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General Affairs Committee
January 22, 2018

[LB724 LB921 CONFIRMATION]

The Committee on General Affairs met at 1:30 p.m. on Monday, January 22, 2018, in Room 1510 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB724, LB921, and gubernatorial appointments. Senators present: Tyson Larson, Chairperson; Theresa Thibodeau, Vice Chairperson; Carol Blood; Lydia Brasch; Bob Krist; Dan Quick; and Merv Riepe. Senators absent: Justin Wayne.

SENATOR LARSON: Welcome to the General Affairs Committee. I am Senator Tyson Larson, representing District 40, Chair of the General Affairs Committee. Committee members to the General Affairs Committee, to my far right will be Senator Blood of Bellevue; Senator Riepe of Ralston; Vice-Chair, Senator Thibodeau of Omaha; Josh Eickmeier, my committee legal counsel. To my far left is Courtney McClellan, substituting in for committee clerk; Senator Quick of Grand Island; Senator Brasch of Bancroft; Senator Krist of Omaha; and Senator Wayne of Omaha. There is one sign-in sheet located on the tables in the back of the room. Please read it carefully and select the correct box. The first box is for anyone testifying today. The second box is for anyone not testifying but is submitting written testimony instead. And the third box for anyone not testifying or submitting written testimony, but wants their position included in the committee record. When it is your turn to testify, please give your sign-in sheet to the committee clerk. This will help us maintain a more accurate public record. At each of the appointees or introducer's testimony, the Chair will ask for public testimony in support, opposition, or neutral. When testifying, please speak clearly into the microphone and spell your first and last name. Also, please tell us whom you're representing, if anyone. We are using the light systems for our bill hearings. Testifiers will have three minutes for prepared remarks, which will be represented by a green light when you begin and an amber light when you have one minute remaining and a red light when your time is up, at which point I will stop you. Committee members may ask questions beyond that limit. Please silence your cell phones and any other electronic devices that could make noise and take your conversations into the hallway. The General Affairs Committee is a paperless committee, therefore we will accept handouts and written testimony electronically. Feel free to give us handouts if you have them by paper and we'll get them to the committee later. We do not allow visual aids or other display items. Because this committee is paperless, senators are allowed and encouraged to use their electronic devices. Due to the weather, eight of

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our nine appointees will be testifying over the phone today because they couldn't get here, in order to accommodate everyone's schedules. Therefore, patience is greatly appreciated and I apologize to everyone that did make it and the committee members for the hassle. We will begin today's hearings with Alec Gorynski of the Nebraska Arts Council. Again, thank you for your patience as we go through this. Mr. Gorynski. [CONFIRMATION]

ALEC GORYNSKI: Yes. [CONFIRMATION]

SENATOR LARSON: Welcome to your General Affairs Committee. [CONFIRMATION]

ALEC GORYNSKI: Thank you. [CONFIRMATION]

SENATOR LARSON: You're testifying for the Nebraska Arts Council. What I'll ask you to do is tell us a little bit about yourself and why you're interested in the Arts Council and then I'll open it up to my committee members for questions. [CONFIRMATION]

ALEC GORYNSKI: (Exhibit 1) Sounds great. Well, first off, thanks for letting me teleconference in. I don't know if you've been outside today, but it's not ideal for driving, especially between Omaha and Lincoln. So my name is Alec Gorynski. I have been on the community development and philanthropy world for my entire career. I've been funding community development projects and initiatives and been actively involved in a number of community development projects on behalf of private corporations, on behalf of government entities, and on behalf of nonprofit organizations. Currently, I serve as the vice president of community development and corporate philanthropy for First National Bank of Omaha and First National Bank across the rest of our geographic footprint, where I oversee our efforts to invest in our communities in the places that we operate in and serve. And I've had comparable roles over the last decade on behalf of other organizations. From a volunteer capacity, I also serve with a number of nonprofit organizations also in operating in their philanthropy states. For example, working with the Omaha Community Foundation, volunteering on their Fund for Omaha committee where we allocate some of their charitable dollars. Previous worked with the Polk County Housing Trust Fund over in Des Moines in a similar capacity, so quite a bit of experience working in community development and in philanthropy, in particular. There's a connection there

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with the Nebraska Arts Council. You know, admittedly, most of my work has been in more traditional community development domains of housing, economic development, neighborhood development, education, job training. But the connection is the act of investing in nonprofit organizations and the professional practice of philanthropy and investing in nonprofit organizations. And a good deal of what Nebraska Arts Council does is to invest in quality arts programming across the state of Nebraska, be it in our project or increasing the capacity and the capability of our nonprofit partners across the state to introduce and provide access to arts for underserved or marginalized populations. So there is a really strong connection there. And so for those reasons I'm really eager to roll up my sleeves and work with Suzanne and the rest of the Arts Council on investing in some great initiatives going on across the state. [CONFIRMATION]

SENATOR LARSON: Thank you, Mr. Gorynski. Are there any questions from the committee? Senator Riepe. [CONFIRMATION]

SENATOR RIEPE: My question would be this, sir, and thank you for your service and your commitment, obviously, to the Omaha and the greater Nebraska community. Is this your initial term? [CONFIRMATION]

ALEC GORYNSKI: Yes, sir. [CONFIRMATION]

SENATOR RIEPE: Okay. And can you tell me offhand--and I should know this, I don't--how many serve on that council? [CONFIRMATION]

ALEC GORYNSKI: Unfortunately, I couldn't say that with any confidence. The question is, how many individuals serve on the council? [CONFIRMATION]

SENATOR RIEPE: We're in good company then, I don't know either. [CONFIRMATION]

ALEC GORYNSKI: Okay. I apologize. [CONFIRMATION]

SENATOR RIEPE: Okay. No, thank you very much though for being with us today.
[CONFIRMATION]

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ALEC GORYNSKI: Absolutely. [CONFIRMATION]

SENATOR LARSON: Thank you, Senator Riepe. Any further questions from the committee? Seeing none, thank you for taking your time today and conferencing in, Mr. Gorynski. [CONFIRMATION]

ALEC GORYNSKI: Yep. Thanks for allowing me to do so. Have a good day. [CONFIRMATION]

SENATOR LARSON: You, too. [CONFIRMATION]

ALEC GORYNSKI: Bye. [CONFIRMATION]

SENATOR LARSON: Do I have any people in support of Alec Gorynski? Any opposed? Any neutral? Seeing none, I will close the hearing on Mr. Alec Gorynski and move to...are we doing Darrel next? Fifteen members on the Arts Council. [CONFIRMATION]

SENATOR RIEPE: Thank you. I knew you'd know. [CONFIRMATION]

SENATOR LARSON: That's what I'm here for, Merv. [CONFIRMATION]

SENATOR RIEPE: That's right. You're an arty guy kind of. Okay, good. [CONFIRMATION]

SENATOR LARSON: Is this Darrel? [CONFIRMATION]

DARREL HUENERGARDT: Yes, it is. [CONFIRMATION]

SENATOR LARSON: Welcome to your General Affairs Committee. I'll ask you to say and spell your name and then tell us a little bit about yourself and why you're interested in the Arts Council and then I'll open it up to questions to the committee. [CONFIRMATION]

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DARREL HUENERGARDT: (Exhibit 1) Okay. Thank you. Appreciate this opportunity, Senator Larson, and the other senators on the committee. My name is Darrel, D-a-r-r-e-l, Huenergardt, H-u-e-n-e-r-g-a-r-d-t. Just a brief personal history, I went to Union College in Lincoln, graduated there. Went on to UNL for law school. After graduating from law school I spent a little over two years in Gage County as deputy county attorney, then moved to Kimball, Nebraska, where I practiced law for a bit over 40 years. And roughly five years ago I pretty much retired, moved to Lincoln so we could be close to the grand kids. Just a bit of my personal history, why am I anxious to serve on the Arts Council? I guess I've always understood the importance of art in our communities and in personal lives. But it wasn't until I had the opportunity to serve on the Arts Council for a little over two years that I understood the importance to the state of Nebraska of the Arts Council. It encourages the whole spectrum of the arts, it doesn't just focus on one aspect, but encourages all aspects of the arts. It supports the arts not only in the large cities, but also in the small towns across the state. And being from Kimball the importance of encouragement of arts in small towns really brought it into focus for me. And as a member of the council I do my best to remind the Arts Council of the existence of the Panhandle and the importance of arts activities in that part of the state. I'm amazed at the involvement the Arts Council gives with (recorder malfunction) and children of our state. It promotes not only the performance of arts, but promotes arts training for the young people so they can enjoy the arts throughout their lifetime. I believe without the Nebraska Arts Council many important activities across our state would be (inaudible) significantly curtailed and I would enjoy being a part of promoting and making sure that does not happen. I (inaudible) being a part of the grant process makes applicants focus on what's important to them and their aspect of the (inaudible) and how to achieve their goals. I believe arts is an important part of economic development in the state of Nebraska. Those moving to Nebraska ask, what does the community I'm considering have to offer? And the involvement of the community in the arts is an important consideration, both for school activities and community activities. I was involved with the Kimball Concert Association for several years and served as president for four years and (inaudible) me how important concerts and art activities are for a small town in Nebraska, and the Arts Council helps support that. Programs offered by the Arts Council makes it possible for schools to be involved in arts and train the students in the state of Nebraska the importance of arts and how to become involved in arts. And, Senators, it would be my privilege to continue to be a part of this

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important asset (inaudible) available to the citizens of Nebraska and appreciate your time in allowing me to express a little bit of my feeling towards the arts. [CONFIRMATION]

SENATOR LARSON: Thank you for that testimony. Do I have any questions from the committee? Senator Brasch. [CONFIRMATION]

SENATOR BRASCH: Thank you, Chairman Larson. And thank you for your willingness to serve on the Arts Council. I do see that you're also a Nebraska Admiral. Is that correct? [CONFIRMATION]

DARREL HUENERGARDT: Yes, ma'am. It's one of the more fun things I have in my life, telling people across the country that I am Admiral in the Nebraska Navy. [CONFIRMATION]

SENATOR BRASCH: And that's a wonderful ambassadorship that you carry. And as an advocate for the arts, is there any specific category that you believe you could help promote or enhance? Is there an unsung piece of art or arts, whether it's in literature, music, any specific favorites? [CONFIRMATION]

DARREL HUENERGARDT: Okay. Probably my most involvement myself has been with the performing arts and organizing concerts, attending concerts and that sort of thing. I enjoy looking at art paintings, although I have absolutely no talent that way, and the other forms of art, acting, that sort of thing, don't have a lot of experience. But what I think I bring to the Art Council is the experience of spending over 40 years in a small town of about 2,500 people and express the importance of not ignoring the small community. As important as, for instance, the Lincoln Symphony and the Omaha Symphony are, they can't be ignored, but at the same time we have to consider what's available and what can be done in our small communities to promote economic growth in them through promotion of the arts. [CONFIRMATION]

SENATOR BRASCH: Thank you. That's excellent. I appreciate your interest and willingness to serve. I have no other questions. [CONFIRMATION]

SENATOR LARSON: Thank you, Senator Brasch. [CONFIRMATION]

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DARREL HUENERGARDT: Thank you, Senator. [CONFIRMATION]

SENATOR LARSON: Any further questions from the committee? Seeing none, thanks for joining us today. [CONFIRMATION]

DARREL HUENERGARDT: And thank you and I appreciate the opportunity to have presented that. [CONFIRMATION]

SENATOR LARSON: Thank you. Do I have any proponents of Mr. Huenergardt? Opponents? Neutral? Seeing none, that will close the hearing on him. Ms. Hornady? [CONFIRMATION]

ELLEN HORNADY: Hornady, yes. Hi. [CONFIRMATION]

SENATOR LARSON: Hornady, thank you. Welcome to your General Affairs Committee. [CONFIRMATION]

ELLEN HORNADY: Thank you. [CONFIRMATION]

SENATOR LARSON: I'm Senator Larson. What you can do for us is just give a brief statement saying why you're interested in the Arts Council and a little bit about yourself and then I'll open it up to senators for questions. [CONFIRMATION]

ELLEN HORNADY: (Exhibit 1) Okay. I guess the reason I'm interested is I'm not an artist myself, but I do have a large appreciation for the arts, both visual and performing. And I consider myself blessed that we have the means to expose our children to the arts, both in Nebraska and beyond. And I want to be a part of ensuring that children of families all across Nebraska have a variety of opportunities to explore and enjoy the arts. I've been very involved in the Grand Island community and I'm looking forward to getting involved in more of a statewide level. As far as my background goes, my career was in the human resources until I became a stay-at-home mom and that's when I started getting involved in nonprofits and I spend a lot of my time doing that now. And I think you probably have a copy of my resume that shows all of that, but I've had various leadership roles in the different nonprofits that I've served on the boards

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and committees. And probably the most relevant to the Nebraska Arts Council would be the Grand Island Community Foundation. I've chaired the board of trustees and I've also chaired the distribution committee and served on that for a number of years. And so I've got the experience with grant distribution, which would fall in line with the Arts Council in having some experience to share there. I'm also a charitable trust board member where we distribute grants there as well. So I've just been very involved in the community. In 2015, I was named the YWCA's Woman of Distinction, so I've gotten that honor. And I guess if anybody has any questions for me.
[CONFIRMATION]

SENATOR LARSON: All right. Well, thank you. Do I have any questions from the committee? Seeing none, thank you for taking the time to join us over the phone today. [CONFIRMATION]

ELLEN HORNADY: Okay, thanks so much. [CONFIRMATION]

SENATOR LARSON: Do I have anybody in support of Mrs. Hornady? Opposed? Neutral? Seeing none, I will close the hearing on Ellen Hornady, and we will move to Heather Schneider. Mrs. Schneider? [CONFIRMATION]

HEATHER SCHNEIDER: Yes, this is she. [CONFIRMATION]

SENATOR LARSON: Welcome to the General Affairs Committee. I'm Senator Larson. Just tell the committee a little bit why you're interested in the Nebraska Arts Council and why you'd like to be on it. And then I will open it up to the committee for questions if they have any.
[CONFIRMATION]

HEATHER SCHNEIDER: (Exhibit 1) Okay, great. Super. So my background is in the arts and it's in performance and entertainment, nationally and internationally. And I'm just super passionate about the arts and how important it is in a society and especially for kids and raising kids and as...I think it makes a better and more compassionate society. And that's probably the reason why I love to be on the board. [CONFIRMATION]

SENATOR LARSON: Awesome. Tell us a little bit about yourself. [CONFIRMATION]

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HEATHER SCHNEIDER: So, yes. So my background is with Mulberry Lane. My three sisters and I toured nationally, internationally, performing and with our own music in early 2000 for several years. And we make music together and grew up a lot of the arts with a lot of plays and playing instruments and that kind of thing. And currently, we have a radio show that's in a few...that's kind of multiple markets where we host a lot of famous people in the arts. And so we're kind of always in creative endeavors. [CONFIRMATION]

SENATOR LARSON: Awesome. Do I have any questions from the committee? Senator Krist.
[CONFIRMATION]

SENATOR KRIST: Thanks for sharing and thanks for what you do. Are you still doing midnight mass at St. Mary Mag's? [CONFIRMATION]

HEATHER SCHNEIDER: We sure do, we do midnight mass every year. That's...it makes Christmas for us. It's very special to each one of us, kind of it's really close to our hearts.
[CONFIRMATION]

SENATOR KRIST: It makes Christmas for all of us, too. Thank you. [CONFIRMATION]

HEATHER SCHNEIDER: Thank you so much, that's so nice to hear. [CONFIRMATION]

SENATOR LARSON: Thank you, Senator Krist. Any further...Senator Brasch.
[CONFIRMATION]

SENATOR BRASCH: Thank you, Chairman Larson, and thank you for your interest. What type of arts...did you say you're...theater or music, musicals, or what's your specialty?
[CONFIRMATION]

HEATHER SCHNEIDER: So my background is in music and it's with more of a pop style of music, although we've studied all different genres and that kind of thing. And then I also currently have kids that study at the conservatory, study classical. And then...but always have

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been involved in theater as well and just a lot of different things, even the visual arts, you know, I feel is very important as well. [CONFIRMATION]

SENATOR BRASCH: And you're a singer-songwriter. We have your resume in front of us. [CONFIRMATION]

HEATHER SCHNEIDER: Okay, awesome. [CONFIRMATION]

SENATOR BRASCH: What kind of songs do you write? [CONFIRMATION]

HEATHER SCHNEIDER: Well, it's pretty much...I would say it's most likely...like most kind of way you could describe it would probably be a light rock. But we do kind of dabble in other styles as well. And now we post things that are kind of relative to topical things on Facebook, so we're always writing it. It would be kind of for enjoyment. [CONFIRMATION]

SENATOR BRASCH: Very good. I have no other questions. Thank you for your interest in serving on the Arts Council. [CONFIRMATION]

HEATHER SCHNEIDER: Thank you. [CONFIRMATION]

SENATOR LARSON: Thank you, Senator Brasch. Senator Thibodeau. [CONFIRMATION]

SENATOR THIBODEAU: Hi, Ms. Schneider. I just actually have a comment. I just want to say, thank you for your service. I'm from Legislative District 6 in Omaha... [CONFIRMATION]

HEATHER SCHNEIDER: Uh-huh, nice. [CONFIRMATION]

SENATOR THIBODEAU: ...and familiar with Conservatory of Music... [CONFIRMATION]

HEATHER SCHNEIDER: Uh-huh, yeah. [CONFIRMATION]

SENATOR THIBODEAU: ...and have heard you at midnight mass as well. [CONFIRMATION]

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HEATHER SCHNEIDER: Oh, lovely. That's wonderful. [CONFIRMATION]

SENATOR THIBODEAU: ...and I am excited that you are interested to serve in this capacity as somebody who is a performer and also continues to have her children involved in the arts as well, so thank you. [CONFIRMATION]

HEATHER SCHNEIDER: Oh, that is so cool. Thanks. Nice to hear that. [CONFIRMATION]

SENATOR LARSON: Thank you, Senator Thibodeau. Any further questions from the committee? Seeing none, thank you for calling in today. [CONFIRMATION]

HEATHER SCHNEIDER: Well, thanks so much. I appreciate it. [CONFIRMATION]

SENATOR LARSON: Do I have anybody in support of Mrs. Schneider? Opposed? Neutral? Seeing none, that will close the hearing on Heather Schneider and we will move to Steven Anderson. To catch you up, Senator Blood, eight of our nine appointees aren't going to make it down today, so they're all calling in. So it's taking a little more time than normal. [CONFIRMATION]

SENATOR BLOOD: All right. Thank you. [CONFIRMATION]

SENATOR LARSON: Mr. Anderson? [CONFIRMATION]

STEVEN ANDERSON: Yeah, Steve. You can just call me Steve, please. [CONFIRMATION]

SENATOR LARSON: All right, Steve. Welcome to your General Affairs Committee, I'm Senator Larson. What we'll do is I'll have you tell us a little bit about yourself and why you want to serve on the Nebraska Arts Council and then I'll open it up to my committee for questions, if they have any. All right? [CONFIRMATION]

STEVE ANDERSEN: Sure. Sounds good. [CONFIRMATION]

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SENATOR LARSON: Thank you. Go ahead. [CONFIRMATION]

STEVEN ANDERSON: (Exhibit 1) Well, I'm not used to talking about myself, but I've been in Grand Island since 1970. I'm a dentist. I love what I do, love the community, and I love the way the community is moving on now. I've been fortunate to be elected to the Nebraska Hall of Fame. I've been Man of the Year in Grand Island, several other things like that without bragging too much. I do feel there's a need for Nebraska's smaller communities--and Grand Island has started (inaudible)--become more in love with the arts, give something for their communities to be proud of that they've done as a community. I know here in Grand Island, the men and women of the year, I've got them organized. We're starting to work getting the arts project committed to our city. We have a very nice one that's a little over a year old from Matthew Placzek, who I don't know if you're familiar with him but you probably are, he's from Omaha. And also Jun Kaneko, we've gotten a couple of his pieces of art in town here. So the object is to get the snowball rolling to get more people involved, more pride in the community as Grand Island grows and prospers. I think it's (inaudible) and I hope to do the same for smaller communities in Nebraska. Again, just gives pride of involvement, pride of community. [CONFIRMATION]

SENATOR LARSON: All right. Thank you, Steve. It's hard for me to...it's usually very formal here in the Legislature. [CONFIRMATION]

STEVEN ANDERSON: Yep. I appreciate that. [CONFIRMATION]

SENATOR LARSON: Do I have any questions from the committee? Seeing none, thanks for calling in. We appreciate it. We understand why you couldn't make it. And you have a good day. [CONFIRMATION]

STEVEN ANDERSON: Okay, thank you very much. I appreciate you guys and gals. [CONFIRMATION]

SENATOR LARSON: Do I have anybody in support of Mr. Anderson? Opposed? Neutral? That will close the hearing on Steven Anderson. And we'll move to our last Arts Council appointment, Sue Roush. Mrs. Roush? [CONFIRMATION]

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SUE ROUSH: Yes. [CONFIRMATION]

SENATOR LARSON: Welcome to your General Affairs Committee, I'm Senator Larson. What I'm going to have you do is just have you tell us a little bit about yourself and why you're interested in the Arts Council and then I'll open it up to questions from my committee to see if they have any for you. So we can be rather short, but thank you for joining us over the telephone today. [CONFIRMATION]

SUE ROUSH: And thank you for being so flexible. I appreciate it. [CONFIRMATION]

SENATOR LARSON: Awesome. Well, go ahead. [CONFIRMATION]

SUE ROUSH: (Exhibit 1) My name is Sue Roush, that's spelled S-u-e R-o-u-s-h. I live in York, but I commute to Seward each day, although today I'm actually working from home. I'm the marketing communications specialist for Concordia University and I serve as an adjunct instructor there in their business department, primarily in marketing and advertising. I previously served as deputy communications director for Governor Dave Heineman. And after my time with Governor Heineman I had requested an appointment on the Arts Council and Governor Ricketts was so gracious as to grant my request and this is the start of my second term. I've been an active volunteer in the arts, on a number of boards in the York area, as well as United Way. I've served as president and vice president there. I've served as a chamber ambassador. I've worked as either a volunteer or board member for the local community playhouse for about 25 years and I have also served on the annual extravaganza committee for the Seward County Chamber. I have a passion for the arts. I'm an actor, performer, and volunteer in the arts community here in York. I've written grants to bring various arts events to the community, including the Omaha Symphony, the Omaha Ballet, and several Lied Center artists. I believe that everyone should have an opportunity to enjoy great art and it should not be limited by geography. Lincoln and Omaha are filled with opportunities to view or participate in arts activities, but many citizens outside of the major cities don't have those opportunities. And that's one of the things that the Nebraska Arts Council does so well, which is make sure that all Nebraska citizens have an opportunity to see professional artists without always having to travel to Lincoln or Omaha. As you know, studies show that states that value the arts have an economic advantage. A community

