offutt brings to us, but how many applicants will likely take advantage of these, of... [LB683]

SENATOR BLOOD: Oh, I apologize, I misunderstood. You know, I'm sure we're talking about a handful. [LB683]

SENATOR McCOLLISTER: Okay. [LB683]

SENATOR BLOOD: I can say that I, right now, know 12 military spouses that are realtors in just the Bellevue-Papillion area. So I don't think it's going to have a huge deficit when it comes to money that they lose in that department. [LB683]

SENATOR McCOLLISTER: Okay. Thank you. [LB683]

SENATOR BLOOD: But if we help ten people a year, we help five people a year, that's ten or five more people that are going to be employed quicker. [LB683]

SENATOR McCOLLISTER: Very good. Thank you. [LB683]

SENATOR LINDSTROM: Thank you. Any other questions from the committee? Seeing none, thank you very much. [LB683]

SENATOR BLOOD: Thank you. [LB683]

SENATOR LINDSTROM: (Exhibits 2-7) And that will close the hearing on LB683. We will now move to LB736 and I have the next two bills, so I'll turn the committee over to Vice Chairman Williams. I apologize, we do have letters of support for LB683: Gina Ogle, as herself; Bryon Line with Nebraska Veterans; Nicole Fox with Platte Institute; Martin Dempsey with the office of the Department...of Assistant Secretary of Defense; Korby Gilbertson with Nebraska Realtors Association; David Brown with the Greater Omaha Chamber. I apologize for missing that. And now, we'll move on to LB736. [LB683]

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SENATOR WILLIAMS: All right. We'll open the hearing on LB736 and ask Chairman Lindstrom to introduce the bill. [LB736]

SENATOR LINDSTROM: Thank you, Senator Williams. My name is Brett Lindstrom, L-i-n-d-s-t-r-o-m, representing District 18 in northwest Omaha. LB736 would eliminate unnecessary notices that are required in connection with real estate relationships and services. Within our real estate statutes is a group of 30 sections that codify the relationships between real estate brokers or sales persons and persons who are sellers, landlords, buyers, or tenants. Among the consumer protection in those sections are requirements for brokers and agents to provide specific written disclosures. A broker must provide a copy of the current brokerage disclosure pamphlet prepared by the state Real Estate Commission and disclose the types of brokerage relationships being offered or disclose which part the broker is representing. An agent of the seller or landlord must disclose that the agent is an agent for the seller or landlord and not for the consumer. I'm sorry...customer. And must disclose a list of the task that the agent acting as a seller's or landlord's agent may perform with the customer. An agent of a buyer or tenant must disclose that the agent is an agent for the buyer or tenant and not for the customer and must disclose a list of the tasks that are the agent acting as a buyer's or tenant's agent may perform with that customer. However, what if the recipient of disclosure is sophisticated in business, whereas professional...or has professional representation, then the disclosures are superfluous. LB736 accordingly would provide that the broker/agent would not be required to give the written disclosures to a person purchasing, leasing or selling real estate that is zoned or assessed as commercial or industrial and would not be required to give the written disclosures to a trust represented by another broker or agent, an attorney, or licensed trust management organization or business. That is what the bill does. Supporting testimony will follow and I ask the bill be advanced to General File. Thank you, Senator Williams. [LB736]

SENATOR WILLIAMS: Any questions of Senator Lindstrom? Seeing none, we would invite the first proponent come up. [LB736]

MATT SCHAEFER: Good afternoon, Vice Chair Williams, members of the committee, my name is Matt Schaefer, M-a-t-t S-c-h-a-e-f-e-r, testifying in support on behalf of the Nebraska Association of Commercial Property Owners. I want to thank Senator Lindstrom for bringing the bill. Also want to note, just like Mr. Brady was, you're looking at the backup option today. Our board member who was intending to testify in support was unable to make it down here today. The Association of Commercial Property Owners is a group of individuals and businesses that own and manage and in some cases, buy and sell commercial property, office buildings, shopping malls, apartment complexes in Nebraska statewide. I think this bill was a result of conversations they had amongst the group of, what would make it easier to do business in Nebraska, what is Nebraska requiring that perhaps it doesn't really need to require. As Senator Lindstrom noted, our members have found that when they're interacting with others in Nebraska

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on commercial property transactions, the other party is very much sophisticated and knowledgeable, and so we felt that kind of looking at the existing exemption for a party that's already a corporation or an LLC in this scenario that we're looking at, it would be a commercial property where the party...the other party isn't just an individual and is not representing a business or an LLC. And what we've found is that individual windup putting it into an LLC or trust after they purchased it anyway. Happy to try to answer any questions. If not, I will make sure you get the answer if you do have them. [LB736]