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that values the arts attracts a strong work force, increases the number of visitors, as well as enhances resident participation. Arts industries promote tourism, business development, create jobs, and attract investment. I could go on and on about the advantages of the arts, but my main purpose here is just to assure you that I would like to continue service on the Nebraska Arts Council. I've served on many of the funding committees and I just really have a passion for bringing the arts to the entire state. And so with that, I guess I would be happy to answer questions. [CONFIRMATION]

SENATOR LARSON: All right. Thank you, Mrs. Roush. Do I have any questions from the committee? Seeing none, thank you for calling in today. [CONFIRMATION]

SUE ROUSH: Thank you, sir. Bye now. [CONFIRMATION]

SENATOR LARSON: Do I have any proponents of Mrs. Roush? Opponents? Neutral? Seeing none, that will close the hearing on Sue Roush and we'll move...I think we're moving to Jeffrey Galyen. Is that correct? Mr. Galyen? [CONFIRMATION]

JEFFERY GALYEN: Hello. [CONFIRMATION]

SENATOR LARSON: How are you? This is Senator Larson with the General Affairs Committee. I'll ask you to tell us a little bit about yourself and why you're interested in the State Racing Commission. And then I'll open it up to the committee for questions. [CONFIRMATION]

JEFFERY GALYEN: (Exhibit 1) Thank you. My name is Jeff Galyen. I am an attorney and I live in Norfolk, Nebraska. I have served on the Racing Commission since 2010. I have been a racing fan since I was probably about 12 years old and have been around horses for most of my life. I do have an interest in the industry, seeing the industry do well and be regulated properly. And I believe it is important that we maintain the integrity in the racing industry and I look forward to continuing to serve as a commissioner. If you'd have any questions, I'd be happy to answer them. [CONFIRMATION]

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SENATOR LARSON: Thank you, Mr. Galyen. Do I have any questions from the committee?
Senator Riepe. [CONFIRMATION]

SENATOR RIEPE: Thank you, Chairman. My question would be this, if you were projecting forward where do you think horse racing will be in five years? [CONFIRMATION]

JEFFERY GALYEN: In Nebraska or in the nation as a whole? [CONFIRMATION]

SENATOR RIEPE: Oh, Nebraska. Nebraska only. [CONFIRMATION]

JEFFERY GALYEN: You know, that's a difficult question to answer. In the last five years the handle has been stagnant, in some cases it's dropped a little bit. Our race days have...during the past five years the race days have dropped a little but and they have actually increased a little bit this year over the last year. I don't see a big change in the industry in the next five years from where it is today. I would expect it to stay in approximately the same place. We revisit with the Lincoln race track group annually on their plan to expand the live racing efforts in Lincoln and their efforts there. So we hope that continues to progress towards a larger live track and live racing there. But beyond that I really don't envision a big difference in five years.
[CONFIRMATION]

SENATOR RIEPE: Are you a proponent for expanded simulcasting? [CONFIRMATION]

JEFFERY GALYEN: I really don't have a personal opinion on it. Based on the statute, expanded simulcasting is not possible without live racing, so if somebody wanted to apply for a simulcast...you know, wanted to apply to simulcast horse races through the Racing Commission, we would not grant that because it is a statutory requirement that they hold a live race meet in order to do so. [CONFIRMATION]

SENATOR RIEPE: Thank you. Thank you very much. Thank you for your willingness to serve.
[CONFIRMATION]

JEFFERY GALYEN: You're welcome. [CONFIRMATION]

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SENATOR LARSON: Thank you, Senator Riepe. Any further questions? Jeff, is your dad Dick?
[CONFIRMATION]

JEFFERY GALYEN: He is. [CONFIRMATION]

SENATOR LARSON: All right. I was just double-checking. Obviously, I know him very well, coming from your neck of the woods, so. But thank you for calling in to your General Affairs Committee. Seeing no other questions, you have a nice day. [CONFIRMATION]

JEFFREY GALYEN: Thank you. [CONFIRMATION]

SENATOR LARSON: Do I have anybody in support? Opposed? Neutral? With that, I'll close the hearing on Jeffrey Galyen. We'll move to John Hiller and then Dennis Patrick Lee will be our last and he's in the audience and that's why we've put him last. John? [CONFIRMATION]

JOHN HILLER: Yes, this is John Hiller. [CONFIRMATION]

SENATOR LARSON: Thank you, Mr. Hiller. My name is Senator Larson, with the General Affairs Committee. Welcome. I'll ask you to just tell us a little bit about yourself and why you're interested in the State Electrical Board. And then I'll open it up to my committee for questions if they have any, all right? [CONFIRMATION]

JOHN HILLER: All right. Thank you. Thanks, also, for allowing me to do this by telephone today. [CONFIRMATION]

SENATOR LARSON: Yes. [CONFIRMATION]

JOHN HILLER: (Exhibit 1) My name is John Hiller, as I said. I'm an electrical contractor in Omaha, Nebraska. I've been a contractor for about 40 years. I own a family-owned business that's second generation. I grew up in the electrical industry. It's very important to me and to my family. It's been good to me and I want to give back to it. This is a reappointment. I have served on the committee for the past ten years and I think that there's things that we've done well, there's

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other things that I'd like to continue to do. So I'd love the opportunity to serve another term on the State Electrical Board. [CONFIRMATION]

SENATOR LARSON: Awesome. Thank you, Mr. Hiller, for calling in. Do I have any questions from the committee? Senator Blood. [CONFIRMATION]

SENATOR BLOOD: Thank you, Chairman. How are you today, Mr. Hiller? [CONFIRMATION]

JOHN HILLER: I'm sorry? [CONFIRMATION]

SENATOR BLOOD: I wasn't sure he could hear me, so I asked that question first. How are you today, Mr. Hiller? [CONFIRMATION]

JOHN HILLER: I am very good, thank you. [CONFIRMATION]

SENATOR BLOOD: Can you hear me okay? [CONFIRMATION]

JOHN HILLER: Yes, I can. [CONFIRMATION]

SENATOR BLOOD: Can you give me your opinion on the importance of the NEC, what role it plays in our State Electrical Act? [CONFIRMATION]

JOHN HILLER: Sure. The National Electrical Code is comprised of...it's actually written by a group of committees put together by the National Fire Protection Association. And it's an independent agency, nonpolitical, so it sets the standards for electrical work, not only in Nebraska but across the United States. It sets the minimum quality standards that are required for life safety as their primary goal. So it's an important document to the State Electrical Board and to the State Electrical Act. It's kind of our guiding book, if you will, on how to not only install electrical work safely and efficiently, but also to ensure that that work is done correctly. [CONFIRMATION]

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SENATOR BLOOD: And so would you say that updating our State Electrical Act consistently as the NEC updates is an important responsibility? [CONFIRMATION]

JOHN HILLER: Yes, it is, for several reasons. First of all, as new technologies come out it's important to stay on top of those new technologies and the State Electrical Act does an excellent job of that. I'm not going to say I agree with everything that the NBPA puts into the act, but just like any law you have to take some of the good with some of the maybe things you don't agree with as much. But, yes, it's very important to continue to update. For example, a few years back we had some new technology came out called arc-fault breakers, which helps prevent fires within homes, and the NBPA came out with standards for that. So it's important for us to update to maintain those standards. It's also important for us to maintain that same standard across the United States, which the NBPA does through the National Electric Code. [CONFIRMATION]

SENATOR BLOOD: And so would you say that if we didn't adhere to these best practices that would open us up or municipalities or whomever chose not to abide by our State Electrical Act, that it would open us up to liability? [CONFIRMATION]

JOHN HILLER: Yes. I think it would not only open up to liability, it could also create problems for some industries. For example, Iowa did not have a state electrical act for a number of years, so they were not required outside of some of the municipalities that had those inspections and laws to protect properties and citizens. Anything kind of went. And when you go into some of those buildings and see some of the work that was performed and the danger it put individuals in, it was really frightening, quite honestly. [CONFIRMATION]

SENATOR BLOOD: And I have one last question. Sorry, I'm just really... [CONFIRMATION]

JOHN HILLER: Sure. [CONFIRMATION]

SENATOR BLOOD: I really like this topic. Would you say that our supervision ratio to apprentice electrician in Nebraska is a good ratio right now? [CONFIRMATION]

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JOHN HILLER: Yes. I don't think that we're (inaudible) increase the ratio, but basically the ratio currently is three what we call apprentice electricians or trainees to one journeyman electrician on any job site. I don't think a journeyman can oversee the work of more than three. Quite honestly, in our own company we don't get to that three-to-one ratio very often unless we have someone that would be qualified as an apprentice that has had quite a bit of experience, is able to work without as much supervision, if you will. So I think it's a good ratio. It gives us the opportunity as a contractor to abide by the law and also to provide quality installations.
[CONFIRMATION]

SENATOR BLOOD: So if I hear you correctly, you're saying that that's a good ratio...
[CONFIRMATION]

JOHN HILLER: That is correct. [CONFIRMATION]

SENATOR BLOOD: ...and that's an important ratio for public safety? [CONFIRMATION]

JOHN HILLER: Absolutely, yeah. [CONFIRMATION]

SENATOR BLOOD: All right. Thank you very much. [CONFIRMATION]

SENATOR LARSON: Thank you, Senator Blood. Any further questions from the committee? Seeing none, thank you, Mr. Hiller, for joining us today over the phone. [CONFIRMATION]

JOHN HILLER: Thank you very much. And, again, thank you for allowing me to do it over the phone. [CONFIRMATION]

SENATOR LARSON: Anybody in support of Mr. Hiller? Oh, all right. Here we go. Welcome to your General Affairs Committee. Please sit, state and spell your name. And when you're done, please fill out a green testifier sheet. [CONFIRMATION]

STEVE ANDERSEN: I'll do. I am Steve Andersen from Steve Andersen Electrical Contractors in Omaha, S-t-e-v-e A-n-d-e-r-s-e-n. I don't know Mr. Hiller personally, but he's well regarded in

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the electrical industry in Omaha and his company does very good work. He knows what he's doing. Thank you. [CONFIRMATION]

SENATOR LARSON: All right. Thank you for coming today. Are you in support? Yep. Please fill out the sheet. I'll let you fill it out once you're done testifying. Welcome to your General Affairs Committee. Please say and spell your name. [CONFIRMATION]

KEVIN BOOKER: Kevin Booker, B-o-o-k-e-r, I'm the executive director for the State Electrical Division. I appreciate, Mr. Chairman, committee members, letting us testify today. I've been with the Electrical Division since 2012. (Inaudible) do support John Hiller. He has done an excellent job representing the industry and the division also throughout the years that I've been with the division. [CONFIRMATION]

SENATOR LARSON: Well, thank you, Mr. Booker. Do I have any questions from the committee? Seeing none, thank you for testifying. Do I have any more in support of Mr. Hiller? Please fill out the sheet from the page, Mr. Booker. Thank you. Seeing no more in support, do I have any opposed? Seeing none, neutral? That will close our hearing on John Hiller and we'll move to Dennis Patrick Lee for the State Racing Commission. Welcome. [CONFIRMATION]

DENNIS LEE: Good afternoon, Senator. My name is Dennis Patrick Lee, D-e-n-n-i-s L-e-e. I appear today based upon the Governor's reappointment of me to the Nebraska State Racing Commission. [CONFIRMATION]

SENATOR LARSON: Please tell us a little bit about yourself, then why you're interested in the State Racing Commission. [CONFIRMATION]

DENNIS LEE: (Exhibit 1) I am a lifetime Omahan. I live in the Deer Hollow area at about 123rd and Leavenworth in Omaha. I am a practicing attorney in Omaha. The focus of my firm and my practice is civil litigation, estate planning, and business planning and I've been practicing law for 37 years. I've been blessed to be on the Racing Commission for a number of years. My background in the racing industry kind of has taken me down various roads. I was able to work my way and pay my tuition through high school, college, and law school in various positions at

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the old Ak-Sar-Ben Race Track, for those of you who remember that facility. And I worked from the maintenance crew and by the time I was done finishing up in law school I was working as the official timer of the races at Ak-Sar-Ben for a company called Visumatic Timers out of Lexington, Kentucky. So to share with the committee that I have had a lifetime involvement in the racing industry is probably the most accurate representation I can share with you. I have been blessed to be on the Racing Commission and the opportunity I have to serve the industry, the people of Nebraska, and the Nebraska Commission itself. I want to thank the Governor for his confidence in reappointing me. I was...from 1984 to 1987, I was the attorney for the Racing Commission. And in that capacity I was involved in actually writing--along with one of our commissioners at the time, a commissioner named Jim Haberlan--the simulcasting rules that in great part we are using still today in Nebraska. Those rules were adopted in 1987 and we continue to use those today. From '84 to '87 I was, as I said, the attorney and I was a prosecutor with regard to prosecuting various infractions before the stewards in the Racing Commission serving as, for lack of a better term, a general counsel to the commission itself. Loved that job. The problem with the job was when I started that in 1984 I didn't have any kids and when I left in 1987 I had two kids and I had to be where the races were and so I would end up moving out to Grand Island to spend the better part of two and a half months in the Ramada Inn in Grand Island in February, March, and April. And that just wasn't how I wanted to raise my family. So I resigned from the commission in 1987 to go back into private practice. In 1988, at that time, the commission had three commissioners. There was a commissioner named Harry Farnham, who was an attorney in Elkhorn. Harry resigned from the commission in August of 1988 and at that time Governor Orr contacted me and asked me if I would be willing to continue serving the industry. So I was appointed by Governor Orr on October 6, 1988, and I have served as a commissioner since that time. I enjoy my work with the commission. It's not as much work, frankly, as it was when we had Ak-Sar-Ben in place. This year, for example, we're going to race 57 days of live racing in Nebraska in 2017. Thirty-one of those days, we're going to start in a couple of weeks, at Fonner Park. Fonner Park will have 31 days of live racing. Then we'll go from Fonner Park to Horsemen's Park. We'll run nine days of racing at Horsemen's Park. Horsemen's has done a great job with their limited availability of stables and barns of putting on a wide meet. It's very well received by the Omaha market and the fans. It's a crowd every live racing day. From Columbus or from Horsemen's Park, rather, we'll go to Columbus and race in Columbus. We'll come down here and race at Lincoln Race Course. And then we'll finish the

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season one day up at South Sioux City at Atokad. There's also one day of live racing at Hastings for quarter horse racing. Senator Riepe, you had asked Commissioner Galyen a question concerning simulcasting and what the future was in five years. And I think Jeff was right on target in his answer. It has been kind of peaks and valleys. For example, in 2015 our total handle in Nebraska--and this is not only live racing but also simulcasting--was \$69 million; in 2016 it jumped up a couple to \$71 million; and then last year at the close of the year when we closed the books, it dropped down to \$67 million. So it peaks and valleys, which I can share with the committee is not unlike some of my compatriots in other jurisdictions, racing commissioners across the country. Unless they have casino gambling that is affiliated with the race track, it's a peak and valley based upon a variety of factors. And to anticipate your question, Senator, where could we be in five years, I think we've seen expanded live racing, particularly at Horsemen's Park. Commissioner Galyen alluded to this in his testimony, the track that is here in Lincoln, they're in the process of building a larger facility for live racing so that we can have some additional days. The fans in Nebraska like live racing. Fonner has a good turnout. Horsemen's has an outstanding turnout. Columbus is very consistent. But above and beyond that, really what has been the lifeblood of the racing industry since about 1989, '90, has been simulcasting. And that has really proven to be a very strong advocate of the live racing. It's opened some doors purse structurewise. So that gives you kind of a current report of where we've been at the Racing Commission. We have five commissioners now and we have a wonderful staff. And as I said at the outset, I'm very grateful and thankful to the Governor for his confidence in reappointing me. And I'd certainly be happy to answer any of your questions. [CONFIRMATION]

SENATOR LARSON: Thank you, Mr. Lee. Do I have any questions? Senator Riepe.
[CONFIRMATION]

SENATOR RIEPE: Mr. Lee, thank you for being here. I have one question. Do you know Lee Bevilacqua (inaudible)? [CONFIRMATION]

DENNIS LEE: Dr. Bevilacqua was a fixture in the winner's circle at Ak-Sar-Ben.
[CONFIRMATION]

SENATOR RIEPE: Yes, he was. [CONFIRMATION]

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DENNIS LEE: And I knew "Doc Bevilac" not only through Ak-Sar-Ben, but--and I'm sure you remember this as well--he was a team physician at Creighton University. And I had the toughest part-time job in the world. My junior and senior year of undergrad I was the assistant sports information director at Creighton, which meant that my boss was the athletic director so I had to travel with the team, so I got to travel with "Doc" and "Doc" was a great guy. I'm trying to think. He had several horses that he owned, but he was a stalwart at Ak-Sar-Ben. [CONFIRMATION]

SENATOR RIEPE: You probably knew Tony Fantana (phonetically), too. [CONFIRMATION]

DENNIS LEE: Very well. We were sidekicks. [CONFIRMATION]

SENATOR RIEPE: Exactly. Now, were you at Ak-Sar-Ben in '75 when the tornado hit?
[CONFIRMATION]

DENNIS LEE: I was working at Ak-Sar-Ben. At that time I was an usher when that tornado went through and I saw kind of the start of it. And then the sky got dark and then they shoved us all down to the...what was at that time called the Paddock Buffet, which was the lowest level of the grandstand. So I was there. [CONFIRMATION]

SENATOR RIEPE: Thank you for your forbearance. [CONFIRMATION]

SENATOR LARSON: Senator Brasch. [CONFIRMATION]

SENATOR BRASCH: Thank you, Chairman Larson, and thank you for your willingness to be reappointed. And you caught my ear when you said that you also worked in maintenance. Is that correct? [CONFIRMATION]

DENNIS LEE: I did. [CONFIRMATION]

SENATOR BRASCH: With the track? [CONFIRMATION]

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DENNIS LEE: No, at the track. I guess my claim to fame was there wasn't a toilet at Ak-Sar-Ben I didn't clean at one time or another. [CONFIRMATION]

SENATOR BRASCH: There you go. Did you work with the horses, the stalls, the...any at that end? [CONFIRMATION]

DENNIS LEE: No, I did not work on the backside until the racing season was over, and back then the Ak-Sar-Ben season would go 85 days, thereabouts. And after the horses would move out then our maintenance crew would go and we would clean the stalls and kind of get the stable area all cleaned up from the season. [CONFIRMATION]

SENATOR BRASCH: And the reason I asked is, I'm a former marketing director with the Nebraska State Fair and I worked with then Leo Scherer, who worked with horses then. I recall the days when...it's very high labor, maintenance, and repair during the time when the jockeys and the horses and the whole community came in and quite an endeavor to get a horse race from start to finish. [CONFIRMATION]

DENNIS LEE: It's...simulcasting is the easy part. Not to imply that it's easy, but compared to putting a live meet on for a race track as compared to a simulcast, to simplify it, simulcast you flip the TV on and turn the power on. [CONFIRMATION]

SENATOR BRASCH: And it was wonderful revenue for the fair. [CONFIRMATION]

DENNIS LEE: It really was. And I remember back with Henry Brandt and John Skold at State Fair Park and just watching them. And I had the benefit of being an outsider looking in. As a commissioner, I can watch and observe, but there's a lot of details. The starting gate, the starting gate crew. You have to have a...you take care of your track. Even on the off days, you're harrowing the track and pulling the dirt out from rail. It's an undertaking. [CONFIRMATION]

SENATOR BRASCH: And the veterinarian, the vets and the... [CONFIRMATION]

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DENNIS LEE: The vet, the state vets, your test barn and the people to staff your test barn. The chain of custody with regard to the post-race samples, some being maintained at the track for the horsemen's sample, others being sent to the lab. Your pari-mutuel, the photo finish, the video tape. It's an undertaking, you're absolutely correct, Senator. [CONFIRMATION]

SENATOR BRASCH: And the reason I mention that, when you had mentioned about that tracks that simulcast that have the casinos, I've always had a...because I do think that live horse racing is the king of sports. There's nothing grander. Family and it's fun and it's not the wagering, pari-mutuel wagering, but it's the event itself. But when you look at a casino I worry about the horses, the attempt to replace them electronically, because I do remember the years where there was this sigh of relief when the horses had come and left, just because of the details. And so you would agree that it's beautiful for those in the stands, but those behind the scene, it's... [CONFIRMATION]

DENNIS LEE: Senator, I couldn't agree more. For the people that are the fans that have the benefit of coming and watching the majesty of the sport... [CONFIRMATION]

SENATOR BRASCH: The majesty. [CONFIRMATION]

DENNIS LEE: ...they're unable to comprehend unless they have been there to see what goes on behind the scenes. [CONFIRMATION]

SENATOR BRASCH: Exactly. [CONFIRMATION]

DENNIS LEE: And it's a legion of people and staff that make it work. And we have that now at all of our tracks when they go live. As I mentioned, Fonner Park is going to run 31 days. They take the worst time of the year weatherwise and they do the best job that they can. They get people to come out but...not just Fonner, it's all of our tracks. What their staffs have to do to put on a live meet every day is an incredible undertaking. [CONFIRMATION]

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SENATOR BRASCH: Well, thank you for your dedication, willingness to be reappointed, and just sharing memory lane where I knew it was so much work, but the majesty--as you had stated--is phenomenal. Thank you. [CONFIRMATION]

DENNIS LEE: Thank you, Senator. [CONFIRMATION]

SENATOR LARSON: Well, Mr. Lee, I do have a few questions, specifically about the interest that we've seen in the media lately regarding the interstate simulcast signal between Columbus, Omaha, and the Lincoln race tracks and your involvement in that. And for the benefit of this committee and the Legislature as a whole I think it is appropriate to ask a few questions... [CONFIRMATION]

DENNIS LEE: Certainly. [CONFIRMATION]

SENATOR LARSON: ...specifically, because in the end your a regulatory agency that caught a lot of attention--my attention, specifically--as the chairman of this committee. So for a licensed race track to simulcast the law states there must be an agreement between the leading horse racing association--in our case, the Nebraska Horsemen or HBPA and the race track--correct? [CONFIRMATION]

DENNIS LEE: That is correct. [CONFIRMATION]

SENATOR LARSON: All right. And looking at a law...and I'll read it verbatim: For simulcasting approval state statute requires no application shall be approved by the commission without a written agreement between the receiving track and sending track relating to the simulcast. The written agreement between the receiving track and the sending track shall have the consent of the organization representing a majority of the licensed owners and trainers at both the sending and receiving track. That's 2-1227. It's my understanding on October 20, 2017, Horsemen's Park in Omaha and Lincoln Race Course filed their written application for simulcasting. Correct? [CONFIRMATION]

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DENNIS LEE: Senator, I'd have to go to the minutes for that meeting, but I think at that meeting not only was it Horsemen's and Lincoln, but I believe the other two tracks, Columbus and Fonner, had also submitted an application. Now, there's a difference between the application and the actual agreement. [CONFIRMATION]

SENATOR LARSON: Well, on October 25 the Nebraska Racing Commission at the meeting--it was when you guys had the meeting, I think. The 20th was when they submitted the applications, Omaha and Lincoln, at least, is what I understand. But at the 25th meeting the commission announced approval of the Omaha and Lincoln applications. [CONFIRMATION]

DENNIS LEE: Correct. And, again, I would defer to the minutes for that meeting. [CONFIRMATION]

SENATOR LARSON: Yeah. I have approval for the October 25 meeting--we've gone through the minutes--were Lincoln, Omaha, and Columbus. [CONFIRMATION]

DENNIS LEE: Okay. [CONFIRMATION]

SENATOR LARSON: So the Racing Commission approved these race tracks to simulcast as of January 1 at that meeting. Correct? [CONFIRMATION]

DENNIS LEE: We approved their applications for a license, not the simulcast. There was no simulcasting agreement at that point, but you're correct. [CONFIRMATION]

SENATOR LARSON: But my understanding is that they did have a simulcasting agreement with the HBPA. [CONFIRMATION]

DENNIS LEE: Not at that point...through December 31, they did. [CONFIRMATION]

SENATOR LARSON: Okay. [CONFIRMATION]

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DENNIS LEE: Each of the tracks...Senator, if I can give you some background. Each of the tracks, before any track can simulcast in Nebraska there's another statute in that chapter that requires that a track has to be a licensed racing association, has to run at least one day, and that day has to consist of at least one Nebraska-bred race. [CONFIRMATION]

SENATOR LARSON: Yes. [CONFIRMATION]

DENNIS LEE: When the commission grants the licenses, by statute and rule those licenses expire on December 31 of each year. [CONFIRMATION]

SENATOR LARSON: Correct. [CONFIRMATION]

DENNIS LEE: At the end...towards the end of the year, November, for example, we approve the live racing applications and set the dates for 2018. [CONFIRMATION]

SENATOR LARSON: Correct. [CONFIRMATION]

DENNIS LEE: In anticipation of the license applications or the licenses not being available after December 31 or valid through December 31, the tracks then in October, November, and sometimes as late as December will submit their license application to do two things: a simulcast facility to receive signals, and a simulcast facility to send its live race signal to the other network around the country to the other receiving tracks. Those would have been the applications that we would have approved. At that time, the... [CONFIRMATION]

SENATOR LARSON: So you're saying on October 25 you approved Lincoln, Omaha, and Columbus to send and receive those simulcasting applications? You essentially approved their application for license. [CONFIRMATION]

DENNIS LEE: Correct. [CONFIRMATION]

SENATOR LARSON: So they were licensed at that point to operate after January 1, is what you just said. [CONFIRMATION]

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DENNIS LEE: They were licensed subject to the tracks submitting to the commission contracts for simulcasting. [CONFIRMATION]

SENATOR LARSON: Which Omaha, Lincoln, and Columbus did. [CONFIRMATION]

DENNIS LEE: Correct. [CONFIRMATION]

SENATOR LARSON: Okay, thank you. So that kind of goes into my next question. So the Racing Commission approved Lincoln, Omaha, and Columbus because they submitted the contracts and they had the license. But this is where it gets a little tricky. Specifically, you go through the media reports, at the December 19 Racing Commission meeting, the Racing Commission made the announcement that all simulcasting agreements expired on 12/31 unless all Nebraska race tracks have an agreement. Correct? [CONFIRMATION]

DENNIS LEE: Well, actually, I'm not sure it was reported in the media, but at the December 19 commission meeting what happened at December 19 is that the other track...and, again, I would have to defer and refer the committee to the minutes of the commission meetings in the fall and in December. But we also received a simulcast license application from Fonner Park in Grand Island. By the end of the December 19 meeting all of the...the commission had approved all of the simulcast applications for both interstate and intrastate simulcasting of our race tracks. That was done so that when those licenses...currently they expired on December 31. They would then have their license renewed effective January 1 to both send and receive. The second step in the simulcasting process then, statutorily, is for the tracks to submit to the commission a signed simulcasting agreement... [CONFIRMATION]

SENATOR LARSON: Which Omaha, Columbus, and Lincoln had done. [CONFIRMATION]

DENNIS LEE: At that point, no. At that point...I would again have to defer. We were advised by the HBPA at the December 19 meeting on the record that we would have simulcasting agreements from all of the...for all of the tracks by the end of that week, because we had simulcasting that was going to be continuing then on a new license and a new contract, effective January 1. When the commission met in December, it's my recollection that we didn't have the

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contracts yet that had been approved by the tracks, the HBPA, and the other facilities that they were getting their signals from. [CONFIRMATION]

SENATOR LARSON: Okay. I guess...and I can do a little more homework on that...
[CONFIRMATION]

DENNIS LEE: Sure. [CONFIRMATION]

SENATOR LARSON: ...because what I hear you saying right now is, had you had in receipt just Omaha, Lincoln, and Columbus' agreements with the HBPA then they would have been licensed at that meeting, regardless if Fonner Park had theirs. Correct? Is that what you're saying? If they had gotten you their contract, because it shouldn't matter whether Fonner has their contract.
[CONFIRMATION]

DENNIS LEE: If the contracts would have been submitted--I'm only one vote on the commission--but I would anticipate that the commission would have considered those contracts favorably, as we have in the past. [CONFIRMATION]

SENATOR LARSON: Okay. I guess...and that's...and my understanding of this was that they did have...Omaha, Lincoln, and Columbus had their contracts submitted. And if they didn't...I'll double check into that. But it was just Grand Island, that they didn't have a contract yet and that that alone was holding everything up. So I'll continue...I did have a few procedural matters though. Did you...did the commission give Omaha, Lincoln, and Columbus race tracks like any notice or hearing on that matter like that they were going to lose their...that their license hadn't been... [CONFIRMATION]

DENNIS LEE: What we had done in the past, Senator, is that the commission meets generally five to six times a year. The simulcasting industry as it is and the different end dates for the tracks across the country and within Nebraska, there are many times between our meetings that the tracks will submit and the HBPA will submit simulcasting agreements that have been signed to our office. In consultation with the Attorney General's Office what we have done is we have delegated the approval of...the ministerial approval of those simulcast agreements, not

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applications, that come in between meetings to our staff. And our staff then gives preliminary approval, it goes on the agenda for the next commission meeting, we approve it at that point. [CONFIRMATION]

SENATOR LARSON: Okay. [CONFIRMATION]

DENNIS LEE: When we had the...at the end of the meeting the week before Christmas, the commission was advised that we would be receiving from the tracks and the HBPA the signed agreements for all of the tracks. [CONFIRMATION]

SENATOR LARSON: Okay. [CONFIRMATION]

DENNIS LEE: That didn't happen. [CONFIRMATION]

SENATOR LARSON: All right. [CONFIRMATION]

DENNIS LEE: And then there were other issues that developed towards the end of the year. [CONFIRMATION]

SENATOR LARSON: Yeah. And I think that's what brought all this on. [CONFIRMATION]

DENNIS LEE: Exactly. [CONFIRMATION]

SENATOR LARSON: I don't want to come across as mean, but I'm really trying to understand this... [CONFIRMATION]

DENNIS LEE: I understand. [CONFIRMATION]

SENATOR LARSON: ...because simulcasting is obviously a lifeblood of the horse racing industry. [CONFIRMATION]

DENNIS LEE: It is. [CONFIRMATION]

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SENATOR LARSON: And when I read the articles that they were all going to lose it, and obviously I understand that Fonner didn't have that agreement with HBPA, but it was my understanding that the rest of them did and had submitted that and been offered a license and then they felt that they were getting their license taken away because a different one...and I appreciate you going on the record... [CONFIRMATION]

DENNIS LEE: I understand that. [CONFIRMATION]

SENATOR LARSON: ...and saying that that's not the case and that moving forward that everybody is in understanding that at least if they've gone through the licensing procedure and they have the agreement that they will be granted those applications under state law. I think moving forward that's what's really important. [CONFIRMATION]

DENNIS LEE: Senator, let me say this for the record. With regard to simulcasting--and I just happen to have the figures here from last year--in 2017 our live meet handle is \$5,981,000. Our simulcast handle was nearly \$62 million. So you have hit it right on the head in terms of the value and importance of that simulcasting. That simulcasting handle might have been higher in 2017 but for the fact that we went for about a three-week period of time in May of '17 when there was no simulcasting at Fonner Park, coincidentally, during at least one and possibly two of the Triple Crown races. The reason there wasn't any simulcasting is that we have contracts that end...that would end with the live expiration of Fonner's live race meet, which was the end of April, first part of May. Again, there was a dispute between Fonner Park and the HBPA. The commission is not part of that dispute, we were just aware of it. It ended up being, in order to comply with the Open Meetings Act, towards the middle or end of May Commissioner Galyen and I had a meeting in our office here in Lincoln with the HBPA and Fonner Park and, essentially, we were able to resolve. And I think Commissioner Galyen and I looked at it as, we're attempting to mediate this dispute because simulcasting is such an important issue for Nebraska industry. And the fact that each day that goes by that we're not simulcasting at all of our race tracks is not only detrimental to that track, it's detrimental to the state with regard to the revenue and it's detrimental to the racing industry as a whole. We wanted to avoid that. And so when at the December meeting when I was asking...as chairman I was asking for the status of the simulcast contracts knowing full well that those contracts expire and the licenses expire

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December 31. We've got new licenses that go into effect January 1, but we haven't got any contracts that go into effect January 1. The commission wanted to make sure that based upon what's in the best interest of the racing industry as a whole, that we address that proactively. We were advised at that meeting that we would have contracts from all the tracks approved by the HBPA and the tracks so that we wouldn't be in that scenario that we were in, in May for three weeks of 2017. [CONFIRMATION]

SENATOR LARSON: Thank you, Mr. Lee. And like I said, I think as long as we understand moving forward that if...even if Lincoln and Omaha have a contract, that Grand Island doesn't...that Lincoln and Omaha can still get that license or if Grand Island has it and Omaha doesn't. And I think it's important to keep it as open as many as possible and not close all of them down because one track doesn't have a contract. [CONFIRMATION]

DENNIS LEE: I understand. [CONFIRMATION]

SENATOR LARSON: So I appreciate it...I appreciate you answering my questions. I'm sorry if it...I just wanted to clear it up after what was... [CONFIRMATION]

DENNIS LEE: No. And if the committee or if you, Senator, think of any other questions that I haven't addressed, I would certainly be happy to make those records and the minutes and anything else that you need, as it relates to simulcasting, 2017 and going forward. We're a joint partnership in terms of building the industry and keeping it strong. [CONFIRMATION]

SENATOR LARSON: Sounds good. Thank you, Mr. Lee. Any further questions from the committee? Senator Brasch. [CONFIRMATION]

SENATOR BRASCH: Thank you, Chairman Larson. And thank you. All of these millions of dollars, I'm curious--and I think you had said it at the start--but as the state's revenues have declined, have pari-mutuel...state's handles also declined? Is there a correlation there or... [CONFIRMATION]

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DENNIS LEE: The handle for 2017 was down about 4.5 percent from the comparative time in 2016. Interestingly enough, the track that did the best was right here in Lincoln, Lincoln Race Course, in terms of simulcasting, overall handle that was...there's a strong fan support of simulcasting at Lincoln Race Course. [CONFIRMATION]

SENATOR BRASCH: But overall, the handles are down? [CONFIRMATION]

DENNIS LEE: Down 4.5 percent. And it was up, as I said earlier, 2015 we were at \$69 million total, live and simulcast. In 2016 we were at \$71 million, so we were up. Last year we were at \$67 million, so we went down and we even went a little further down handlewise and where we finished in 2015. [CONFIRMATION]

SENATOR BRASCH: Okay. Very good. I was curious. One of my classmates from Lincoln High School, her career has been at the casinos in Nevada somewhere. And she said the casinos' revenues are down, their hours have changed, they're seeing an overall decline in expendable dollars. And I was curious if that's nationwide for horse racing as well, perhaps. [CONFIRMATION]

DENNIS LEE: I think from what I've seen in other states that have simulcasting and live racing, a lot of the states, probably the vast majority of the states are down. [CONFIRMATION]

SENATOR BRASCH: Are down? [CONFIRMATION]

DENNIS LEE: I would think that our down amount of minus 4.5 percent from 2016 to 2017 is probably about average. [CONFIRMATION]

SENATOR BRASCH: About average? [CONFIRMATION]

DENNIS LEE: I don't know that factually, but that's a pretty educated guess on my part. [CONFIRMATION]

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SENATOR BRASCH: Very good. You've been wonderful in your details and your knowledge. Thank you for your willingness. [CONFIRMATION]

DENNIS LEE: Thank you, Senator. Thank you. [CONFIRMATION]

SENATOR LARSON: Senator Krist. [CONFIRMATION]

SENATOR KRIST: Thanks for coming. And I've posed this question to you and to others involved with the State Fair and horse racing before and I'm sorry to be a broken record, but one of the things that I enjoyed about the State Fair and we enjoyed as a family growing up in the Ak-Sar-Ben area as well, is that we could come as a family and enjoy agriculture. And part of that tradition in the State Fair was horse racing. Part of the movement involved with us moving the State Fair to Grand Island was a limited amount of space and resources. And it was always said that we don't have stables and track, etcetera, to do both of these things simultaneously. So I'll make the appeal my last time, my last year, my last term-limited year in the Legislature, when is horse racing going to start back up in Fonner as a result of being part of our culture and part of the State Fair? And you alluded to a minute ago, Fonner runs at probably some of the most questionable times climatologically that you can in Nebraska. And it seemed to me if you could split the race days between when traditionally they have been and the State Fair that it might help the situation. That's a long-winded question and you're free to respond to it anyway you want to. [CONFIRMATION]

DENNIS LEE: Senator, I appreciate the question. It's something that I know the industry and particularly the track management of all the tracks struggle with all the time in terms of how to best capitalize on their market. Fonner runs 31 days and they're really the only track remaining from the statute in simulcasting that required a percentage of your live race days of 1988. And Horsemen's, I know the fans in Omaha would love to have more live racing. The practicality is, if you haven't been to Horsemen's Park, it's landlocked. There's Q Street on the north and you've got the Papio Creek on the west and the south. And Horsemen's and Mike and his staff have done an outstanding job of making their facility available. I know that Columbus allows horses to stable there and ship into Ak-Sar-Ben. And that's no small undertaking to ship horses from one spot to another and race the same day. Fonner Park has really an extensive facility, even before

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the State Fair moved out there. Fonner Park had extensive, not only a housing facility and barns for horses, but they had the track and their training track. And they would always open that track up in December for the horsemen to train. Can we get to more live race days? Nobody would like it better than I would. I think that's really the underlying issue for track management is, what can they do not only in terms of expanding the number of live racing days, but also be stewards of their budget in terms of being able to offer those additional race days within the limitations that their facilities have now. Columbus doesn't have those limitations that Horsemen does. Lincoln is in the process of building their tracks. In a perfect world, if the Legislature were to see fit to confirm my appointment and as I go into the next few years, in a perfect world whoever would be sitting here after me would be able to say, they built a five-eighths mile track in Lincoln and we've got 22 barns, and we've got a test barn, and we're racing 30 days in the summer, because a perfect--in my mind--a perfect scenario would be Fonner does what they do in the spring, that's what they market for, that's what their public is used to in terms of live racing. And in February, March, and April, ending early May, if Lincoln were to be successful and build their facility, go from there, run another 30, 35 days in Lincoln. Go to Omaha in July; go up to Columbus in August when they run in August and September; and maybe end the season like we used to do back in the '80s at Atokad park. I think a lot of that is going to be able to be determined if Lincoln is able to complete their facility. And then I think that opens a whole new opportunity for the industry to consider. [CONFIRMATION]

SENATOR KRIST: Thank you. [CONFIRMATION]

DENNIS LEE: Thank you. [CONFIRMATION]

SENATOR LARSON: Thank you, Senator Krist. I agree with you, live racing at the State Fair would be excellent. One...and I just want to double check. So had Fonner Park and the HBPA not signed their agreement on 12/31, but you had the agreements from the other tracks, would have Omaha and Lincoln and Columbus been able to simulcast, because you did have those agreements? You had the contracts from those three, you just didn't have Grand Island. [CONFIRMATION]

DENNIS LEE: We had those contracts from the other three. [CONFIRMATION]

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SENATOR LARSON: So would those three have been able to simulcast on January 1 without the HBPA contract in Grand Island? [CONFIRMATION]

DENNIS LEE: Pursuant to the statute, they could have. The commission was in the process of reviewing all of the race tracks. [CONFIRMATION]

SENATOR LARSON: Okay. But they would have still been able to on January regardless, because they'd had the contracts and by statute they could? [CONFIRMATION]

DENNIS LEE: The commission had jurisdiction, yes. Yes. [CONFIRMATION]

SENATOR LARSON: And by statutory approval, since they met all the requirements they should be approved by the commission to run like on January 1? [CONFIRMATION]

DENNIS LEE: The commission would have jurisdiction. Based on that statutory minimum requirement being made, the commission would have jurisdictional approval. That is correct, sir. [CONFIRMATION]

SENATOR LARSON: Okay, thank you. Any further questions? Seeing none, thank you for coming. [CONFIRMATION]

DENNIS LEE: Thank you very much. [CONFIRMATION]

SENATOR LARSON: Do we have any proponents for Mr. Lee? Opponents? Neutral? Seeing none, that will close the hearing on Dennis Patrick Lee for the State Racing Commission. And we'll move to LB724 by Senator Wayne. And I believe Senator Wayne is in Omaha today in court, so we will have his legislative aide come up and introduce. [CONFIRMATION LB724]

JAKE SEEMAN: Good afternoon, Chairman Larson and members of the General Affairs Committee. My name is Jake Seeman, J-a-k-e S-e-e-m-a-n, and I'm a legislative aide for Senator Justin Wayne. Senator Wayne represents the 13th Legislative District in northeast Douglas County and, unfortunately, he's unable to be here today due to prior commitments. LB724 cleans

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up and modernizes language in statute. The first change in the bill being adjustment as to when keno operators are allowed to deposit funds. The second, as it stands, satellite keno locations must deposit physical cash. LB724 would allow these funds to be transferred and deposited electronically. That's about what the bill does. Thank you for your time and I will answer any questions I can, but however Sean Kelley and Big Red Keno are behind me to answer any other questions on how it might impact his clients. [LB724]

SENATOR LARSON: Thank you, Mr. Seeman. Senator Blood. [LB724]

SENATOR BLOOD: Thank you, Chairman Larson. Do you know what format is going to be utilized for the EFTs? [LB724]

JAKE SEEMAN: I do not. [LB724]

SENATOR LARSON: I think the next testifier will have a much more detailed description for you, Senator Blood. Seeing no more, thank you, Mr. Seeman. [LB724]

JAKE SEEMAN: Thank you, Senator. [LB724]

SENATOR LARSON: Welcome to your General Affairs Committee, Mr. Kelley. [LB724]

SEAN KELLEY: Good afternoon, Chairman Larson and members of the General Affairs Committee. My name is Sean Kelley, S-e-a-n K-e-l-l-e-y, appearing today as a registered lobbyist for EHPV Management Group doing business as Big Red Keno. So I'm sitting here as Bill Harvey this afternoon, I'm going to read his testimony. He's general counsel for EHPV Management, which operates Big Red Keno. Big Red has been providing keno lottery services to Nebraska communities for more than 25 years. Keno in Nebraska was legalized in 1986 through a unique setup called the Nebraska County and City Lottery Act, which is a local option lottery. Lottery option means that people can vote to have keno in their community. If the vote passes, the community contracts with a private vendor such as Big Red, called a keno operator. Big Red works with the city under a contract. The state receives a tax on keno wagers, but the bulk of the net revenue goes to the community to be spent as they see fit on community betterment. As an

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operator, Big Red also contracts with satellite locations within the borders of a given city. These are bars and restaurants that offer keno to their patrons. The city approves the satellite locations and we operate the game and collect the keno proceeds from the satellites for the city. The major challenge for Big Red is innovation. Most changes to the game must be approved by this Legislature. The bill before you today modernizes the process we use to collect the funds for the city. As we speak, hundreds of keno satellite locations are collecting keno proceeds which are kept in a keno drawer separate from the bar or restaurant's drawer, the separation facilities tracking off keno proceeds and audits. This will not change, nor would Big Red want it to. Tonight those bars and restaurants will deposit their daily revenues from food and beverage sales into their business bank account and will deposit the keno proceeds into a separate account that the lottery operator manages for the city. Sometimes, it's at a separate bank. This bill will allow us to make that end-of-day deposit more efficient and safe by allowing a process similar to the one already used by the Nebraska State Lottery. At the end of the day, the satellite location deposits keno funds into their business account and the state lottery operator then electronically withdraws the keno proceeds and moves them into the lottery operator's or city's account. There's one other cleanup provision included in this bill. By regulation, the current deadline for a satellite to deposit keno funds in the account of the lottery operator of the city is four business days. In smaller communities where a bar owner might only travel to the nearest bank once a week, this means they can't set a schedule to go in every Monday or every Thursday. This bill sets a five business day maximum to allow for a consistent weekly schedule. In closing, this bill is really about creating efficiencies for the businesses that operate the keno game for the towns and cities across Nebraska. One item I would just mention is the fiscal note. We note the Department of Revenue has suggested it will cost \$130,000. We're happy to work with the department to try to make that nothing. We see this as an efficiency standpoint. Nobody is going to be...there's not going to be any more accounts to be looked at, so we think it will be more efficient in the end. With that, I'll be happy to take any questions. [LB724]