SENATOR WILLIAMS: Thank you, Mr. Schaefer. Any questions? Seeing no questions, thank you for your testimony. Additional proponents? Seeing none, anyone here to testify in opposition? Welcome back, Mr. Lemon. [LB736]

GREG LEMON: (Exhibit 1) Thank you. Acting Chair Williams and the members of the Banking Committee, once again, my name is Greg Lemon, G-r-e-g L-e-m-o-n. I'm the director of the Nebraska Real Estate Commission appearing in opposition to LB736 today. As was explained, there is an agency disclosure requirement for most transactions where a real estate agent has to disclose who they are representing or proposing to represent in a transaction so that person knows whether they're working for them or whether they're working for somebody else, just put it on the most simple terms. There are certain exemptions now that exist for corporations, LLCs and business entities buying commercial and industrial properties. This bill would expand that exemption to individuals buying commercial and industrial properties. The commission reviewed it, you know, and certainly it's not a mathematical answer of black or white, but felt that, you know, there is somewhere where they understand the concept that a more sophisticated buyer doesn't necessarily need the disclosure, but felt that the current law exempting the disclosures for the business entities went far enough and that it did not have to go farther to exempt those disclosure requirements for individuals who many times may be, you know, somebody buying a small business for the first time or something like that. So as I said, it's a policy decision ultimately for the Legislature, but the commission reviewed that and voted not to support this bill. And I would be glad to answer any questions you might have. [LB736]

SENATOR WILLIAMS: Questions for Director Lemon? Senator Schumacher. [LB736]

SENATOR SCHUMACHER: Thank you, Senator Williams. So basically as I read the exception you have to fall in one or two categories. The property has got to be commercial or industrial or its got to be in trust that has some professional representation. And that trust could be a single person trust? [LB736]

GREG LEMON: I assume so, yeah. [LB736]

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SENATOR SCHUMACHER: I mean anybody can be a trust. [LB736]

GREG LEMON: Yeah. [LB736]

SENATOR SCHUMACHER: So that...those are the two things that take it out. [LB736]

GREG LEMON: That's my understanding, yes. [LB683]

SENATOR SCHUMACHER: So really, since anybody can be a trust, we could say, or do anybody who is represented by professional representation. I mean, it's a pretty broad thing. [LB683]

GREG LEMON: Well, I mean, you mean talking about represented by an attorney or something like that? I mean, what are we... [LB736]

SENATOR SCHUMACHER: Right. Because the second requirement is you're exempt from this requirement or if the person is a trust, you don't have to do these things, make these disclosures. And so, basically since you have a one person trust, if this works for a trust, why not make it work for everybody? [LB736]

GREG LEMON: Well, I suppose you could. [LB736]

SENATOR SCHUMACHER: Okay. All right. Thank you. [LB736]

SENATOR WILLIAMS: Senator McCollister. [LB736]

SENATOR McCOLLISTER: Thank you, Senator Williams. It's unusual when you come in and oppose a department bill. I mean a bill from the banking committee, isn't that correct? [LB736]

GREG LEMON: Yeah, it is somewhat unusual. I certainly wasn't relishing coming in and opposing a bill introduced by the Chair. (Laughter) [LB736]

SENATOR McCOLLISTER: Understand. Can this bill be repaired such that you're objections will go away? [LB736]

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GREG LEMON: Well, I work for the Nebraska Real Estate Commission. They reviewed the bill. Five members of the industry, one member of the public, Secretary of State is the Chair. They reviewed the bill. The discussion primarily focused on the exemption to the individual. Senator Schumacher was talking about trusts and represented people. I mean, you know, that might be a little different equation than extending it to individuals as well. [LB736]

SENATOR McCOLLISTER: Thank you. [LB736]

SENATOR WILLIAMS: Director Lemon, especially for those of us that are not involved in real estate, can you explain a little bit, what is the disclosure and how burdensome is it to fulfill the requirements of the disclosure that we're talking about here? [LB736]