SENATOR THIBODEAU: Thank you, Mr. Kelley. Senator Blood. [LB724]

SENATOR BLOOD: Thank you. So he thought you would know the answer. Do know the platform that's utilized? [LB724]

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SEAN KELLEY: Yeah, I think Senator Larson... [LB724]

SENATOR BLOOD: Overestimated? All right. [LB724]

SEAN KELLEY: Yeah, he overestimated my knowledge. [LB724]

SENATOR BLOOD: So you said it was the same platform as what's used for Nebraska lottery. How long have they been using that platform, do you know? [LB724]

SEAN KELLEY: As far as I know, since their inception. [LB724]

SENATOR BLOOD: So it's probably an antiquated platform, would be my guess. [LB724]

SEAN KELLEY: Oh, they're...excuse me. The platform, I don't know. But just statutorily to be... [LB724]

SENATOR BLOOD: The EFT. [LB724]

SEAN KELLEY: Exactly, Senator. [LB724]

SENATOR BLOOD: And I just want to say on record, I'm a big supporter of keno. I don't think there is a municipality in the state of Nebraska that could do without the community betterment funds. I know that some wonderful things in Sarpy County...so anything that we can do to make it easier for the keno owners I think is a good thing. We're not talking about anything with the game, we're just talking about efficiency right now. Right? [LB724]

SEAN KELLEY: Precisely. Thank you. [LB724]

SENATOR BLOOD: But I would be interested in finding out if there... [LB724]

SEAN KELLEY: We will get that information to you for sure. [LB724]

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SENATOR BLOOD: Because if it is antiquated, maybe we need to readdress what's going on at the state lottery as well. [LB724]

SEAN KELLEY: Okay. [LB724]

SENATOR BLOOD: Thank you. [LB724]

SEAN KELLEY: You bet. [LB724]

SENATOR LARSON: Thank you, Senator Blood. Senator Krist. [LB724]

SENATOR KRIST: In your testimony...thanks, Sean, for coming. In your testimony you said that the bank is kept separate from the bar or restaurant in terms of its operation. [LB724]

SEAN KELLEY: Right. [LB724]

SENATOR KRIST: At the end of the day now we're blending the two into one deposit into whatever bank the business does business with and then it's up to the lottery to actually reach out and ping for the deposit. The deposit, as I know it to be, is known by Powerball and keno or whatever, given what has been taken into the till that day. That's a known quantity. So I don't see an issue with keno reaching out and grabbing what it knows it needs to grab on a daily basis. And the way you described it, you envision it has a daily withdrawal from... [LB724]

SEAN KELLEY: Absolutely. [LB724]

SENATOR KRIST: Okay. Do the fills happen any differently than what they're currently happening, to your knowledge? [LB724]

SEAN KELLEY: No, nothing would change. [LB724]

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SENATOR KRIST: Okay. And then my last question, if there's a discrepancy between what the till should have been at the bar/restaurant, wherever, at the source of the gambling of keno... [LB724]

SEAN KELLEY: Right. [LB724]

SENATOR KRIST: ...and an active withdraw from that, just so we don't create more unintended consequences, if that number is not the same in terms of what the business and keno think it should be, because I know in my own world that those deposits have not been exactly what keno at the end of the day may have thought they were going to be. They could have been dollars difference, they could have been hundreds of dollars differences. Has that been thought out in this process? [LB724]

SEAN KELLEY: Absolutely. So Big Red will keep the exact same auditing function. I mean, there's no one that wants to have the exact same deposit in the account more than the vendors. So absolutely. And, in fact, I think in real time electronically it will be a much easier format for both the retailers and the vendors. [LB724]

SENATOR KRIST: I would agree, because I think in the manual computation it's begun on the...the reconciliation has taken days, while I think in electronic, this should take hours to solve if it needs to be solved. So I don't see a downside to it and obviously you don't or you wouldn't be here, so. [LB724]

SEAN KELLEY: Right. Thanks. I think you summarized the bill better than I did. [LB724]

SENATOR KRIST: Thank you, Sean. [LB724]

SENATOR LARSON: Thank you, Senator Krist. Senator Thibodeau. [LB724]

SENATOR THIBODEAU: Yes. I was just wondering if you could speak to the fact a little bit more...obviously, this is making this more efficient. It is not expanding gambling in any way. If

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you could just explain on record how it could also be a more safe way for funds to be transferred.
[LB724]

SEAN KELLEY: Sure. So if you're the manager at the local restaurant right now and you have keno, you're doing your daily deposits for your food and beverage and then you have your separate cash keno drawer that has to go to the bank of the vendor's or city's choice. So then you come in the morning or late at night, you count those monies, and then you're taking two bags out to your car and then physically driving to the bank on a daily basis for the most part, especially in the Omaha and Lincoln markets, and then taking that bag of cash by yourself to the bank. So now you would just have that one bank account, which is your hospitality dollars and then you could just have one deposit. So doing it...to your other question about gambling and nothing as far as time is concern or mode of payment or anything like that. It's really on the backside mechanics. [LB724]

SENATOR THIBODEAU: Thank you. [LB724]

SENATOR LARSON: Senator Krist. [LB724]

SENATOR KRIST: Just one addition, and this is a point of interest for me. I think the riskiest part of this whole business is the fill process, because you have people running around with bags of money in order to give to the bars and restaurants and then the deposit process where someone knows you're going to the bank to make a deposit. Anything we can do to minimize that risk and put people out of harm's way, well, we just eliminated half of that risk by doing it electronically. So just to add to a point. [LB724]

SEAN SEEMAN: Thank you. [LB724]

SENATOR LARSON: Thank you, Senators Krist and Thibodeau. Any further questions from the committee for Mr. Kelley? Seeing none, thank you for joining us today in the General Affairs Committee. [LB724]

SEAN KELLEY: Thank you. [LB724]

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SENATOR LARSON: Anyone else in support of LB724? Seeing none, opponents? Seeing none, neutral testimony. Are you neutral or opponent? [LB724]

BRIAN ROCKEY: Neutral. [LB724]

SENATOR LARSON: Neutral. Okay. Just double checking. Welcome to your General Affairs Committee. Please state your name and spell it. [LB724]

BRIAN ROCKEY: (Exhibit 1) Thank you, Senator. Good afternoon, Senator Larson, members of the General Affairs Committee. My name is Brian Rockey, B-r-i-a-n R-o-c-k-e-y, and I'm the director of the Lottery and Charitable Gaming Division of the Nebraska Department of Revenue. Thank you for the opportunity to offer testimony today on LB724. I'm testifying in a neutral capacity because I want to point out some issues regarding the commingling of funds which LB724 would permit. Specifically, by allowing a keno sales outlet to commingle keno and nonkeno sources of revenue, LB724 will hinder the ability of the Department of Revenue to conduct audits and investigate potential criminal violations of the Nebraska County and City Lottery Act. Currently, Nebraska Revised Statute 9-650 requires keno gross proceeds to be strictly separated from all other sources of revenue. This allows the department to track keno proceeds from the point of sale to their ultimate dispersal to the sponsoring community. Consequently, department auditors can determine if the business that runs a keno game has received a commission within the statutory allowance or if a game in question has met all the minimum prize payout requirements, among other compliance matters. The department also has law enforcement personnel who investigate potential criminal conduct. The strict segregation of proceeds requirement allows investigators to compare wagering as recorded by the automated keno system with the record of deposits into the keno designated bank account. If, for instance, cash deposits are significantly less than what was indicated by the keno system, this would signal a potential instance of illegal credit wagering, as gambling losses have not been accounted for. Allowing a business at which keno is conducted to commingle keno and nonkeno sources of revenue will greatly reduce the department's ability to conduct regulatory oversight as described above. A bad actor could use a commingled account to cover for gambling losses sustained from credit wagering, as the department could not readily ascertain the source of account funds. This situation would necessitate deeper and more involved scrutiny on behalf of the department,

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which is why we would need an additional auditor and an additional investigator. That said, we have no concerns regarding the other provisions of the bill. That concludes my testimony. I would welcome any questions from the committee. [LB724]

SENATOR LARSON: Thank you, Mr. Rockey. Senator Krist. [LB724]

SENATOR KRIST: So your contention is that if I own...let's just say my friends at the North Shore who run keno and run a bar. And at the end of the day I have \$6,000 in revenue from my primary business and I have \$10,000 in revenue from keno. And I so indicate that because the system that is my cash register indicates I took in \$7,000 and the system that is my keno system indicates I took in \$10,000. And if I take that \$7,000 and make that deposit one slip or I make it two slips in the same account, you can't audit whether the system matches up with the deposit that's made? And, furthermore, at the same time we're authorizing keno--which is your first line of defense--to take the money out of the account that it's supposed to be in and it knows what my system registered the night before, so it has a direct audit function. So I'm finding it hard to believe that you need another manpower slot to watch what's going on because to me the EFT on the electronic data tells me money in, money out, money taken. [LB724]

BRIAN ROCKEY: Senator, not...and good point. Not so much to necessarily watch what's going on, but to investigate when issues do arise. And I have a specific example. We recently concluded a case with another operator. It was a multi-site operator. The case took over a year to investigate. It involved two of this operator's locations. It did result in criminal charges. The investigator alone put in more than 250 hours on each of those two sites. The attorney on our staff that helped build the case to work with local county attorneys invested over 300 hours on that. So that's our concern that in the situation, if it does arise, then it becomes much more involved. And those folks work on a variety of other activities throughout the course of the year. [LB724]

SENATOR KRIST: So on a negative...on a neutral basis, what I'm telling you is, I no longer have this deposit, that deposit, this paper, that paper, back and forth. I have one system that allows me to take the dollars from one drawer, dollars from another drawer, validate from this register here and this system over here and put it in. What would your investigator have had to have done if

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keno would have said on any given day, Department of Revenue, I'm \$5,000 short from this operator today, yesterday, and the day before. It seems to me like it's an instantaneous matter of, you're short in your drawer. And, therefore, there has to be an explanation which would require potentially one person to go out with that keno operator's number and say, Mr. Smith, you were \$5,000 short last night, what's the issue? [LB724]

BRIAN ROCKEY: Not every operator functions in the same manner and not every operator... [LB724]

SENATOR KRIST: They better, it's state law. [LB724]

BRIAN ROCKEY: They actually under the statute have I believe four days to make a deposit, as opposed to...so if they... [LB724]

SENATOR KRIST: No. Okay. Let's take the time frame out of it. [LB724]

BRIAN ROCKEY: The example that was stated earlier is 24 hours, yes. [LB724]

BRIAN ROCKEY: Okay. But let's use the operator's tag number or registration number, because nobody is supposed to be punching in that machine that doesn't have a registration number to use that machine. [LB724]

BRIAN ROCKEY: Correct. [LB724]

SENATOR KRIST: Okay. [LB724]

BRIAN ROCKEY: However, if an individual is selling keno, writing keno, and let's say there's a regular customer that's there and the customer says, I lost my wallet, it's in the truck, it's x, y, z, can you spot me \$500 so I can play today? Legally, they cannot do that. If, at the end of the day or at the end of the deposit period, that location transfers \$500 from their own operating account into keno, it would be problematic for us to investigate that down the road. Let's say a player...another player were to call and say, hey, there's a customer at this location playing and I

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know they're playing on credit because I heard them say to the writer, I'm short \$500, can you spot me? And the writer did that because they're a good customer. It would be difficult for us to track that violation because of the ability for commingling. And again, as I noted, not every location closes their accounts end of day, the way the example that was previously cited. [LB724]

SENATOR KRIST: So you can't control it now, but this is going to make it worse? That's the supposition I should come to? [LB724]

BRIAN ROCKEY: It will make it more difficult to assure that the...and there are...the number of violations during the course of a year are the number of investigations undertake during the course of a year. [LB724]

SENATOR KRIST: So if I'm the North Shore business owner and I want this to happen because its more efficient, it's safer for my employees, etcetera, if I amend this bill to simply say that that business owner needs to open two accounts at his private bank, one of them is for keno and one of them is for the house, then what's your objection? [LB724]

BRIAN ROCKEY: I think theoretically that's probably acceptable. [LB724]

SENATOR KRIST: Okay, thank you. [LB724]

SENATOR LARSON: Mr. Rockey, how many cases did you have last year? [LB724]

BRIAN ROCKEY: There were 272 inspections conducted, 87 investigations resulting from alleged violations or complaints. And that's 87 charitable gaming investigations. [LB724]

SENATOR LARSON: Investigations that resulted in charges? [LB724]

BRIAN ROCKEY: Offhand, Senator, I couldn't tell you exactly. The one in particular I know of, is this one that did result in charges. [LB724]

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SENATOR LARSON: So one major one. And so...but I guess as I hear and read your testimony, you're pretty much saying that you need the extra investigator because you feel there will be more illegal activity? That this bill...so...and reading through your testimony, honestly, I don't think you're neutral. You came out and testified against this. So would it be safe that you're in opposition to part of this bill? Yes, pretty much, because you... [LB724]

BRIAN ROCKEY: Not really, Senator. [LB724]

SENATOR LARSON: You say that you're in a neutral capacity, but you are opposed to specific parts of it. Correct? The way the department allows... [LB724]

BRIAN ROCKEY: The commingling. (Inaudible.) [LB724]

SENATOR LARSON: Commingling, so I'm going to move you into opposition because you testified in opposition of this bill, that specific part. So neutral, you are now in opposition. All right? [LB724]

BRIAN ROCKEY: That wasn't really our intent, Senator. [LB724]

SENATOR LARSON: I mean, you were opposed to a specific part of it. You can't just be neutral and be opposed to a specific part. So I'll work with that through my legal counsel and committee clerk. And so I try to be very specific and we can discuss that moving forward. But I guess we...I don't see how this creates more criminals. I don't see how this creates more cases or harder...I think Senator Krist hit this nail on the head and I appreciate that and I'll work through that with the committee clerk and we can discuss that moving forward. Senator Blood. [LB724]

SENATOR BLOOD: Thank you, Chairman Larson. And thank you, Senator Krist and Senator Larson for doing the heavy lifting, because that only leaves me with one question now. You know what format that the lottery EFTs are built on, yes? [LB724]

BRIAN ROCKEY: Yes, Senator. [LB724]

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SENATOR BLOOD: And what format is that? [LB724]

BRIAN ROCKEY: Well, in the process--and I'll speak to the process and if you're talking about a specific technological format I'd have to get you the details--but the business week for the lottery or for a lottery retailer runs basically Sunday through Saturday. The lottery equipment is real time at a retail location, so if you buy a Powerball ticket it registers the transaction right then and there with our central system. [LB724]

SENATOR BLOOD: How is that different from keno? Not to interrupt you, I just want to get you wearing that thought. [LB724]

BRIAN ROCKEY: Sure. Well, keno is decentralized in that there are 160-some different operators around the state's 760 locations. They're not all on the same system, so that's a difference. To the lottery operation, when the lottery retailer transacts either a scratch validation or a lotto sale or validation during the course of the day the system credits that, their account or charges their account depending on what they're doing. The account is settled...the books close on Saturday night at the end of operations and then retailers have access to an automated statement on Sunday and it tells them that on Wednesday, that's when the lottery will collect or credit their account. And that's done through an ACH process. [LB724]

SENATOR BLOOD: And how long have we been utilizing that same old format, do you know since when? [LB724]

BRIAN ROCKEY: Well, since the lottery started that's the process that we have used. We use a multi-year contract with a third party vendor. There are four, three, four major vendors in the lottery industry that provide the equipment and the process... [LB724]

SENATOR BLOOD: Who is your third-party vendor? [LB724]

BRIAN ROCKEY: It's IGT, it's International Game Technology. [LB724]

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SENATOR BLOOD: And so the question that I would have for you is, since you're telling me that the keno is decentralized, which is pretty standard anyway with pretty much all businesses because banks usually have the one hub and it's a decentralized process. Wouldn't it benefit them to do something like watching technology then to use the code (inaudible) to get them up to speed and be on par of what the lottery is doing? It would also save you guys the concerns that you seem to have in your testimony. [LB724]

BRIAN ROCKEY: I think the application of technology would be useful, yes. [LB724]

SENATOR BLOOD: Thank you. [LB724]

SENATOR LARSON: Senator Brasch. [LB724]

SENATOR BRASCH: Thank you, Chairman Larson. And thank you, Mr. Rockey, for coming forward today. I believe you've been with the Department of Revenue and with the state even longer, but 20-plus years? [LB724]

BRIAN ROCKEY: Twenty-plus years. [LB724]

SENATOR BRASCH: Twenty-plus years. And I know you are very thorough and knowledgeable in gaming. And the Gaming Division, you work with other states or are there other policies? And my thought is, when you raise this concern, typically other agencies do come in and testify in neutral in my past eight years here. It's very rare if I've ever seen an agency come in opposing a bill. It's always neutral and then you state the pros and cons. But are you aware of other states that commingle funds? Have you visited with anyone, because "Senator Justin" isn't here...typically the practice is you don't ask the legislative aides the questions. And I'm just curious if you have had conversations and potential criminal activity and just looking at all the facts beyond the simplicity of what would be seemingly a good move? [LB724]

BRIAN ROCKEY: Offhand, Senator, I can't speak to that directly. I believe there are some jurisdictions that do allow commingling. Every state handles keno and charitable gaming in a

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different fashion. In Iowa, for example, I believe the state lottery operates keno. I think the same is true in Kansas. In other jurisdictions it's a local or charitable operation. [LB724]

SENATOR BRASCH: Very good. And so what you're saying is that the audit process would just...if it were separated as what Chairman Larson or Krist, that would simplify it just to keep criminal activity at bay or more easily identified. [LB724]

BRIAN ROCKEY: That's correct. It would make it much more easier to trace it. [LB724]

SENATOR BRASCH: Okay. I do want to thank you for your testimony and the questions that you ask. It is important that we look at all the facts. I have no other questions. [LB724]

BRIAN ROCKEY: Thank you. [LB724]

SENATOR LARSON: Thank you, Senator Brasch. Any further questions from the committee? Seeing none, thank you for testifying. [LB724]

BRIAN ROCKEY: Thank you. [LB724]

SENATOR LARSON: Any further neutral testimony on LB724? Seeing none, that will close the hearing on LB724. We'll move to LB921, Senator Lowe. Welcome to your General Affairs Committee. [LB724 LB921]

SENATOR LOWE: (Exhibit 1) Thank you, it's good to be here. I think this is the first time I've been here. [LB921]

SENATOR LARSON: We welcome you. [LB921]

SENATOR LOWE: You do not look as bad as what everybody says. [LB921]

SENATOR KRIST: Stand by. [LB921]

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SENATOR LOWE: Thank you, Chairman Larson and members of the General Affairs Committee. I am Senator John Lowe, that's J-o-h-n L-o-w-e, and I represent District 37. I'm here today to introduce LB921. LB921 would amend the State Electrical Code to define a farm building and create a limited licensing exception for farm building construction. Today Nebraska is seeing an unprecedented development in our agriculture sector. Major developments are being built and these projects must be completed in a short time window. In order to ensure these projects are able to be completed in an efficient and timely manner we need to make sure our contractors have access to a large labor pool. Under current law farm buildings not constructed by the farmer themselves must have all wiring installed by a licensed electrician or journeyman. However, there are not enough electricians to meet the demand of new construction in the time frame that is necessary for Nebraska producers. One of the reasons for this are large development projects that Nebraska attracted recently, including Facebook's data center in Gretna. These projects are critical for the growth of Nebraska, but they have strained the ability of human capital for the additional large-scale construction. Due to this lack of human capital there are not enough licensed electricians to timely build the poultry barns required for success of the Lincoln Premium Poultry project and to support other potential developments in the state. LB921 is designed to address these concerns by expanding the available work force. The bill defines a farm building as any building that is not open to the general public or used for a purpose of education and research that is used for bona fide farm purpose. LB921 includes the definition of a bona fide farm purpose is: The purpose is defined as growing or storage of agriculture products or commodities, including crops, vegetables, flowering plants, dairy, livestock, poultry, and other agricultural products. I think it is important to make clear the intent of this language here. This is a building that holds livestock or crops. It is not a meatpacking plant. LB921 also creates a limited license exemption for farm building construction. The bill would allow someone without electrical license to handle wire and wiring components on the job site. This means an unlicensed worker could haul or move supplies and equipment without supervision, but all other installation work would be performed under this direct supervision of a licensed electrician. The changes that LB921 would bring will not, in any way, affect the safety or structural integrity of the building. All farm buildings must meet commercial and industrial building codes and will have to pass inspection, just like any other new construction. Discussions were held with the Ag Committee about LB921 and I would like to note that Farm Bureau has submitted a letter of support for this bill. There will be several testifiers here today that will help

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give a broader picture of why this bill is needed and how it will help encourage rural economic development in both the present and future. Thank you for allowing me to bring this bill and I'd be happy to answer any of your questions. [LB921]

SENATOR LARSON: Thank you, Senator Lowe. We'll start with Senator Blood. [LB921]

SENATOR BLOOD: Thank you, Chairman Larson. I actually have several questions and hopefully you know the answers and if not I'll just keep asking till somebody gives me a good answer. So we were fortunate enough earlier, before you came into the room, to interview John Hiller from the State Electrical Board for his appointment or reappointment. [LB921]

SENATOR LOWE: Okay. [LB921]

SENATOR BLOOD: And one of the questions I had for him is the same question I have for you. How important do you feel the NEC is to our State Electrical Act? [LB921]

SENATOR LOWE: I believe the...NEC? [LB921]

SENATOR BLOOD: NEC. [LB921]

SENATOR LARSON: National Electric Code. [LB921]

SENATOR BLOOD: I hate acronyms. [LB921]

SENATOR LOWE: Yeah. This will not change that, I believe. [LB921]

SENATOR BLOOD: Well, it kind of does because the State Electrical Act is quite clear that it should be one and three, so three apprentice to one professional. And so I'm kind of curious... [LB921]

SENATOR LOWE: As far as safety, it won't change. [LB921]

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SENATOR BLOOD: How will it not change? [LB921]

SENATOR LOWE: Well, as far as safety, there may be more general labor or apprenticeships on the job site, but everything still has to be inspected. [LB921]

SENATOR BLOOD: But if there's more apprenticeships and it's above and beyond what is recommended, that becomes a safety and liability issue, yes? [LB921]

SENATOR LOWE: I don't know. Does it need more... [LB921]

SENATOR BLOOD: According to the NEC, according to our own State Electrical Act. [LB921]

SENATOR LOWE: Yes. [LB921]

SENATOR BLOOD: So I'm kind of curious. Why didn't you approach it more, if it's a shortage, why didn't you approach it more maybe like waiving the registration fees because the fees for those apprentice are only \$20 and \$40, depending on if it's an even or odd year, to encourage people? [LB921]

SENATOR LOWE: Would that have changed? [LB921]

SENATOR BLOOD: Would what have changed? [LB921]

SENATOR LOWE: By waiving the registration. The number of three would still be in there. [LB921]

SENATOR BLOOD: It would have encouraged more people to become...the number three would still be in there, but what's being claimed is that there's a shortage. [LB921]

SENATOR LOWE: Yes. [LB921]

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SENATOR BLOOD: And that that's the motivator for the bill. So if there's a shortage you would want to encourage people to become what, helpers, right? [LB921]

SENATOR LOWE: Helpers? Yes. [LB921]

SENATOR BLOOD: Whatever they're called, apprentices. Helpers is not the right word, that sounds like something from "Captain Kangaroo." But...and so the concern that I have is that I did a little research and there appears to be hundreds of electricians available for the work-- electricians. Are you saying there's not enough apprentices? [LB921]

SENATOR LOWE: There is not enough apprentices to help, yes. And we have been told that there aren't enough electricians in rural Nebraska to do this. [LB921]

SENATOR BLOOD: And who told you that? [LB921]

SENATOR LOWE: Well, there were some union fellows from an electrical union in my office the other day. They said there is a definite shortage. [LB921]

SENATOR BLOOD: Because I have a letter from a union that we all received. It says there is a total of 239 electricians on his out-of-work list right now. I'm not sure which union that is. Let me look and see which one that is, because we got...from IBEW Local 22. So my concern is...and I understand, I grew up on a farm and I'm not sure if you're talking about farms like farms or farms like...are you talking about like chicken plants? I know you were talking about meatpacking. Are you talking about turkey shelters? What are you talking about? [LB921]

SENATOR LOWE: Well, Costco is coming to Fremont. And I think that's what kind of brought this to the head. [LB921]

SENATOR BLOOD: Right. So that's the motivator? [LB921]

SENATOR LOWE: They're going to building 500 new buildings for the farmers... [LB921]

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SENATOR BLOOD: Right, which is a wonderful thing. [LB921]

SENATOR LOWE: ...in a very short time frame and there are other companies watching to see how this is handled and how it goes. And they are looking at Nebraska because we do have corn and we do have soybeans, we do have milo, to invest in Nebraska. And I believe that we need to look forward, not just this one project, but all the projects that this could handle that help our state with the agriculture. It also helps develop and diversify the farmer so he's not solely dependent upon the corn crop or the wheat crop or whatever...soybean crop that he's growing, that he now has a second income that is...workloads are kind of dispersed over the time where harvest is not at the same time where they're raising the chickens type thing, so it disperses his labor. [LB921]

SENATOR BLOOD: And I agree with everything you just said in reference to how important that is. There was just a great story on NPR about it. But the concern that I have--and it's the same one that Mr. Hiller, who agreed with me, is at--when we don't follow the recommendations of NEC that is then put into our State Electrical Act, it opens up...for organizations like Costco for liability. And that is my concern is that I've seen in more than one instance where there is not a shortage of electricians and what I'm hearing is that we need to bring in more people that are not qualified electricians to solve the problem when we already have in our State Electrical Act a one-and-three ratio that is based on what the NEC, the Nebraska...National Electrical Code has recommended. And those are code making panels and technical experts that have gotten together to reduce the amount of fires that have happened--and substantially they've done that--and to protect people that are in the industry so they don't get hurt, and to make sure that things are done correctly. And I understand, coming from a municipal background, about the codes and how things are checked. But at the same token--and I know somebody in Bellevue just got in big trouble for this--when they start bending the rules bad things can happen and put people into serious and dangerous positions. And that's my concern, because what I'm seeing is that we don't have a shortage of electricians, we have the State Electrical Act, it's based on sound knowledge, that the farmers that we're talking about can still get their buildings built, we're just not reaching out to the right group of maybe electricians to get them to come and do the work. And I don't know if this is true, but my biggest concern is, are we just trying to find ways to get the job done

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cheaper? And if that's the case, that concerns me because electricity is nothing to be messing around with. [LB921]

SENATOR LOWE: What we're talking about is people that are pulling wires through the conduit. It doesn't take an electrician to...you've got a three- or four-wire system going into the conduit at one end, you've got three or four wires coming out at the other end. They're not hooking them up. [LB921]

SENATOR BLOOD: Then why are they supposed to be supervised if it doesn't take an electrician? I mean, there doesn't have to be any knowledge on that? You're just pulling...you say they're just pulling wires? [LB921]

SENATOR LOWE: Well, they're also taking the wire from the pickup to the place. [LB921]

SENATOR BLOOD: So how many hours does an electrician have to have with hands-on practice? Do you know, in order to be an electrician? [LB921]

SENATOR LOWE: I believe they have to have three years on the job, I believe. I'm not an electrician. [LB921]

SENATOR BLOOD: No, and I don't know the answer to that. Maybe someone else will know. [LB921]

SENATOR LOWE: There will be other people to follow up behind me...and I believe a college degree. I'm not sure about that, but some education...some education into that. [LB921]

SENATOR BLOOD: Well, that's even more than I thought. So I find that really concerning. [LB921]

SENATOR LOWE: But there will be people to follow me up. [LB921]

SENATOR BLOOD: Okay. Thank you for being a good sport. [LB921]

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SENATOR LOWE: Glad to. [LB921]

SENATOR LARSON: Senator Lowe, just for the record, and Senator Blood, both, currently it's my understanding the NEC has no recommendations on the ratio. That's just a state-specific recommendation. Was that your understanding, that the NEC doesn't actually have any recommendations on like the three-to-one, that's just what the state of Nebraska has decided? [LB921]

SENATOR LOWE: I believe it was the state of Nebraska, I didn't know. [LB921]

SENATOR LARSON: And many states have no ratios when it comes to agricultural buildings, correct? [LB921]

SENATOR LOWE: Right. [LB921]

SENATOR LARSON: All right, thank you. Senator Thibodeau, you're next. [LB921]

SENATOR THIBODEAU: Yes, earlier in your testimony you stated that you had discussed this with the Agriculture Committee. And since I'm new to the Agriculture Committee I was not part of those discussions. Would you mind elaborating a little more on how those discussions went? [LB921]

SENATOR LOWE: Well, it was about Costco coming to Nebraska and how important that was going to be to Nebraska and the Agriculture Committee or agriculture community. And it...the number of houses and barns that will be built, the number of chickens, and the impact...financial impact will be great for Nebraska, as a whole. [LB921]

SENATOR THIBODEAU: So I guess just to follow up, the Agriculture Committee was in favor of this bill? [LB921]

SENATOR LOWE: Yes. [LB921]

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SENATOR THIBODEAU: Thank you. [LB921]

SENATOR LOWE: Not this bill, but... [LB921]

SENATOR THIBODEAU: But, yes, in the discussions, yes. Sorry. [LB921]

SENATOR LARSON: Senator Krist. [LB921]

SENATOR KRIST: So I have a couple of opinions, I'm going to save some of them for later. But if you were building something on your farm and you decided to...if I decided to go downtown Omaha and pick up somebody who needed a job and I wanted to pull wires through a barn, there's no restriction on doing it myself? [LB921]

SENATOR LOWE: No, not for my own personal barn. [LB921]

SENATOR KRIST: Well, we're taking the risk. Let's put me in that position. I'm taking the risk to do what I want to do with my farm. This is different. This is an incredible investment that any business is making in Nebraska when they come here to set things up. I would venture to guess--and I don't know the exact number--but I would venture to guess that if somehow a heater in a corner which was not properly grounded or was not properly wired or the wrong gauge of wire was used, I would think a loss of a barn would be a substantial amount of money. And I'm not...I don't know how many dollars a chicken costs, but I'm assuming that we're not going to just put one or two in this barn. Further, I'll make the point, my father was a lifelong member, an electrician in Local 22, as I do have many friends that are laborers in the Omaha area. And very often, they're gone for weeks at a time, ironworkers, electricians, whatever. So the argument that there's not enough trained electricians and/or apprentices or that we are over supervising those people, right now I'm waiting to hear from more other folks. But I have to tell you that I was one of those people who was extremely hard on the Fire Marshal--not to go too far in history--but when we put the State Fair in position in Grand Island, we cut all kinds of corners putting up buildings that didn't have any supervision, electricians and plumbers and those came to us with a lot of concerns about those buildings and, in fact, it came to fruition. We did have a problem with, I know, one barn that was put up. But just sticking to current...the current history, one of

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the things we have to protect I think is the current industries in Nebraska. When we bring the new guys in and we cut corners to try to do things--and I think that's...I don't mean to put words in anybody's mouth--but I think this is cutting a corner. It's allowing for a reduction in the safety margin that I think that we impose on most other structures. And again, if this is your barn and you want to do it the way you want to do it, but these are chickens that are not owned by the farmer, as I understand it. They are owned by Costco from beginning...from cradle to egg or from egg to whatever it is, right, from beginning to end. So protecting that investment in terms of what we build, I'm more than open and willing to listen to those that come after you and really interested in hearing if there's somebody from Costco or from the corporate side that's okay with not holding to code, given their investment and where they're coming. So I'm all ears, but you've got a long way to go to convince me that this is going to be coming out of here. [LB921]

SENATOR LOWE: This would be holding to code, because there still would be inspections. There still would be inspections on these buildings. [LB921]

SENATOR KRIST: Having just built a house, I can tell you once they seal things up you can't see sometimes what needs to be seen. I, in fact, know of a splice that happened and I made them rip the whole thing out again. And that building inspector would have never seen it if I hadn't seen it the day I was there. So your arguments about inspecting at the end are valid, I understand that as long as you can take all masks off and we can inspect it during the building process. And that's kind of what that supervision and the journeymen and the apprentice are trained to do, is make sure that if they did tear this thing apart and make me look at things that are unshielded it would all meet code. And so I kind of said my piece. Go ahead. [LB921]

SENATOR LOWE: May I ask a question of you, Senator Krist? [LB921]

SENATOR KRIST: Sure. [LB921]

SENATOR LARSON: I don't let anybody in the testifier's seat...I'm sorry, Senator Krist. [LB921]

SENATOR KRIST: No, that's fine. Your rule. [LB921]

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SENATOR LARSON: That's...because I don't want...I understand we have two senators debating, but this is his turn to ask questions. And you two can do that, but that's just...testifiers don't ask questions. [LB921]

SENATOR LOWE: May I make just a short comment? [LB921]

SENATOR LARSON: You can make a comment, but no asking a senator on our committee questions. [LB921]

SENATOR LOWE: I believe something...no matter who ran the wiring, that a splice in the wall could be done by a journeyman or a licensed electrician, not only just a laborer. [LB921]

SENATOR LARSON: Put it on nighttime mode. You're dinging, Merv. [LB921]

SENATOR BLOOD: You're dinging. [LB921]

SENATOR THIBODEAU: Your phone is dinging. [LB921]

SENATOR RIEPE: I apologize. [LB921]

SENATOR LARSON: I'll fix it, Merv. [LB921]

SENATOR RIEPE: It's not this phone, it's that. It's my iPad. [LB921]

SENATOR LARSON: All right, continue, Senator Lowe. I'm sorry. [LB921]

SENATOR LOWE: I'm done. [LB921]

SENATOR LARSON: I'll give Senator Krist a chance to respond (inaudible). [LB921]

SENATOR KRIST: No, I'm ready to hear the rest of the testifiers. I'm just...you've heard my concerns. [LB921]

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SENATOR LARSON: All right. Senator Quick and then Senator Blood had her hand up and then Senator Riepe. [LB921]

SENATOR QUICK: All right. Thank you, Senator Larson and thank you, Senator Lowe. One of the things that I...I listened to you earlier when you were answering some of the questions. I'm not so sure that what we're seeing is a shortage of workers as much as they want to build these buildings really...they want to move them along quickly. They want to build them pretty fast, because I know in the Omaha area I think when Google came into Omaha or Council Bluffs they had thousands of electricians over there doing a lot of work. And so I know there's quite a few available. The one thing I'd like to talk about a little bit, too, is the practice of what the journeymen and the apprenticeship program and how it all works. And usually in an apprenticeship program you're starting out your first year and you're doing...you're just learning the process so you're starting out doing certain jobs and then you're also doing your bookwork. Second year you're doing...as you go along you're learning more and more and you're doing more of the work to become a journeyman. Then you have to put in so many...you have to do all your bookwork and do so many hours on-the-job training before you actually become a journeyman. Now, they...I know for a journeyman lineman and also for journeymen electricians, they only oversee so many apprentices on the job. And that's been their practice, because if you put too many in there they can't...they don't know...the apprentices don't know everything. So they're just learning as they go along. I can tell you from personal experience with working with electricians that you can damage wires when you're pulling them. If there's someone pulling that wire, that electrician was right there, the journeyman was right there to make sure that that was done right. And even if they have an apprentice with them, they go back and double check that apprentice's work. Now if you have...I don't know how many apprentices or how many people they're thinking--common laborers--they're thinking to have on the job, but if there's one journeyman he's not going to be able to check all of that work. And they're the ones that are ultimately responsible for making sure that the work is done correctly. I know you say the inspector is going to come, but like...I agree with Senator Krist on that. The inspector is going to come at a time when everything is covered up and so I do have some concerns about that. But I'll listen as it goes along and go from there. Sorry, I don't really have question, I just had more of a comment. [LB921]

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SENATOR LARSON: All right. Thank you, Senator Quick. Senator Blood. [LB921]

SENATOR BLOOD: Thank you, Chairman Larson. I have to say, thank you, Senator Larson, for pointing that out. I misquoted. It's the IEC that sets the ratio and that ratio is at two to one, according to IEC. So we're one more than what they recommend for the apprentices. I just want to make sure I put that on the record. I just want to clarify to make sure that I understand, and I want to thank you for bringing this bill because you motivated me to read the State Electrical Act and I hadn't read it in years, so it put me to sleep but it was great, but it was really interesting. I just want to clarify, so you believe that we should bring in more apprentices that are not necessarily supervised or will always be supervised? [LB921]

SENATOR LOWE: They will be supervised. [LB921]

SENATOR BLOOD: Because I thought it said in the bill that they didn't necessarily have to be under their sight. They didn't have to always be supervised. [LB921]

SENATOR LOWE: Well, as far as I know, they're going to be supervised. [LB921]

SENATOR BLOOD: Okay, I'm going to have to reread that and make sure that that's...so, what would you think would be the maximum number that somebody could supervise? [LB921]

SENATOR LOWE: I do not know the maximum number. It could be 25. [LB921]

SENATOR BLOOD: Really? [LB921]

SENATOR LOWE: I do not know the maximum number. [LB921]

SENATOR BLOOD: Okay. So, does that concern you at all? [LB921]

SENATOR LOWE: I believe a building...if I was a farmer and I had 25 guys putting my own barn up and we do our own wiring and that wiring never causes a problem, there was never a

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problem with having 25 guys. If there were ten of us, it would be the same way. If there were three, it would still be the same way. [LB921]

SENATOR BLOOD: But if you have 25 people that don't know what the heck they're doing and may or may not be supervised, what do you think the chances are that something would go wrong as opposed to something be done correctly? [LB921]

SENATOR LOWE: Well, we could say that in any field, whether it's making hamburgers or anything else. [LB921]

SENATOR BLOOD: A lot of people die from food poisoning every year. Thank you. [LB921]

SENATOR LARSON: Thank you, Senator Blood. Senator Riepe. [LB921]

SENATOR RIEPE: Thank you, Senator Larson. Thank you for being here. One of the questions I have, who asked you to bring this bill forward? [LB921]

SENATOR LOWE: It was the people from Costco. [LB921]

SENATOR RIEPE: Oh, okay. So in some ways this is the Costco chicken barns act. [LB921]

SENATOR LOWE: Well, they do come home to roost. [LB921]

SENATOR RIEPE: And I know you said in your comments of that, kind of a rural piece. But I don't know how far out rural these barns are, but Fremont I don't consider it to be very rural. But that's my piece. The other question I have, do you intend for this to be your priority bill? [LB921]

SENATOR LOWE: I have not picked my priority bill yet. [LB921]

SENATOR RIEPE: Okay. The other question I would have, because I think this will be a point of concern is if there's tax incremental financing. You know, some with that tax incremental

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financing is not only you'd be getting an industry, but probably you'd be getting the labor of the time, whether it's a pipeline or whether it's electrical work. And the other piece I would have a concern is, is it might be electrical this time. It might be some other construction trade next time. It's just concerns of mine. I don't know. I wasn't very defined, I guess. You answered my question about who asked you to carry it. I appreciate that. I'm just concerned about the image of tax incremental financing and then we go off and bring in outside people. [LB921]

SENATOR LARSON: Thank you, Senator Riepe. Any further questions from the committee? Seeing none...will you be staying for closing or do you have your own committee to get to? [LB921]

SENATOR LOWE: I have my own committee, but I will try to stay as long as I possibly can. [LB921]

SENATOR LARSON: No worries. [LB921]

SENATOR LOWE: I don't want to go outside. [LB921]

SENATOR LARSON: Thank you, Senator Lowe. I'll take the first proponent to LB921. Welcome to your General Affairs Committee. Please say and spell your name. [LB921]

JASON LUSTER: Thank you, Senator Larson and the General Affairs Committee for giving me an opportunity to come before you today. My name is Jason Luster, J-a-s-o-n L-u-s-t-e-r, and I am the CEO of QC Supply, based out of Schuyler, Nebraska. We recently moved our headquarters to Omaha, actually, so but we got our start in Schuyler, Nebraska. So QC Supply-- I'm going to quickly give you a background--we are a distributor for products, consumable and equipment products, to the swine and poultry industry. We have roughly 30 locations across the country, ranging from North Carolina to Oklahoma, up into the state of Minnesota and as far south as southern Mississippi. But again I stress, our headquarters is based out of Schuyler and now Omaha, Nebraska. We were fortunate enough to be selected as the general contractor for the Costco LPP project and have been working diligently with the LPP, Lincoln Premium Poultry, team to move the project forward. What that means is that we've been putting together all the

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final details and costs related to the build-out of an approximate 500 barns, as stated earlier in testimony, that will be built around the region with this project. During the process we discovered an area where Nebraska is completely different than any other state with respect to building barns, and that's in this labor component you find in these barns as it relates to the electrical side. In other states our experience has been that while you have an electrician or journeyman or electrical contractor oversee and supervise a project and also do all the wiring, you are able to use general labor to move wire, lay out wire, run conduit, run wire through conduit, and handling the other general labor pieces on the site. When we discovered this, we not only saw the cost rise dramatically on the project, but our main concern became the labor piece and the availability of the labor to get this large number of barns done in a short period of time--which I will elaborate on later--given to us. In the rural areas especially we find that there is a shortage of good electricians and even apprentices. And I would like to elaborate as well and I know the questions asked will help me do so. We are accustomed to utilizing general labor where we go to meet the time lines in these projects. And in Nebraska under current law we aren't able to do so, in our opinion. That's why we approached Senator Lowe about this legislation and asked for assistance in getting this changed. We aren't trying to cut corners here. We still want to do everything by the book and meet all safety requirements, which also consist of inspections throughout the project, not just at the completion of the barns. And we will be following NEC guidelines and our design specs and our prints that are standardized across every barn. Thank you and I welcome your questions. [LB921]

SENATOR LARSON: Thank you, Mr. Lester. Questions from the committee to start? I have...oh, Senator Thibodeau. Nope, go ahead. I always... [LB921]

SENATOR THIBODEAU: So thank you for coming down and testifying today. Couple of quick questions. Has this project or contract with Costco required you to hire more employees? [LB921]

JASON LUSTER: It has. We...I don't have an exact number for you because actually it's ongoing. We have opened an office, actually a satellite office, in Fremont in the shared space with Lincoln Premium Poultry. We have approximately five employees there now. That will ramp up to around 12 to 15. And then as the barns go into the build-out phase here in April, May

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time frame of 2018 and ramp up through 2019 and 2020, that number will probably double in size, so let's call it 25 to 30 people in total. [LB921]

SENATOR THIBODEAU: Okay. And are these...are you having to go outside of Nebraska to get these employees or are you hiring people from within the state? [LB921]

JASON LUSTER: The answer is, both, based on skill sets. [LB921]

SENATOR THIBODEAU: Okay. And... [LB921]

JASON LUSTER: We definitely recruit. We have a bias, again, being a Nebraska-based company. We advertise, we work with hiring agencies, recruiters, and so forth and we try to start local, because we found through history that if you hire someone local the idea of them staying here is much greater than coming in from the outside. We just start there. But we certainly, as a company--I'll step outside the Costco LPP project--we hire people from all over. And we recently have been building out our Omaha offices I referred to in terms of moving our headquarters, and that is going to be approximately 30 people by the end of 2018 and I'm going to say 40 percent of those people are coming from outside the state. So roughly 60 percent within the state of Nebraska. [LB921]

SENATOR THIBODEAU: Okay. So if this legislation would pass, would it be easier for you to hire employees within Nebraska or is there a reason why you cannot find employees with Nebraska? I know Senator Blood said earlier that... [LB921]

JASON LUSTER: Yes. [LB921]

SENATOR THIBODEAU: ...she had been contacted and I don't remember the exact number, but over 200 electricians were out of work. [LB921]

JASON LUSTER: Yes. Thank you for asking that question. As Senator Lowe was speaking it was hard for me not to jump up and offer up my explanation there. So I want to stress that this project has to do with timing. And I want to try to use clear and concise language here to