GREG LEMON: Absolutely. I can talk about that and I will be honest with you, I don't think real estate agents love the fact that they are required to do this, but, you know, the Legislature commission did decide it was a good idea. But I did include a copy of the agency disclosure form with the letter that I handed out because I thought there might be some questions and I thought the commission might be interested in that. It's basically...it used to be a foldout like a trifold handout that was written by lawyers for lawyers that to be honest, I didn't care for much. We tried to simplify it by making it into a one-page form that basically said, okay, here is what I propose to do. It is supposed to be provided to each potential client or customer that a real estate agent is interacting with at their first substantial contact. So that means beyond "hi", "hello", but when somebody actually talks about, you know, I might want to enter into a deal, or here's my motivation for buying or something like that. So it's supposed to be presented. It's made very clear that it's not a contract. There's no financial obligations, etcetera, but it is, you know, if you've been involved in loan transactions or many other things where there are federal requirements for disclosure, is a disclosure required by state law when a real estate agent has substantial interactions with a potential customer/client. [LB736]

SENATOR WILLIAMS: So it looks like from the form, they put their name on it and they check a box or two, and they hand it to the person. [LB736]

GREG LEMON: Right. Yes. And keep a record that they did it. Yeah, we tried to keep it as simple as possible. [LB736]

SENATOR WILLIAMS: Any additional questions for Director? If not, thank you for your testimony. [LB736]

GREG LEMON: Thank you very much. [LB736]

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SENATOR WILLIAMS: Any further opponents? Anyone here to testify in the neutral capacity? Jan, any letters? Okay. Senator Lindstrom. [LB736]

SENATOR LINDSTROM: Thank you. I'll make this pretty short and sweet. Again, the bill just deals with what we would consider sophisticated buyers and sellers in this with commercial and industrial. Again, if you're sophisticated enough to either set up a trust, we feel that you're probably sophisticated enough to do your business dealings without this disclosure. So it's as simple as that I believe. The commission maybe met last Friday about this issue. Of course, day after the bill introduction deadline, so found out today that we would have an opponent coming up and testifying on this, but essentially that is what the bill does. Again, we feel that the people involved in these transactions are sophisticated enough to not require the disclosure. [LB736]

SENATOR WILLIAMS: Any further questions? Senator Schumacher. [LB736]

SENATOR SCHUMACHER: Senator Williams, thank you. Senator Lindstrom, for property be commercial or industrial, it can be any shop on main street that somebody wants to open up a beauty parlor in with next to no sophistication at all, is that accurate? [LB736]

SENATOR LINDSTROM: That's accurate. [LB736]

SENATOR SCHUMACHER: Thank you. [LB683]

SENATOR WILLIAMS: Any further questions? If not, thank you for your testimony. That will close the hearing on LB736. Now, we are ready to go on to LB741 and I will open the hearing and ask Senator Lindstrom to present his bill. [LB736]

SENATOR LINDSTROM: Thank you, Senator Williams. My name is Brett Lindstrom, L-i-n-d-s-t-r-o-m, representing District 18 in northwest Omaha. LB741 was introduced on behalf of Nebraska Real Property Appraiser Board. The purpose of this bill is to update the Real Property Appraiser Act for compliance with three things. First, Title XI of the Federal Financial Institution Reform Recovery and Enforcement Act of 1989. Second, the Uniform Standards of Professional Appraisal Practice, and third, the Policy Statements of the Appraisal Subcommittee of the Federal Financial Institutions Examination Council. If the state of Nebraska is found to be out of compliance with Title XI by the Appraisal Subcommittee, the Appraisal Subcommittee may remove all Nebraska credentialed appraisers from the federal registry resulting in there being no appraisers qualified to appraise real property in connection with federal related transactions, which is approximately 80 percent of all loan activity in the state. Nebraska currently has about 700 certified or licensed real property appraisers. Along with the changes

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required for compliance with Title XI, USPAP and the ASC policy statements which include changes to the date references and definitions, LB741 also includes changes to lessen the burden to obtaining or maintaining a credential, such as removing the required demonstration of general knowledge of Nebraska appraiser law. Simplifying the standards of the evaluation of a reciprocal applicants jurisdiction of practice and removing the report, writing up to course, continuing education requirement. Finally, LB741 includes minor changes to address administration of the Nebraska Real Property Appraiser Act and eliminates the provision relating to the separate credential of real property associate. Currently, there is nobody who holds the credential of real property associate. Following me is a representative of the Real Property Appraiser Board who has all the answers to your questions. I would urge advancement of LB741 to General File. Thank you, Senator Williams, and committee. [LB741]

SENATOR WILLIAMS: Thank you, Senator Lindstrom. Questions for the Senator? Seeing none, we will invite the first proponent. Thank you. If you'd state your name and spell it for us, please. [LB741]