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illustrate what I'm trying to say. So the beginning and the end of the project and milestones within the project, it is critical that we hit those milestones. It is not--I'll use the terminology--piecemeal. We cannot piecemeal the project. This project has nothing to do with building a home that a person would live in, an apartment building, a hotel, or any of the like. This is a apples and oranges situation. These barns have standard specs. There is a cookie-cutter element to them and there are--and I want to be very clear about this--there are bird dates that have to be hit. So when...and by the way, I wanted to address...apologize--I forget who raised the question--QC Supply raised this issue with Senator Lowe, not Costco. And I apologize that I wasn't more clear in terms of how I differentiated my language with Senator Lowe. Costco did not raise this, QC Supply raised this, I and my team raised this issue. So back to specifically the project, it's about building multiple houses, parallel packing at the same time. We are not inventing anything here. Matter of fact, we are using poultry industry standards to build out these barns. So to more further answer your question, many of the major household integrators around the country--and you can Google search any of them--they have come up with a model to which we are putting forth to be able to hit these dates in a timely fashion. And this project to be labeled a success, we felt like we needed to raise this issue. Why? Because we went to Nebraska first to find a singular contractor that could be able to handle the magnitude of this project. We were not able to find that contractor. And there is a competitive bid, but certainly being a Nebraska-based company that we are, we would show a bias towards a Nebraska-based electrical contractor. We could not find that person. There's questions about the number of folks that are without a job. The rural aspect...well, Fremont, yes. Fremont...to go downtown Fremont or on the periphery of Fremont might be easy to find someone, but to go out 60-mile radius of Fremont, Nebraska, entirely different situation that we found. We vetted this hard. Again, I want to stress, being a Nebraska-based company, we would have loved to have found that situation. We could not find that contractor that can come forth and do that for us. [LB921]

SENATOR THIBODEAU: Thank you. [LB921]

JASON LUSTER: Thank you. [LB921]

SENATOR LARSON: Senator Quick. [LB921]

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SENATOR QUICK: Thank you, Chairman Larson. And thank you for testifying. And I know I talked to Senator Lowe and said to him earlier about the fact that...and I think you just confirmed that you have a time line and you want these built on a fairly fast schedule. [LB921]

JASON LUSTER: Correct. [LB921]

SENATOR QUICK: The other thing I think that maybe you said that I...you said that...and I understand you want to build them as low a cost as you can, so I think that's maybe some of the issue, too. And I don't know, as far as having so many journeymen on the site, you don't want as many journeymen on the site as you want apprentices, because that would increase your cost. So my question is, what would you be paying like...because you're going to be paying common labor, not apprenticeship wage, or what would you be paying these laborers compared to what an apprentice makes on a job? [LB921]

JASON LUSTER: Yeah. I would say that at the lowest level position these are probably...and again, I could come back and give you a firm number. I don't have that number, but it's going to be somewhere in the probably \$12 an hour range. If I may, Senator, I'd like to define what those people...because there was some earlier commentary around what these entities will do and how that ratio works, if I may. [LB921]

SENATOR QUICK: Now what was that again now? [LB921]

JASON LUSTER: Sorry, I'm not supposed to ask questions. [LB921]

SENATOR LARSON: He's asking if he can...you can use that on my time. I'll ask you and we can find out on my time. [LB921]

JASON LUSTER: Thank you. [LB921]

SENATOR QUICK: And I know apprentices make more than \$12 an hour, so that's what I was curious about. So I think you're looking...and I understand that you want to reduce your cost as much as you can. [LB921]

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JASON LUSTER: Yeah. [LB921]

SENATOR QUICK: And I understand you want to increase how fast you get these buildings built. And I think that's twofold with you having the shortage and...they're saying there's a shortage of electricians and then also saying that you want to reduce your cost, so you don't really want journeymen to be on the site. So I think you're creating the shortage by doing it that way. I don't know if you understand what I'm saying, but that's what my concern is, is that you're creating the shortage by not wanting to have as many journeymen on the site. And there are plenty of journeyman to come out and do the job. [LB921]

JASON LUSTER: I actually disagree with that. So the reason for my disagreement is this, again, I'll go back and it's multifaceted. That getting a contractor that has the capability to come in here and handle this project in a singular fashion, could not find that. So that's number one. Industry best practice is number two. This ratio of two to one, which I believe it's three to one, so it sounds like it's already been changed. We found industry best practice that it can be 10 to 12 to 1 and it's been done for decades and perfected actually. So I can provide reams of data and support around this fact. These industries...integrators, many of which are publicly traded, could not afford to have houses that are being cobbled together because it's all about production. Yes, the birds are owned by Costco, but the grower is paid out to perform and supply those birds in the most optimal numbers back to Costco to meet their production and meet their demand that comes from their customer base. So if we have a cobbled up process in play, that wouldn't happen. So we feel very confident. Matter of fact, it is QC Supply's neck on the line here. Our business neck is on the line here. I would not be sitting before you if I felt like this was going to be an issue. I'm very passionate about it. Senator Krist, you mentioned about your dad being an electrician. My dad and three of my uncles, all retired, are electricians. I'm very passionate about the electrical field. So I'm an engineer, undergraduate engineer. I can get as technical as you would like to hear about this, so. This in no way, shape, or form are we cutting corners. We feel very, very confident. Again, I want to stress, this is a cookie-cutter aspect with very detailed, defined prints. With journeymen electricians in the proper ratio that we feel confident it can meet the quality--we have to meet the quality or this project is not a success. If this project is not a success, it hurts our business, our reputation across the industry. Matter of fact, I would like to float this out there, that we have had communication on a national scale. So the Secretary of

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Agriculture has called in asking about this project and made it clear that we are on their radar. We believe strongly that Costco is going to go with a phase two. As a matter of fact, we believe that phase two is being looked at to be west of Fremont, probably in the Grand Island area. And there's a logistics element to that. You want those processing plants with an overlapping 60-mile radius element. And these growers then can divert birds to one plant or the other. If this...if we cannot get this issue addressed and this project comes off less than stellar, then more than likely Costco is going to go across the river to meet the 60-mile radius in the state of Iowa. They're going to go forward, it's just a function or a matter of are they going to go forward in the state of Nebraska or are they going to go forward in the state of Iowa. That's just the logistical aspects of this that are in play. So, back to our reputation. Every poultry integrator in the country is watching this project. We also believe that folks like Kroger and Walmart and others are watching very closely. Why? Because vertical integration, we believe, is helping strengthen these companies. As the e-commerce community comes and takes market share for them, this is a defensible position. The other folks we feel that are in the e-commerce world--I won't name names, but there's one that everybody in this room knows--is taking market share from these folks, so they've got to do something about it to stay in business. So it's highly likely that they're going to follow this same model. How wonderful it would be for QC Supply to execute this project seamlessly and flawlessly, that a Nebraska-based company was able to pull this off. I mean, keep the questions coming, I love to talk about it. [LB921]

SENATOR LARSON: Senator Blood. [LB921]

SENATOR BLOOD: So doesn't Nebraska have reciprocal agreements for qualified electricians? [LB921]

JASON LUSTER: I'm sorry, I didn't hear the first part. [LB921]

SENATOR BLOOD: Doesn't Nebraska have reciprocal agreements with other states for qualified electricians? [LB921]

JASON LUSTER: I'm not sure about (inaudible). [LB921]

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SENATOR BLOOD: We do...I'm pretty sure we have a multistate compact. [LB921]

JASON LUSTER: Okay. Okay. [LB921]

SENATOR BLOOD: So that would allow electricians from outside of Nebraska to come in without having any hurdles so they could work in Nebraska. Wouldn't that help with this issue? [LB921]

JASON LUSTER: Well, we're using an out-of-state...maybe I'm confusing your question. But we're using an out-of-state contractor to come into the state of Nebraska to facilitate this project. Also, I just... [LB921]

SENATOR BLOOD: But the electricians themselves who do work for the contractor, right? [LB921]

JASON LUSTER: Yes, but the contractor is going to hire local folks, though. And if there are available people, I'm sure that he is going to be more than willing to talk to them. And he's also going to...and also, the folks that he would hire in terms of apprenticeship, in terms of educating ourselves, I believe--and I think there will be following me here in a minute that can elaborate on this--but the aspect of filing to become an apprentice I think is relatively easy to do and there is a process to go forward. [LB921]

SENATOR BLOOD: It's very easy. [LB921]

JASON LUSTER: This contractor is very much a part of that and wants to be a part of that. He's going to open a local office and set up residency, if you will, in the state of Nebraska and build out around that. Now in part, too, I just want to stress, because this is a two and a half, three year project. But again, he recognizes that if we do this project well this would be an ongoing thing. [LB921]

SENATOR BLOOD: And I don't disagree with any of that. I guess the concern that I...well, I know the concern that I have is that we're talking about a carve out of this act to treat one

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industry different from any other. And the concern is that we're going to open up the flood gates. That's the concern that I have. And what I had heard prior to you is that we need this bill because we're short workers. You're telling me we're not short workers, that we're going to be hiring all of these people. I'm getting a little confused because I'm getting two messages. And the question that I have--and I want to say this before I forget, that's why I wrote it down--is that, why can't the farmers pay for an electrical apprentice license and work under the three to one ratio? And why do we want all of these apprentices to work unsupervised? That's the thing that I'm concerned about. [LB921]

JASON LUSTER: They're not going to be working unsupervised. [LB921]

SENATOR BLOOD: Well, it says right in the bill. [LB921]

JASON LUSTER: No, there's a misinterpretation or the wording is not correct. They're not going to be unsupervised. There could be an element...I want to be clear. If there's any verbiage around unsupervised, if I may, if they walk out to the truck and grab four rolls of 12-gauge wire and bring it into the house, Senator Blood, they can do that unsupervised. [LB921]

SENATOR BLOOD: All right. But the way this is phrased it says, "and the unlicensed person be within sight of one another at all times." But it does not require that. It does not require that the licensee and the unlicensed person be within sight of one another at all times. It doesn't say when they walk out to the truck, it doesn't say when they're loading and unloading. [LB921]

JASON LUSTER: Yeah. Well, again, I think, if I may, and I don't want this...I don't know that you can address every scenario (inaudible)... [LB921]

SENATOR BLOOD: But we have to because this is a safety issue. [LB921]

JASON LUSTER: No. So if I may expand on this. But this is a production process with defined prints and quality checks and inspections. The critical work will...with respect to, Senator Krist, your comment about the frayed wire, all of the critical work defined as terminations, panels, start-stops, safety circuits, and so forth, motors, starters, and all the above, transformers, it will

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be handled by licensed electricians. It has to. Again, if I may, this is a model that we are not inventing. We're bringing it into the state of Nebraska. [LB921]

SENATOR BLOOD: Okay, so I'm still confused about what the purpose of this carve out is, because we've heard that there's employees. We've heard that you want to expedite it, but we're being told that there's employees... [LB921]

JASON LUSTER: Because we cannot get the apprentices that you're referring to that are in the four corners of the state to come in and be managed under one contractor and us to be able to hit those dates. That's why. [LB921]

SENATOR BLOOD: Why can't you? [LB921]

JASON LUSTER: Because (a) there's not a contractor out there that has the capacity to be able to do this. And when you ask somebody from northwest Nebraska to come into the Fremont area and the 60-mile radius thereof, not everyone is willing to do that. It's just a pure mathematical, logistics issue. [LB921]

SENATOR BLOOD: So how does this bill change any of that? [LB921]

JASON LUSTER: Because it allows people to come in, under the contractor, if he has local apprentices that raise their hand and say, I want to be a part this, he's going to go, great. If he doesn't, then he'll bring people in and under their supervision they can do this general labor that are not necessarily apprentices. But I will say that we feel--and no pun intended here--that this will serve as an incubator. We actually feel that this is friendly, because it could very well grow out more electricians. Matter of fact, on a go-forward basis we will want to be hiring--QC Supply--technicians to be doing maintenance work. Local electrical contractors will be given the opportunity once these barns go into production to do that maintenance work on their own. If Costco--and I believe when--decides to expand on the existing location...so let's fast forward and they're in production. Oftentimes there's an organic growth, so they'll add 10 houses, 20 houses, 30 houses. Entirely different scope of work in that situation. Then the local electrical contractors that want to come in and handle it, they have the capacity, they have the issue to be able to do

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this, again, providing them work in the future. So we feel that this is actually a friendly situation, not an opposition to the folks that make their living on the electrical side in the state of Nebraska. [LB921]

SENATOR BLOOD: So you're saying that there's not enough people that are apprentices. I'm just getting my head wrapped around it, because this is not making sense to me. It's only \$20 on even-numbered years to get an apprentice permit license and \$40 odd-numbered years. If we're going to bring in all these people that are going to be that incubator, why aren't we registering them as apprentices? [LB921]

JASON LUSTER: Well, I think what you just described is that we would be doing that, that there is the opportunity to be doing that as we move forward into this. [LB921]

SENATOR BLOOD: So the opportunity to do it, not doing it though. Is that what you're telling me? You're saying the opportunity to do it in the future. [LB921]

JASON LUSTER: Yes. [LB921]

SENATOR BLOOD: Again, I don't see the need for this bill. It's like it's solving a problem that I don't see exists, but maybe that's just me. [LB921]

JASON LUSTER: Again, I'm sorry, I think that there's two sides to this. It's the ability to hit the dates, and we do not find the current resources to be able to do that, coming in under one general contractor. We can build it up, we can build capacity. We can build capacity. [LB921]

SENATOR BLOOD: But you're telling me that if we carve it out, we do. I see...I'm hearing the same thing on two different...out of both sides of your mouth. I hearing you say that we don't have the people to do the work. But if we carve out for this one industry, all of a sudden we have the people to do this work. That's what you're telling me. [LB921]

JASON LUSTER: That's right, because they're not apprentices but they can come in and sign up and then move into. This gives them the path to do that. [LB921]

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SENATOR BLOOD: Which they can do under the existing law. [LB921]

JASON LUSTER: But there's no singular contractor to come in and be able to handle this, like the contractor that we found. Again, if I may... [LB921]

SENATOR BLOOD: I think I've asked my question to death. That's fine, I appreciate your time. [LB921]

JASON LUSTER: Well, if I may, I'll just continue, that we have to be able to hit the dates, right? So... [LB921]

SENATOR LARSON: Senator Krist. [LB921]

SENATOR KRIST: So you've referred to a couple of things that I've said, so I feel like I need to respond. First of all, what's the requirement for a single contractor? [LB921]

JASON LUSTER: Because the...again, if I may, I'll use this illustration. I think it's spot on. This is a production process. The ability to come in, sit down with one contractor to say, here's what the demand is in front of you. [LB921]

SENATOR KRIST: So stop there. So that's your requirement to have a single contractor because you want to control this assembly line of production to met your spot. [LB921]

JASON LUSTER: That's correct. [LB921]

SENATOR KRIST: Okay. I can give you a hundred examples of multiple contractors coming in on a job site to get things done where the general contractor has control over...the prime has control over the subs. You're creating a problem--and I'm going back to what Senator Quick said--you're creating your own problem by insisting on having a contractor that you can push their belly button, number one. Number two, Fremont, I go have dinner at and I drive from northwest Omaha. The 200 and some odd people that are now currently unemployed, that don't have jobs, that are a member of Local 22, if they were organized properly--and that would be the

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matter of you as the guy going out and trying to find that labor force--to come out to Fremont and do your job. And I know it exists because again, as I said earlier, I have a lot of friends that are laborers, there's a bunch of folks who spend weeks deployed someplace to get something done and then come back. I'm not buying that argument. So what you're doing is creating your own necessity, your own problem, by saying I've got to have a single contractor. I'll bet you--I'm not a betting man--but I will bet you that given one week I could have four or five contractors that are all going to be part of your work force and you'd be ahead of your time limit. And if that's not true, then I'll come out and carry wire from one place to another. I just don't see that you have a problem. And one more thing before you answer--and I will allow you to do that--when we do a carve out...I take this job very seriously. And when we deviate from what the industry tells us to do, there better be a really good reason, because if someone is hurt, if there's a safety issue, if the chicken coop goes up...and you know you're not going to do yourself any favors, I get it. You're putting your neck on the line--no pun intended--but I think you're creating your own problem. [LB921]

JASON LUSTER: Thank you for that. I strongly disagree. Actually, we're solving the problem. And furthermore, I actually welcome you, if you want to make that bet, figuratively. [LB921]

SENATOR KRIST: Absolutely, let's do it. [LB921]

JASON LUSTER: I would like to see you...I'll take that bet, but you're going to regret it, as the song goes. [LB921]

SENATOR KRIST: You know, what I'm saying to you is... [LB921]

JASON LUSTER: I would love for that to be the case. I just haven't been able to find it (inaudible). [LB921]

SENATOR KRIST: What I'm saying to you is that I think you're helping to create your own problem by trying to have a single contractor. Is the single contractor required by Costco in order to go forward and do your job? Is it in the contract that says you have to have a single contractor? [LB921]

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JASON LUSTER: No, it's not. [LB921]

SENATOR KRIST: Okay. So you've made a decision to have a single contractor, which is creating by itself part of your problem. And then you're coming to us and asking us to change the rules for a project. Admirably, you say, this is going to be an example by which we're going to go out and conquer all of agriculture building from here on out, which I vehemently disagree with because I think the standards in different states are standards in different states. The last time I took a standard from the state of Arkansas, I can't remember when. Louisiana, you go right down the list. I think Nebraska has its own standards and I'm sorry, you haven't convinced me that we need to change our standard. [LB921]

JASON LUSTER: Yeah, well...may I address, just quickly? I'm sorry you feel that way towards Arkansas, it's a great state and there's a lot of great things going on. [LB921]

SENATOR KRIST: Oh, come on. Really? [LB921]

JASON LUSTER: So Arkansas, Mississippi... [LB921]

SENATOR KRIST: All I'm saying is there are different standards in different states and I'm not willing to change my standards to emulate another state that you've given me an example of, because I take my job seriously. [LB921]

JASON LUSTER: I take my job seriously as well, Senator. [LB921]

SENATOR KRIST: Thank you. [LB921]

JASON LUSTER: I will say... [LB921]

SENATOR LARSON: We'll just stop. Senator Brasch. [LB921]

SENATOR BRASCH: Thank you, Chairman Larson. And thank you for your testimony. Something just came to my mind when we talked about 200 unemployed electricians. And what

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I'm curious about is last summer I received an e-mail from a constituent in my district and she works as a cook for school lunches. And when school is not in session, she is laid off but does not qualify for unemployment. And she thought that was terribly unfair because people in the building industry, such as electricians and others, they expect to be laid off during winter months or they slow down and they can collect unemployment. And I'm curious if these 200 are just seasonally unemployed, if there's going to be a point in time where you need those 200 plus another 500 up and beyond that, because I mean is there a seasonal shortage of electricians regardless of...in the customer industry, whether it's for a barn or a building or...but she was just telling me how unfair it is that the construction business people, they understood the state of Nebraska's laws, understood that they're not going to be busy 365 days a year, but don't have the same laws apply to those who cook school lunches. So my question goes down to, is 200...are those people are going to have jobs come spring because the building...do you see where I'm going with this or am I just... [LB921]

JASON LUSTER: Yeah, I think I do. If I may repeat it back to you, just I want to make sure that I'm clear. The 200 number I think it was revealed here earlier, I wasn't aware exactly of the 200 number. I believe someone made the claim that there was approximately 200 apprentice electricians out of work in the state of Nebraska I think is the way I understood that. I may have interpreted that wrong. I would say the trades industry, not all, there is an element of...there's a seasonality to it, there can be. Again, it's not...I don't want to say carte blanche, but certainly weather issues and so on. So I think that there is an element of what you're saying, again, if I understand your question. [LB921]

SENATOR BRASCH: That's what I'm wondering, if that 200, if you hired them today, they still wouldn't be enough for the scope of this project. [LB921]

JASON LUSTER: Yeah. And that's why we go...we, at QC Supply, sub this out through a subcontractor. And so they come in and they do the work. Now that said, we do believe that there's the opportunity to bring more work in the future with new projects, new green field sites, where you go into a space where nothing exists and you build it out. But then also, as these barns move over into production, the processing plant goes on-line, the feed mill and the hatchery, that those will create long-term jobs that people can move over to. I can speak from QC Supply's

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stance that we will need to hire on a full-time basis more people to be able to maintain the barns, do technical work to the barns and so on. So I think that that would go towards addressing some, not all, but some of what you're saying. [LB921]

SENATOR BRASCH: I was just surprised to hear that there's 200 people, when we have such low unemployment that we have a sector with 200 people available to work, but perhaps it's because of the building cycle. [LB921]

JASON LUSTER: Yeah. I would go as far, if I may use this, if those 200 people were within a geography that we're talking about for this specific project, I don't think we would be having this conversation. [LB921]

SENATOR BRASCH: Okay. That's what I also wondered. [LB921]

JASON LUSTER: This is one of the challenges back to the function of time and being able to meet the dates and so on. [LB921]

SENATOR BRASCH: Okay. All right. Thank you for coming forward today. [LB921]

JASON LUSTER: Yeah. Thank you very much. [LB921]

SENATOR LARSON: Senator Brasch, thank you. Just a few things to finish up. And I think one of the things that you mentioned throughout the testimony--and I told you that I'd let you do it on my time--specifically, these individuals, what will they be doing in terms of are they going to be hooking up the lights, are they going to be running into the electrical box? These individuals that you would like a carve out for, what's their job going to be? [LB921]

JASON LUSTER: So, you know, I won't be able to speak to every detail, but I'll be able to speak to a lot of it. Okay? So...and I don't mean to overgeneralize, but there is kind of a basic element to the job duties and function. And it is in some ways if folks want to continue on and become a skilled craftsman in the trades, you know be an electrician, you got to learn how to do these things, okay? But back to...as I stated earlier, pulling wire from point A to point B; hanging

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conduit on the wall, on the rafters and so on; using a cordless drill and screwing in brackets; and hammering nails. And again, I don't mean for that to sound disparaging, it's just very basic work that does not necessarily require a journeyman electrician to be able to do that work. It's, again, walking out to the truck, carrying supplies in, running errands on the job site, if you will. There's a skill set that is just not required that would go along with the licensed electrician, journeyman electrician to do that work. So it's very basic. [LB921]

SENATOR LARSON: So when it comes to hooking up to the box and the lights and all of those things. And mind you, I think LB921 still has a licensed electrician has to be there to supervise still. [LB921]

JASON LUSTER: That's correct. [LB921]

SENATOR LARSON: But in the connecting of the electricity or the flip of the light box, all of that still has to be done by the licensed electrician. This is more the grunt work for all intents and purposes. [LB921]

JASON LUSTER: Since you said it, I'll use that. There is a grunt work element to this. I would also say that, because I didn't answer your question in terms of the termination, the more sophisticated element. Absolutely. We would not, again, stake our reputation if we...we would want, we would require that licensed electrician element to be doing that work. There's very sophisticated controls: climate control, feeding systems, watering systems, and the like. And the barns talk to each other. The barns can communicate with your watch today and your cell phone and your iPad. There's definitely a level of sophistication. We want those people that have that training to be doing, to be completing. We would not want the grunt work element completing that task, not at all. [LB921]

SENATOR LARSON: All right. And thank you for more of that definition. I think a little of that has gotten lost in this in terms of what they were planning on doing. And the Nebraska Legislature has had the debate about vertically integrated ag and where we've all taken stances on it and moving forward. But this project, specifically, regardless of who owns the poultry will

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provide a significant amount of jobs for Nebraska farmers and specifically in the eastern part of the state. Correct? [LB921]

JASON LUSTER: That is absolutely correct. [LB921]

SENATOR LARSON: And so in terms of the...it's safe to say that many other companies, whether it's the Tysons or the Walmarts or the Krogers, they're watching in terms as we look forward to a little bit more of that vertically integrated, but we...as I said, we had this debate with the hog industry a few years ago, that this could offer a significant amount of benefit to Nebraska agriculture producers in sound markets. I saw there was a dairy in southwest Nebraska that sources a lot of the milk for Dannon and it's consistent paychecks. And that's what we're looking at moving forward, correct? [LB921]

JASON LUSTER: That is correct. Many of these growers are also row crop farmers. They're customers of QC today, so, yes. [LB921]

SENATOR LARSON: And so...we've answered a lot of the other questions I had. You did mention that other states have done this. Can you explain how that's worked? What other states have...I mean, not just the Arkansases and Louisianas, but have there been other states that have done this and how has it worked there? [LB921]

JASON LUSTER: It's working very well. Again, I reference this as a benchmark, a model to which we are applying. So Texas, Arkansas, Mississippi, Louisiana, states that are...if you would go do research on states that would identify themselves as poultry states--which there are dozens--more usually southern and so forth, but they're moving into the Midwest because of the grain origination, frankly. [LB921]

SENATOR LARSON: Because they're raised in Nebraska because we're the (inaudible) cattle producer in the country. [LB921]

JASON LUSTER: (Inaudible) so we see this as an opportunity for us, so we're taking that model, that best practice model and we're just duplicating it. We're not being tweaked or twisted, we

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want to execute the project and do it well. Let's look at the best practice model. There it is. It's replicated across many poultry states today, let's apply it to this situation. [LB921]

SENATOR LARSON: And Nebraska is known for the beef state, and I know a lot of states replicate our been practices. And luckily our row crops, specifically corn production and our ethanol plants, made us the number one beef state in the country and so that's great. I think that's all I have for now. Do I have any more questions from the committee for Mr. Luster? Seeing none, thank you for testifying today. I'll take the next proponent on LB921. [LB921]

JASON LUSTER: Okay. Thank you for your time. [LB921]

SENATOR LARSON: Welcome to your General Affairs Committee. Please have a seat, state and spell your name and we'll move on. [LB921]

MATTHEW KRENK: Okay. Good afternoon, members. My name is Matthew Krenk, which is M-a-t-t-h-e-w K-r-e-n-k. I'm a licensed journeyman electrician and also a farmer. My brother and myself raise corn, soybeans, wheat and we've actually looked at possibly adding one of these barns, either from this project or the Hendrix project to our operation. I learned about this legislation, visited with our state senator and he told me about it, knew my background, thought I'd be interested in it. So I looked into the bill, read the bill. There are some things that have been discussed today here that some variances, maybe some things about the bill that need to be tweaked that I've discussed with Senator Lowe's staff. One of the items is, it talks about who can supervise the people that we talk about bringing in here today. Obviously, journeymen electricians would be one of the typical supervisors of that, so I think there's a little clarification needs to be done there. And they certainly seem supportive of that idea as well. I support this legislation because I believe it will go a long ways in helping with one of the big challenges we have, and that's labor. In our industry there is a labor shortage, especially in outstate Nebraska, which is where I spend the majority of my time. We're constantly looking for people that do the very labor intensive work that's been talked about here today, the conduit installation, conduit burial, wiring installation, things like that. In a lot of circumstances what companies like ours are forced to do is find general laborers or people from a different trade and register them as an apprentice to do this type of work. What that does allow us to do is use them for general labor,

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but it also allows us to do other work within boundaries of the act. There are several challenges to that. One of them is, a lot of the people that we would talk to to be an apprentice, they may never want to go into the trade. Pretty low percentage that would. There's a continuing education provision around being an apprentice that we haven't discussed. There's the three to one ratio that's also an issue. We would have to staff that with journeymen as well to cover them. A lot of what these folks do for us is general labor. They dig trenches, they put conduit in the ground, they may install conduit, help pull wire, things like that. A lot of these ag projects, they cover a huge footprint. We're talking acres a lot of times. I don't see a safety issue for doing this work with general laborers under the supervision of a licensee, as defined by the Electrical Act. But I do believe that there needs to be a boundary of what they can do. We talked about earlier limiting that to conduit installation, enclosures, things of that nature, digging; no terminations, no motor connections, none of that type of work. Senator Lowe seemed to be open to that suggestion when I talked to him about that. So for us there's a lot of hardworking people outstate Nebraska that may work in a trade today, may not be an electrician, and we feel like this would give us flexibility to help advance the expansion of agriculture in Nebraska. [LB921]

SENATOR LARSON: Thank you, Mr. Krenk. Is that how you say it? [LB921]

MATTHEW KRENK: Yes. Yep. [LB921]

SENATOR LARSON: Mr. Krenk. Questions from the committee. Senator Quick. [LB921]

SENATOR QUICK: I've just got...well, thank you, Chairman Larson. And thank you for testifying. I appreciate that. I guess I'm going to use a comparison here a little bit, because we have shortages throughout all of rural Nebraska for nurses, for well, electricians, journeymen, linemen, all those skilled labor trades we have shortage of workers in all those areas. Now to do the work and on quality work we want the very best that we can get. And we want people who are trained, who are learning the process, and are going to eventually become, let's say, in electrical they become journeymen electricians. Now, if we're going to reduce those standards down so that they don't have to go through the apprenticeship program to become journeymen or if they...if that's what we're going to do here, would there be the same thing for nurses? So if we're going to have a shortage of nurses, well, let's just say, well, we don't have to require them

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to know as much. And really what it comes down to is safety, safety for the worker, safety for...well, in the nursing field, for the patients. It'll be safety for the farmers who have these buildings on their property because they're going to be in the buildings. And if something goes wrong they could actually be caught in the building. As a young man, one of our hog barns burned down and we lost all the hogs in the barn. So...and it was because of electrical wiring, but it was old wiring at that time. Don't get me wrong, it was old. So for me it's about quality work and working safely. And if you want to make a comment about...I really didn't have a question, it was more of a comment. [LB921]

MATTHEW KRENK: Sure. I would absolutely agree with that. There's similar trades to what we do, plumbing would be one of them, where they...we might install PVC or plastic conduit in the ground. They might install a water line of similar construction, similar depth, similar installation practices. The ability to have some flexibility to potentially employ for a period of time when required to do the heavy lifting people of other trades or other backgrounds, under supervision, would be extremely helpful in what we do today. Throughout the course of a project there's periods where you're doing...initially when you start you're doing a lot of the conduit installation, you start with a lot of underground conduit, then as you're working in the building you're talking about conduit actually in the building. That's a period when you really have a heavy need for labor, once you start getting your wiring installed and whatnot, you start working into terminations, connections, that period where you're doing the connections and basically looking over all that is another cross check where I would say that you would want to have somebody experienced doing that work. Some of the people that we talked about bringing in that wouldn't be registered as an apprentice, I wouldn't want them doing that. Once the conduit is installed that's been supervised by a licensee, for example, then their part is probably done at that point. For us, it's just there's a need for the flexibility. I do appreciate what you say. Absolutely, to sacrifice safety in any respect, that's not an option. [LB921]

SENATOR QUICK: Thank you. [LB921]

SENATOR LARSON: Thank you, Senator Quick. Senator Brasch. [LB921]

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SENATOR BRASCH: Thank you, Chairman Larson. And thank you for coming forward to testify. When you're talking about rural Nebraska or where you're located, where are you located? [LB921]

MATTHEW KRENK: Well, my actual location where my brother and myself have our operations is in Seward County. My current employer, which I've worked with my entire career in the electrical business, does a lot of work in outstate Nebraska. So basically, anything from like Valentine over to oh, say, the Norfolk area and then south to the Kansas border. We get into the McCook area occasionally. That's the geography we cover doing a lot of agricultural and heavier industrial work. We spend quite a bit of time in those areas and we had a real issue with finding labor in those areas. As far as having access to people that are currently unemployed, apprentices and whatnot, we post on job boards that cover pretty much the entire United States looking for help. And I really...I serve a HR component, too. I really just don't get hardly any applicants from the areas other than right around where we're at. [LB921]

SENATOR BRASCH: And I do serve a rural area and I do understand the need for skilled labor and I think that's why our community colleges are growing and doing so well. [LB921]

MATTHEW KRENK: Absolutely. [LB921]

SENATOR BRASCH: And as far as nursing, in the Legislature here in my eight years we hear from nurses, nurse practitioners, the midwives, areas of telehealth that we are looking at who can do a little more of this or a little more of that without taking any fatalities, just for the wellness of the community as a whole. And we've done that. And we're looking at virtual schools and we have a lot of geography in our state and our population is slowly growing. So I do understand the need that perhaps you could get someone to do some of the skills that could interest them into the next step of moving forward. That looks interesting and so I want to do that and then focus their skills to the next level. So thank you for expressing your needs and coming forward to testify. [LB921]

MATTHEW KRENK: Could I make a comment to that? [LB921]

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SENATOR LARSON: Real quick. [LB921]

MATTHEW KRENK: Okay. If it wasn't for the community colleges, we'd have a huge issue. They produce some outstanding students that come out into the trade as apprentices. It allows us to put maybe some people that haven't been in the trade before with them and educate them. And without those colleges and that source we would have a real problem. We have a problem, but we'd have a bigger problem, so. [LB921]

SENATOR BRASCH: Very good. Thank you. [LB921]

SENATOR LARSON: Senator Thibodeau and then Senator Blood. [LB921]

SENATOR THIBODEAU: I just have a couple quick questions. So you mentioned earlier something about plumbers. And so I was just wondering...and I get that electrical is different than plumbing, but bad plumbing can do a lot of damage as well. Is this practice that's being introduced in this bill used in plumbing right now? I mean, are they allowed to use other laborers besides licensed plumbers? [LB921]

MATTHEW KRENK: You know, I don't have a great background on plumbing. I did a little bit of research into that and as far as there being a plumbing board like we have or a plumbing division like we have the State Electrical Division, I'm not aware of one. I might be incorrect about that. I think they have, from what I can tell, considerably more flexibility as far as not having the oversight and licensing component, except for maybe in some municipalities. I guess a lot of my focus is in outstate Nebraska where there may not be that oversight, either from a county or a municipal standpoint. [LB921]

SENATOR THIBODEAU: Okay. And then you did mention kind of the differences in what a licensed electrician versus the laborer would be doing. Would that be something that you think you should work with Senator Lowe on on maybe addressing in this bill to address maybe the safety concerns? [LB921]

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MATTHEW KRENK: Yeah, I would say that would be a good way to move forward. I know one of the other things that was brought up, too, and I don't want to introduce an elephant into the room, but is the ratio. I think there could be some flexibility in the ratio, but I would not want to see that become a widespread...it cannot become a free for all. There needs to be oversight, as previously discussed, supervision. And so there would need to be some language around that if it's changed at all. [LB921]

SENATOR THIBODEAU: What would your suggested ratio be? [LB921]

MATTHEW KRENK: In my opinion...you know, I've got some people that I've been around that could probably handle seven or eight easily and I've got some people that have been in the industry for a long time that honestly probably shouldn't have two. I would say five or six maybe to one is probably not bad, in my opinion. [LB921]

SENATOR THIBODEAU: Okay. Well, thank you for coming down and testifying. Thank you, Chairman Larson. [LB921]

MATTHEW KRENK: Absolutely. [LB921]

SENATOR LARSON: Thank you, Senator Thibodeau. Senator Blood. [LB921]

SENATOR BLOOD: Thank you, Chairman Larson. Actually, I just have a quick HR question because you brought it up. So you participate in job boards. I'm curious, do you participate in utilizing the people from voc rehab or veterans with disabilities at all? [LB921]

MATTHEW KRENK: We do work...we work with voc rehab out of central and Grand Island. And as far as with the veterans' disabilities, I can't say that we have. We have hired a number of veterans. In fact, some of our real success stories have come from hiring veterans and so that's something we want to continue to do. They're not coming to us with electrical experience, but they're basically coming to us with the mindset of being able to engage and learn and so that's very helpful. [LB921]

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SENATOR BLOOD: So you're saying that a lot of the people that are coming to you have the potential to be apprentices? [LB921]

MATTHEW KRENK: Yes. [LB921]

SENATOR BLOOD: So how did you feel about the previous comment about not everybody wants to be an apprentice? [LB921]

MATTHEW KRENK: Well, I would say not everyone wants to move onto the next step. In some cases, there's people that we may hire that could potentially...you know, we could register them as an apprentice. They may quit before they actually get their card. But for the most part, I would say our percentage of people that we have come to us as apprentices is quite low, unfortunately. Being in outstate Nebraska we don't have the access to, I guess I'll call it for lack of a better term, the union pipeline that some of the contractors in maybe Lincoln or Omaha would have access to. [LB921]

SENATOR BLOOD: Do you guys fear the union pipeline, because it seems like there seems to be a lot of ignoring of the plethora of union workers that are available and we're being told there's nobody available. [LB921]

MATTHEW KRENK: I would say I don't fear it. In my experience, I can tell you that right now of everybody that we've hired out of those environments, we don't have any of them employed with us anymore. A lot of it has to do with where we work. A lot of it has to do with the hours we work. We treat our business largely like we're a farmer. I mean, when the sun is out, we're out. And so that isn't terribly palatable to some people. And there comes a point in time where you've kind of stubbed your toe so many times that you just kind of quit walking where you stub your toe. And so we've backed off from looking at that just for that reason. [LB921]

SENATOR BLOOD: That's interesting. So you're saying that it would be your expectation that people would work more than eight-, ten-hour days? [LB921]

MATTHEW KRENK: Absolutely. Certain times of the year, absolutely. [LB921]

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SENATOR BLOOD: They're all making overtime though for those hours. [LB921]

MATTHEW KRENK: Yes, exactly. [LB921]

SENATOR BLOOD: And they're all getting compensated appropriately, have insurance and... [LB921]

MATTHEW KRENK: Yeah, and if they're on the road they're getting basically per diem, room and board, getting covered on things like that. [LB921]

SENATOR BLOOD: Thank you. [LB921]

MATTHEW KRENK: Yes. [LB921]

SENATOR LARSON: Senator Blood. Senator Quick. [LB921]

SENATOR QUICK: Well, you brought up the comment about the union. So I am a union member, so just to let you know that. But I don't think that most of the union electricians I know are willing to work the longer hours. I'm not going to say that the difference might be in what the pay might be. [LB921]

MATTHEW KRENK: Yes. [LB921]

SENATOR QUICK: So it's not so much about the hours, but it may be about what they're going to get paid because they're a negotiated wage versus...so that's just my comment. [LB921]

MATTHEW KRENK: Yeah. And I could just briefly...so, you're right. You're absolutely right. And in some cases, some of the applications that we get, we would be bringing on apprentices at a considerably higher rate than what our current licensed people might be. Where we do the majority of our work in outstate Nebraska--I don't probably have to tell the folks here today--agriculture is not in a good way right now. Financially, things are not well. And so as a contractor that works in that part of the state, we have to be mindful of the rates that we charge.

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And one of the things that we have to do to control that is control our labor costs. Some things just can't be supported in outstate Nebraska fiscally like they might be able to be closer to a metropolitan area. [LB921]

SENATOR LARSON: Thank you, Senator Quick. And thank you for coming Mr. Krenk. I think you've brought a lot of knowledge to the committee. And please...obviously, with the legal counsel and Senator Lowe, I think you bring up some very good ideas about...and I'm not by any means well versed in electrical terms, but maybe a little bit more tightening in terms of, what did you say, origin of termination. And I'd have to ask Senator Quick about those terms or the electricians in terms of more closely defining because I think you've brought up, in terms of what QC is looking for and what you've talked about in terms of representing rural Nebraska, that there are labor issues specifically in agriculture and defining specifically what these people can and can't do so they're not overstepping their bounds. And a company like...any company can't force...make them do more than they should be able to. But I think that's good and I hope you stay involved and connected. So thank you for coming today. [LB921]

MATTHEW KRENK: Okay. Thank you all. [LB921]

SENATOR LARSON: Do we have any more supporters of LB921? Welcome to your General Affairs Committee, Mrs. Kolterman...Ms. Kolterman, I'm sorry. [LB921]

JESSICA KOLTERMAN: Thanks. My name is Jessica Kolterman, J-e-s-s-i-c-a K-o-l-t-e-r-m-a-n. I was not intending to testify, but there were some questions that came up about the company I represent, so I wanted to come up here and just make some statements for the record. I work for Lincoln Premium Poultry, the company that's going to be overseeing the chicken side of the project for Costco. And we did not actually ask Senator Lowe to bring the legislation. However, our partner who's going to be doing the barn build-out for us, QC Supply, did so I just wanted to make that distinction for the record. We do support QC Supply and their goal to, obviously, build these barns for us in a timely and organized fashion and hope that they can execute on that and are confident that they can. But in their discussions as (inaudible) working through the details, the specifics, is when they discovered that Nebraska is different than other states on the specific component and so that's why they decided to bring the legislation forward. I want to be very

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clear it is not our intention, as I believe it is not their intention, to have any safety corners cut. I think that there is a pathway here to their ultimate goal, which is to get this done in a safe and expedient manner. And we are willing to work with the committee or whoever and QC Supply to try to find that pathway. I don't think the language is perfect as I read it. I was not involved in the drafting, I was not involved in the specifics of it, but we're certainly willing to be part of the solution and seeing if there is a pathway there. Senator Quick, you said you wanted to ensure quality work and safety. So do we. It's important for our project, it's important for our growers, it's important for the birds. So we just want to offer that we're here to be at the table and work through what the solutions might be. I talked to a lot of electricians in the Fremont area and they tell me there is a labor problem and so I believe them. With that, I will just offer our assistance and open it up for questions. [LB921]

SENATOR LARSON: Thank you, Ms. Kolterman. Senator Krist. [LB921]

SENATOR KRIST: Thanks for coming. Again, my condolences for... [LB921]

JESSICA KOLTERMAN: Thank you. [LB921]

SENATOR KRIST: ...your mother. She was a great lady. I'd feel a whole lot more comfortable having this discussion if Mr. Hiller and the folks at the state would weigh in on this. A whole lot more. [LB921]

JESSICA KOLTERMAN: We'd be happy to continue to have...I was not involved. I was actually on a much needed vacation. But as I understand it, they have started to have some of those conversations between Senator Lowe and QC Supply and some of the people that are involved. And I think I can say, as a company we're willing to continue to see that happen and be a part of it. I do think that there is a pathway here. I don't know exactly what it looks like, but I really appreciate your concerns...all of your concerns about safety. And that's something that's important to us, too. So I think we just need to see what is palatable. I appreciated Matt Krenk weighing in with some tangible things that he's seen in the field, because I think it gets to the crux of the challenge. And I do believe there's a solution, I'm just not sure what it is, but we could certainly involve them in that conversation. [LB921]

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SENATOR KRIST: So you've been around as a lobbyist and you've been around the system long enough to understand. When we start doing carve outs for things like this when we have a state board, we have an electrical code that we meet, and someone comes in and says, I'm doing this because I have to get it done yesterday, that really bothers me in terms of the expediency, artificial or not. Now I registered a concern that it's a self-imposed expediency and may be an issue because of trying to get a single contractor. And I'm going to follow through on my request or on my effort because we may have this issue if your client or customer builds in Chadron, but the proximity to Omaha, the metropolitan area and Lincoln, I'm having a hard time wrapping my head around that, that we don't have the capability. [LB921]

JESSICA KOLTERMAN: So as I understand it--and this is just...I'm just telling you what's been shared with me as I've kind of gotten up to speed on this issue--as I understand it, in almost every other state that does poultry...a lot of poultry production, they have...in some states there's absolutely no inspections or anything with any of these barns. And quite frankly, that's not palatable to us, we want them inspected. We anticipate and fully agree to having those inspections ongoing through the process. So the idea of they want to come in during the process and that's the way it's normally done, great. Let's make sure these barns are safe. What I learned--this is not my industry, I didn't grow up in it--but what I have learned is that in a lot of these other states they do rely on general labor for the--what I believe Matt described well--is a labor component. [LB921]

SENATOR KRIST: I agree. [LB921]

JESSICA KOLTERMAN: And I think that's what QC was trying to get to with this legislation. Is the language crystal clear? Maybe not. And if there is a way to get that manpower in there to help satisfy that general labor component without sacrificing the safety of these buildings or the safety of anyone involved, I'd like to see there...at least be considered. I don't like the idea that we're doing what is being referred to as a "carve out" because for me, as a Nebraskan, what I would like to see--because I'm an agriculture girl--I'd like to see lots of development in this state for agriculture, because I think it helps the economy so much. So for me, I'm looking at it in twofold. Yes, my client needs to see this move forward because of this specific project, but for me it's bigger than that because a lot of eyes in the industry are on Nebraska as it relates to

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growing agriculture through these kinds of projects. So I'd be happy to continue to work with you and the committee if there's a way to find a path. [LB921]

SENATOR KRIST: I think taking a breath and doing it right is worth everything to us in the future. So you understand my concerns. I appreciate that. [LB921]

JESSICA KOLTERMAN: Sure. Thank you. [LB921]

SENATOR LARSON: Thank you, Senator Krist. Senator Quick. [LB921]

SENATOR QUICK: Thank you, Chairman Larson. Thank you for testifying. I will say...and mine is more of a comment, probably. But I bet you if you went to Local 22, the contractors that have Local 22 or the contractors that have Local 265 in Lincoln, I bet you you could have the work...it would be quality work, it would be done on time, and it would all be done safely. And I bet you they would have the workers that would be able to supply that work force. Now the cost will be higher. I will tell you that. It's probably going to be higher, but I think that's some of the issue that's going on here. It's not so much a shortage of electricians as it is shortage of electricians that will do it for the right price. So and I'm not...I don't want to hurt anybody's feelings. I'm not saying that people who aren't union don't deserve to have the work, too, but you could look...I guarantee you, you could find a labor force if you went and talked to those individuals. That's just my comment, my two cents worth. [LB921]