TYLER KOHTZ: (Exhibit 1) My name is Tyler Kohtz, T-y-l-e-r K-o-h-t-z, and I'm the director for the Nebraska Real Property Appraiser Board. I'd like to start by thanking Senator Lindstrom and also Senator Williams and the rest of the committee members for this opportunity to address LB741. The Real Property Appraiser Board was established as the Real Estate Appraiser Board in 1991 to carry out requirements of Title XI of the Federal Financial Institutions Examination Council Appraisal Subcommittee. I'll reference it as the subcommittee throughout the rest of my testimony. The Real Property Appraiser Act consists of qualifications for credentialing as well as standards for appraisal practice and appraiser conduct. The board's primary functions related to the Real Property Appraiser Act are to issue and renew appraiser credentials, develop and implement standards for credentialing, approve qualifying and continuing education activities, investigate and adjudicate grievances, and disseminate information to the general public credentialed appraisers and appraisal management companies. The board's program is funded primarily through appraiser fees and there's no tax money involved with our program. The appraisal subcommittee monitors the requirements established by the states and their appraisal regulatory agencies for certification and licensing of appraisers. To review each state's compliance with the requirements of Title XI, the ASC is authorized to take action against any noncomplying appraiser regulatory program if the policies, practices, and procedures are inconsistent with the requirements of Title XI. The appraisal subcommittee is also charged with monitoring and reviewing the practices, procedures, and activities and organizational structure of the appraisal foundation. They're the organization responsible for developing the real property appraiser qualifications criteria and the uniform standards of professional appraisal practice. The purpose of LB741 is to update the Real Property Appraiser Act for compliance with Title XI, USPAP, the policy statements of the appraisal subcommittee and address unnecessary burdens and some administrative issues as well. Specifically, the following changes are included in

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LB741. The January 1, 2016 date reference for the Dodd-Frank Wall Street Reform and Consumer Protection Act is removed. The definition for appraisal review assignment is changed to appraisal review and modified to reflect the language in the 2018-19 edition of USPAP. The definition of assignment is also modified to reflect the language in the 2018-19 edition of USPAP. The definition of assignment results is added to reflect the language in the 2018-19 edition of USPAP. The reference to the January 1, 2016 date of course approval by the Appraiser Qualifications Board for the 15-hour and 17-hour USPAP courses is stricken. The words "value of" is removed from the definition of real property appraisal activity because it's redundant and it's already included in another section that references real property appraisal activity. The definition of report is modified to reflect the language in the 2018-19 edition of USPAP. The references to the effective date of USPAP throughout is modified to once again match the 2018-19 edition of USPAP which became effective on January 1, 2018. The definition of uniform standards of professional appraisal practice is modified to include "adopted and promulgated" to more accurately communicate the action taken by The Appraisal Foundation, as authorized by Congress to develop the Real Property Appraiser Qualification's Criteria and USPAP. 76-2222(1) is modified to remove the language "The members shall be appointed so that membership of the board selected from the congressional districts includes at least two certified real property appraisers." During the last session, the language was changed. The board shall consist of five members. One member who is a certified real property appraiser selected from each congressional district, so the language is just dated. 76-2222(5) or 2222 number five is modified to capitalize the word "the" to correctly reference The Appraisal Foundation. The requirements of an applicant demonstrating general knowledge of Nebraska law as it pertains to real property appraisal activity is stricken as it's an unnecessary burden on the profession. 76-2233 is modified to remove the word "obtain" and the phrase is qualify...and add the phrase "qualify for" for the purpose of consistency throughout the act. 76-2233 is modified to lessen the burden to obtain a credential for Nebraska appraisers holding an active credential in another jurisdiction. The current language requires the applicant's jurisdiction of practice specified in the application for credentialing to meet or exceed the requirements of the state. And the language was changed to meet the minimum requirements of the AQB. [LB741]

SENATOR WILLIAMS: Mr. Kohtz, your red light is on, but I would encourage and ask you if you would like to finish your testimony. [LB741]

TYLER KOHTZ: I would like to. Thank you. The states have different levels of administrative requirements and so what our board was trying to do was, say, let's not try to evaluate each of those requirements and let's just say what the minimum is and we'll go with that for reciprocity. Language is added to provide clear standard by which the board shall verify the standing of a reciprocal applicant's jurisdiction of practice. The requirement that no more of fourteen hours of continuing education in each two-year period may be taken on-line or by correspondence is removed. It's the board's position that this requirement is also an unnecessary burden placed on

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Nebraska credential holders. The requirement that the seven-hour USPAP update course shall be taken on line...or in a classroom and not on-line or correspondence is also removed. The report writing update course continuing education requirement found in 76-2236 is removed. It's also the board's position that this places an unnecessary burden on credential holders. The term "appraisal review" is added to applicable subsection in 2238 to parallel the increased emphasis on appraisal review in the 2018-19 edition of USPAP. Finally, provisions related to the real property associate are eliminated. And to close, LB741 updates the Real Property Appraiser Act for compliance with Title XI, USPAP, the ASC Policy Statements. Senator Lindstrom mentioned if the state is found to not be compliant with Title XI by the appraisal subcommittee, all or...all of the Nebraska credential holders may be removed from the federal registry resulting in no appraisers qualified to appraise real property in connection with federally related transactions. Approximately 80 percent of all mortgage loan activity would be affected. The Nebraska Real Property Appraiser Board supports this bill. [LB741]

SENATOR WILLIAMS: Questions for Mr. Kohtz? A couple of questions. [LB741]

TYLER KOHTZ: Sure. [LB741]

SENATOR WILLIAMS: First of all, are you confident that with removing some of these restrictions we are not lowering the standards that are expected of appraisers in the industry? [LB741]

TYLER KOHTZ: Yes, I am confident. The board spent a lot of time discussing this and especially on the education side of it. What you're seeing...one of the things removed was fourteen hours of in-class requirement for continuing education. We're one of only five states that has such a requirement. Report writing being removed. That...we're the only state in the country that has that requirement. So a lot of this is actually just coming down to where many of the other states are in removing some of the things that administratively cause us a lot of extra work as a staff to keep track of what's required in Nebraska versus other states. And we have a lot of reciprocity, credential holders and when they have to apply for renewal in multiple states, which the appraiser profession is increasingly becoming a multi-state profession, you have...you have to meet the requirement of each state and so we're all trying to make somewhat of a concerted effort to get on the same playing field and that is what a lot of this is. It's just, we're way above other states and we don't need to be. [LB741]

SENATOR WILLIAMS: We continue at least in my industry to at times struggle finding qualified...enough qualified appraisers, but this potentially would help us in that area? [LB741]

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TYLER KOHTZ: Most of this will have to do with what is existing credential holders. Where it will help is those that are credential that choose not to at the end of the year because they don't want to meet our regulatory burden, well, it will be easier for them to just renew and continue practicing in the state. So overall it will increase the pool. As for getting into the profession, there isn't anything in this bill that would drastically make it easier to get into the profession. We're expecting the AQB in the next year to finalize a new criteria that should reduce that and allow more people in. [LB741]

SENATOR WILLIAMS: Thank you, Mr. Kohtz. Any further questions? Seeing none, thank you for your testimony. [LB741]

TYLER KOHTZ: Thank you. [LB741]

SENATOR WILLIAMS: I would invite the next proponent. Welcome, Mr. Stilmock. [LB741]

JERRY STILMOCK: (Exhibit 2) Thank you, Senator Williams, other members of the committee, my name is Jerry Stilmock, J-e-r-r-y, Stilmock, S-t-i-l-m-o-c-k, testifying on behalf of my client the Nebraska Bankers Association in support of LB741. Thanks to Senator Lindstrom for bringing the legislation. And most of everything that Mr. Kohtz had to say, I would be repeating so I won't other than to say, you know, we need to get our state act in line with the federal requirements and make sure that we're in compliance so that the appraisers can continue to do work in Nebraska. Obviously, for the banking industry, they are an integral part of what we do. We need them and ask you to favorably support the bill and advance it on to General File. Thank you, Senators. [LB741]

SENATOR WILLIAMS: Any questions for Senator...or for Mr. Stilmock? I about elevated you there for a second...or lowered it. [LB741]

JERRY STILMOCK: I felt it. No, up, up, up, yeah. [LB741]

SENATOR WILLIAMS: Seeing no questions, thank you for your testimony. [LB741]

JERRY STILMOCK: Thank you. [LB741]

SENATOR WILLIAMS: Any others here to testify in favor of this legislation? Would invite anyone to testify in opposition. Seeing none, neutral testimony? We have none. Do we have any letters, Jan? No letters. Senator Lindstrom waives closing. Do you want to come up and finish this? [LB741]

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SENATOR LINDSTROM: And that will end the hearing on LB741. And that will end the hearings for today. Thank you very much for coming. [LB741]