SENATOR LARSON: Thank you, Senator Quick. [LB921]

JESSICA KOLTERMAN: Any other questions? [LB921]

SENATOR LARSON: Real quick, what's the outlook on the economic impact of the facility in general? [LB921]

JESSICA KOLTERMAN: So, the facility in the Fremont area, which is just south of the industrial park, will be about \$350 million, \$400 million investment. And then annually there will be an economic impact with this entire project of about \$1.2 billion a year ongoing, which is

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about 1 percent of the state's GDP. If there would be an expansion, that would obviously grow, perhaps even double. [LB921]

SENATOR LARSON: And we heard from Mr. Luster about the possibility of an expansion. And, obviously, working for LPP you guys are obviously considering that, possibly. And he made it sound like that the way that a lot of these facilities--specifically, we've seen facilities like Tyson and whatnot--they locate plants near each other so farmers can go one way or the other. [LB921]

JESSICA KOLTERMAN: As I have learned--and I did not know a lot about the chicken industry--but what I learned is a lot of times these facilities develop in synergistic ways, so you layer facilities near each other, 100, 150 miles, so that they can pull from barns based on need. So let's just say on a day like today there's a snow problem where there's a portion of our area where you can't move the birds, you can't get the food, whatever. We can pull from a different set of barns in a relatively close geographic region. [LB921]

SENATOR LARSON: So as they're targeting, watching things like LB921, we're looking at a Grand Island or Kearney or Iowa for their next one, is essentially judging by their location... [LB921]

JESSICA KOLTERMAN: Well, they would be looking at something within 100 to 150 mile would be my speculation. [LB921]

SENATOR LARSON: So, though we got the first one without something like this, it might be...a company like Costco or any company... [LB921]

JESSICA KOLTERMAN: Or it could be any company. [LB921]

SENATOR LARSON: Any company that's looking at these types of facilities would say that...I see Iowa has a carve out that that might be more beneficial for them over there instead of a Grand Island. And we have to consider that as we move forward with things like that. [LB921]

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JESSICA KOLTERMAN: Right now, our company is focused on growing this one and doing it successfully. [LB921]

SENATOR LARSON: Okay. [LB921]

JESSICA KOLTERMAN: But I can say that they're always excited to look at opportunities down the road. [LB921]

SENATOR LARSON: Thank you. Seeing no further questions, thank you, Ms. Kolterman. [LB921]

JESSICA KOLTERMAN: Thank you. [LB921]

SENATOR LARSON: Any further proponents of LB921? Seeing none, I'll take the first opponent. Welcome to your General Affairs Committee again. [LB921]

STEVE ANDERSEN: (Exhibit 2) I'm Steve Andersen. Hello, Senators. Thank you for hearing me again today. I've lived at...oh, sorry. Steve Andersen, S-t-e-v-e A-n-d-e-r-s-e-n. I live at 6244 Oak Hills Plaza in Millard. I'm in Senator Riepe's district. I'm here today to testify against LB921. I began work as an apprentice electrician back in 1974. I became a journeyman Class B and then Class A and became a contractor in 1995. I currently am a small, five-electrician shop, nonunion, in Millard and we go 50 to 100 mile radius. I've got customers scattered around. I served on the city of Omaha Electrical Board from 2005 to 2010 and again from 2013 to 2015 and then had to resign that position to be appointed to a new Property Maintenance Appeals Board by Mayor Stothert. But during my time on the Electrical Board I learned so much about safety issues that I didn't learn in my continuing education classes that we have to take to keep our licenses going. And there's all kinds of hazards. I mean, if you make an error in plumbing you create a mess. If you make an error doing electrical work, you could kill somebody. Our industry and the general public is safer because of adhering to these ever-changing codes and municipalities finally enforcing them. By the way, in-wall splices, they make a UL-approved one for Romex in houses that--I hate them--but we used them a few times that sometimes you do what you got to do, but we try to avoid it. Some years ago the Omaha Public Power District and I

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believe the Nebraska Public Power District began requiring services in farmyards to be updated because of the old, unsafe 100-amp fuse boxes they had triple and quadruple tapped and they've realized that there's a lot of hazards there. I do a lot of rural work around Gretna and I've been shocked several times because of poor work. Yellow light, I got to finish. That was a quick three minutes. Nothing in the State Electrical Act...sorry. Farmers are already allowed to do...by state law to do their own electrical work. The Electrical Act allows it. This bill is not about safety, farm family safety. I think it's strictly dollars. Costco is wanting to bring unlicensed people from wherever outside of the state up to Fremont to wire these buildings for \$12 an hour instead of paying what a professional electrical electricians are billed out here; apprentice is around \$40 an hour and journeymen around \$75. There is a fiscal note that I saw attached to this on-line that I assume you all have seen that said that the state would lose \$110,000 in revenue in '18-'19 and \$120,000 in revenue to the Electrical Division, and that's just for permit fees. But if you factor in the difference in state payroll withholding for a \$12 and hour nonlicensed person completing with a \$20 to \$40 an hour licensed professional electrician, along with the added worker's comp contributions, those dollars will go up substantially. Then you have the local electricians staying home and spending...I'm done. Sorry. [LB921]

SENATOR LARSON: No, no, no. I'll let it...just wrap it up real quick. [LB921]

STEVE ANDERSEN: I will. Spending the earned money here at home, it boosts our economy. I think the impact, the negative impact on the state impact on the state would be much greater than a million bucks if you use outside local talent. Thank you. And I love Costco. I'm glad they're coming. It's great for the state. I just think that it needs to be made safe so we don't have other poultry barns catching fire because of faulty wiring like what has happened in the past. [LB921]

SENATOR LARSON: All right. Thank you, Mr. Andersen. Let...just let...Senator Krist. [LB921]

SENATOR KRIST: You're in the business and you're basically within 100 miles of this proposed project. Have you been approached to help as a subcontractor or do you know if that appeal has gone out? [LB921]

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STEVE ANDERSEN: I haven't been approached. It's not something I'd be interested in. I'm a small shop. I don't have the manpower for it. But my phone has never rang requesting my interest. So, no, I've never been contacted. [LB921]

SENATOR KRIST: Thank you. [LB921]

SENATOR LARSON: Senator Quick. [LB921]

SENATOR QUICK: Thank you, Chairman Larson. And thank you for your testimony. I agree with you on the safety aspect. I actually worked for the city of Grand Island in the utilities department for 28 years. And working there, I sat on three different safety committees. And one of the things we stressed was safety in the workplace. Now one of the big things that a lot of people don't understand is with electricity you can have an arc flash. And it's not something that people should take lightly. I mean, this is something that hits your body and goes through your body and exits you and it burns you inside and out. And so especially on the electricity--and if you want to elaborate more on that--but I would appreciate it if you would, if you'd like to. [LB921]

STEVE ANDERSEN: There's a lot of hazards with that. I mean, going from one finger to the other extremity on the other hand, that electricity is going through your heart. When you're shocked it hurts like heck and makes you cuss a lot and, hopefully, you can keep cussing, that you live through it. But there's a lot of hazards involved with working with electricity that nontrained, nonschooled people should not mess with. It's just too darned dangerous. [LB921]

SENATOR LARSON: Senator Thibodeau, then Senator Riepe. [LB921]

SENATOR THIBODEAU: Thank you, Chairman Larson. We've heard testimony today with regards to the differences between what they would have the unlicensed workers doing versus the licensed electricians, and a lot of it would be pulling the wires through. And I'm not an electrician, so you can correct my terminology. Can you speak to the...if there would be dangers of what we've heard today between the different job duties, as well as Senator Quick just brought

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up an arc flash. So like, when would that happen? Could that happen while somebody is pulling wire? Or is that why the electrician is hooking the wires up? [LB921]

STEVE ANDERSEN: It could happen when you're pulling wires, because you're pulling wire into an energized electrical panel and there could be a steel fish tape hits the bus and you have an arc flash. There's hazards there. But I don't know how big these bars are, but I'm sure you could probably throw ten people out there with PVC and a backhoe or a Bobcat and have them safely putting PVC in the ground where it all has to go and fine. And then you could probably get your electrical...your licensed electrician over there to tell them, I want you to pull these conductors from this pipe to the panel here and here and here. As long as that panel is not energized and it would probably be safe. I could manage no more than three apprentice electricians on the job and I've been doing this for 44 years. But if it was a grunt, I think you say...if it was somebody that wasn't educated and licensed, they can still get their apprentice card through the state for, I don't know, \$10 or \$20. But I could tell...I could run ten guys like that and tell them, I need these conduits stubbed up, and it would be safe and overseen adequately. Once the wire is pulled and you're terminating stuff that it's going to take a lot of electricians. It's not going to take...I mean, I don't know how many they're looking for. Are they looking for 250 electricians? Are they going to bring a crew of 300 people up that throws up the barns and wires them, too? I'm sure there's a lot of work involved. [LB921]

SENATOR LARSON: So you're saying, for the record, that if it's just the hauling and the pulling of the wires...if we tightly define it, then that might...then that would be more acceptable than...you feel right now it's a lot...it's too open ended. [LB921]

STEVE ANDERSEN: Oh, absolutely. [LB921]

SENATOR LARSON: So if we were to more tightly define it, then...of those things that even you could live with something of that nature? [LB921]

STEVE ANDERSEN: But you can define it here, but once you're out there in the field what was defined here is going to go by the wayside. It's the nature of the beast. You're going to see a guy not doing something and you need this done, you're going to tell him to go do it. Now, they're

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not going to be experienced or educated at it or trained at it and that's when accidents are going to start hurting. When you're trying to meet these time restraints that we've been told about, you start pushing and pushing faster and faster, people make mistakes. And with electricity, you don't need people getting killed working with it. Yeah. But if you went a one-to-ten ratio, it would be safe in the underground start-up with the PVC and stuff. But how do you stop and start? You can't define it, even in your bill. They'll be doing everything. [LB921]

SENATOR LARSON: Well, we define a lot of things in the Nebraska Legislature and expect people to follow it. [LB921]

STEVE ANDERSEN: To listen. [LB921]

SENATOR LARSON: I think that's our job, so we do that for everything. But I appreciate that, at least the clarification. I understand the possible runoff of them doing more but then we create penalties and things of that nature for when that happens; you know, losing their license. But I appreciate that. I just wanted to double-check that's what you were saying. I think Senator Riepe... [LB921]

STEVE ANDERSEN: Can I follow up? [LB921]

SENATOR LARSON: Yes. [LB921]

STEVE ANDERSEN: I guarantee you I'll have apprentice electricians putting plugs and switches and devices on, that's how they learn. So you're going to have nonlicensed people actually working with it, but I'm going to teach them how to do it and do it right and I'm going to be looking over them. I can't do that with ten people. I could do that with three. [LB921]

SENATOR LARSON: I appreciate that. Senator Riepe. [LB921]

SENATOR RIEPE: Thank you, Senator Larson. Mr. Andersen, I will be very brief. First of all, I know you came down here today in this inclement weather. [LB921]

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STEVE ANDERSEN: It's beautiful. I love snow. [LB921]

SENATOR RIEPE: Yeah, well, you're going to get more of it when you get done here and the hour is getting late. [LB921]

STEVE ANDERSEN: Yeah, I know. [LB921]

SENATOR RIEPE: But I also respect the fact that you don't have a really a dog in this fight in the sense of saying that you're going to benefit if it goes against quote unquote what I would call a Q4 (sic: QC) or whatever supply group that is. And so my point is, I appreciate the fact that you have an interest in the safety of this thing with a good outcome and some reputation for the state of Nebraska as well. [LB921]

STEVE ANDERSEN: Thank you. I'm kind of a community activist and when I believe in something strongly enough I try to do something about it. [LB921]

SENATOR RIEPE: For people that don't know, you get that genetically. Your dad was the mayor of Millard for years on end. [LB921]

STEVE ANDERSEN: My grandpa was, yes. [LB921]

SENATOR RIEPE: Oh, your grandpa. [LB921]

STEVE ANDERSEN: Yep, grandpa was the mayor of Millard, yeah. [LB921]

SENATOR RIEPE: Very good. Well, thank you, though. Thank you very much. [LB921]

STEVE ANDERSEN: Thank you. [LB921]

SENATOR LARSON: Thank you, Senator Riepe. Seeing no further questions, thanks for coming today. [LB921]

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STEVE ANDERSEN: Thank you. [LB921]

SENATOR LARSON: I'll take the next opponent to LB921. Welcome to your General Affairs Committee. Say and state your name and then we'll turn the time on for you. [LB921]

THOMAS EMERSON: Okay. Name is Thomas Emerson, T-h-o-m-a-s, Emerson is E-m-e-r-s-o-n, Nebraska journeyman wireman and also carry a Iowa license and my dad's a farmer down by Otoe County. What I'd like to...I oppose it and then some of the stuff I heard today is crazy. We have...so you have the Omaha scale and the Lincoln scale as far as the IBEW local unions. What we also have in the rural areas is a lower agreement that covers most of the rural areas and it allows the contractors to compete with work in the rural areas. And it still allows...it's a little bit lower wage, but it still gives them benefits, so. And we have apprentices enrolled in the apprentice in classes in Columbus and Grand Island. We are continuing to grow membership in those areas and we're continuing to gain work in those areas. Kearney is very busy right now and we're able to do that. So that's good. I guess if you have any questions, I would answer them. [LB921]

SENATOR LARSON: Yes. And I'm sorry, I missed your last name before. I just... [LB921]

THOMAS EMERSON: Oh, Emerson. [LB921]

SENATOR LARSON: Emerson. All right. Thank you, Mr. Emerson. Senator Krist. [LB921]

SENATOR KRIST: So you heard the exchange earlier, that "my button's bigger than your button" thing, which regrettably is the way it turned out. But in my understanding, it comes down to the sense of urgency is the deadline that is out there to build. I get that. I'm a fan. I helped with both the hogs and the chickens, very supportive of Costco. I'm also very anxious about doing things that are unsafe. You heard my claim that I think that they're creating an issue by doing this single contractor. And given your experience and given what you just described in terms of the apprentice programs and the things around the state, can you comment on just that part of my comments? Would you agree or disagree? [LB921]

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THOMAS EMERSON: I agree with your comments, because what I heard was a lot of temporary jobs at a very low wage. That's what I heard. And so it's just bottom dollar. You might as well throw safety and quality out the window. They're looking for minimum wage, temporary helpers. I don't know...the question I have, though, is I heard a lot of talk about laborers. Well, okay, so you've got your laborers, your constructors building the building. How many electricians are they actually looking on the building? Like, how many electricians are they really talking? Are they talking a small crew of electricians or are they talking more than that? [LB921]

SENATOR KRIST: I think that goes back to Senator Larson's comment about structuring and defining what it is that they really need. I guess now presented as the expert and a person who's in the trade and also has told us about the apprentice programs around the state. We've talked about the community colleges and how those folks add to it. We're never--and back to the other examples we were given--we're never going to grow the capability or the capacity if we do carve outs and cut out what needs to happen within the state. And I think that Nebraska will be a place that grows. It will be because Costco is happy and all the others that come here are going to be happy. They're going to be happy with us and our work ethic, they're going to be happy with the opportunities that I think that they're getting in business. But I just don't want to lessen the standard. I mean, that's pretty much why some people go to someplace, is a standard that's acceptable. [LB921]

THOMAS EMERSON: I think that it might be more appealing to them if you have something to offer other than a temporary job. You get them paid benefits and education, allow them to...encourage them to register with the state as an apprentice, work for an electrical contractor for four years, and take their journeyman's test and successfully pass it. That is what you want to encourage to grow the industry. You don't want to say, well, we don't really care if you do that, we just want a temporary worker, so. [LB921]

SENATOR KRIST: Thank you. [LB921]

SENATOR LARSON: Senator Brasch. [LB921]

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SENATOR BRASCH: Thank you, Chairman Larson. And thank you for coming forward to testify today. I believe when people come to testify, that's what this process is about. And what I'm also curious about is when we are told there are 200 unemployed electricians and I believe you've been here all afternoon. [LB921]

THOMAS EMERSON: Yes, it's been a very long sit. [LB921]

SENATOR BRASCH: And thank you for doing that. Are you unemployed? [LB921]

THOMAS EMERSON: No. [LB921]

SENATOR BRASCH: Are you here for the union? [LB921]

THOMAS EMERSON: No. [LB921]

SENATOR BRASCH: Are you here for yourself? [LB921]

THOMAS EMERSON: I am here for the union, but also myself. [LB921]

SENATOR BRASCH: Okay. [LB921]

THOMAS EMERSON: I am actually...I was elected president from my membership. But I work for contractors like Commonwealth and Capitol City Electric. [LB921]

SENATOR BRASCH: Okay. [LB921]

THOMAS EMERSON: And, you know, the variety of work they do is very wide and all over the state. [LB921]

SENATOR BRASCH: So you're representing the union. [LB921]

THOMAS EMERSON: Yes, for Lincoln. [LB921]

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SENATOR BRASCH: For Lincoln, okay. And so you believe there's many unemployed electricians or is it that time of year? [LB921]

THOMAS EMERSON: It's kind of both. Construction slows down over the winter, but not like...not that much. We've had a few guys come in, but as a whole we're holding steady. We're not seeing a lot of guys get hired, but we're not seeing them get laid off, we're holding... [LB921]

SENATOR BRASCH: So you're not seeing 200 people out looking for work basically at this point? [LB921]

THOMAS EMERSON: No. [LB921]

SENATOR BRASCH: And then I do believe my son-in-law works in the field of a supply place and they're down to four-day work weeks, but that's seasonal and when spring and summer hits they've got more hours than they can handle. Is that the same for electricians or... [LB921]

THOMAS EMERSON: Yeah. We, depending on the project, you know we have a lot of commercial projects that are 40-hour a week unless you get down to crunch time and then it's overtime. But then we have industrial projects where they'll allow us to work seven 12s and get the project done, because it's a time crunch matter where they're not necessarily...they're not only worried about the bottom dollar, they're worried about getting it done ahead of schedule so they can get their process up and running, because that's their end game is being able to actually use what the facility is intended for after it's constructed. [LB921]

SENATOR BRASCH: And you did answer that question for me very well. And thank you for being here all afternoon and into the evening. So thank you, I have no other questions. [LB921]

THOMAS EMERSON: Okay. [LB921]

SENATOR LARSON: Senator Quick. [LB921]

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SENATOR QUICK: Thank you, Chairman Larson. And thank you for testifying. Could you explain the process, like when you...when an apprentice is first hired and kind of the process to become a journeyman and how many hours they have to put in and really it's about training that person and training them in safety as well. [LB921]

THOMAS EMERSON: There's a...it's about 2,000 hours a year, roughly. And then there's...that's on-the-job training. And then there's a classroom requirement, it's 500 hours, I believe. And they...but anyway, to get started, like any of you could go down, pay the fee, and get the card. And then what you're actually looking for is to get working for an electrical contractor. As far as the apprenticeship goes, we go to the colleges and the high schools and we talk to them. And if we get interest, they apply for apprenticeship, they work for one of our contractors. They're allowed to go work their full-time job during the day, go to school in the evenings to classroom, and get the extra education that they need to succeed. And it takes...our program is set up as a five-year program, because it takes quite a while to get all the education that you need. [LB921]

SENATOR QUICK: This would just be your opinion, but if they would hire like just labor off the street, they'd come in and they would get their...maybe they'd get their original license or not to practice in that field. You think they're probably going to get that training when they're going through or... [LB921]

THOMAS EMERSON: Well, while they're going through the apprenticeship or while they're working on the work site? [LB921]

SENATOR QUICK: While they're working on some of these projects or do you have to do that? [LB921]

THOMAS EMERSON: Well, from what I've heard, like this situation where they're working on the work site I'd say, no, they're not going to get any education. It's going to be, go from here to there and that's all you need to know. [LB921]

SENATOR QUICK: Thank you. [LB921]

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SENATOR LARSON: Thank you, Senator Quick. Any further questions form the committee? Seeing none, thank you for waiting. [LB921]

THOMAS EMERSON: All right. Thank you. [LB921]

SENATOR LARSON: I know it's been a long day. [LB921]

THOMAS EMERSON: All right, thanks. [LB921]

SENATOR LARSON: Appreciate that. The next opponent. Seeing none, neutral. Welcome back to your General Affairs Committee. [LB921]

KEVIN BOOKER: Mr. Chairman and committee members, once again, my name is Kevin Booker, B-o-o-k-e-r. I'm the executive director for the State Electrical Division, so I'm not here to testify pro or con on this, I'm here to point out some things that I've heard sitting in this committee meeting. The one thing that's very strong to me already has been the fact that the prime electrical contractor, Vision Electric, out of Iowa has already approached our office asking for an exemption to 300.5 and to the strapping, supporting, and securing part of the NEC, because they said the cost of having to meet the NEC was a detriment to them being able to show a profit on this job. So they've already asked for that exemption. So the fact that they're going to wire to code, they've already asked for an exemption. Number two, the testimony as far as the continuing education requirement, they can register somebody, pay the \$20 or \$40 for a two-year period. But the continuing education aspect only kicks in for those that want to continue on to become licensed. So two years ago the state Legislature--it might have been three already--passed a section under 81-2113 that if somebody does not complete the continuing education requirement but they have had four and a half years' experience compared to the four with schooling--so that section says that the board shall assess up to a six-month increase in the required amount of time--so they could still work four and a half years and take the exam. A lot to cover here, so. There's nowhere in the State Electrical Act that you're going to find where it's against the law for them to deliver or haul material to a job site. We have Creston Electric, QED, we have a number of distributors who do this all the time. There's nothing in our act that says

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that you have to be licensed to do so. The definition of the farm building, I'll be happy to explain questions I have on that. [LB921]

SENATOR LARSON: I'll let you continue on. You're explaining things. [LB921]

KEVIN BOOKER: I'm just trying to clean everything up from everything I heard today and still get it in the timing. [LB921]

SENATOR LARSON: No, no. Don't worry about it. [LB921]

KEVIN BOOKER: So we do have a reciprocity agreement with 16 states; one of those states is the state of Arkansas. Many of these laborers that they're talking about want to come here from the state of Arkansas. Arkansas did exempt the chicken barns in the state of Arkansas. I have talked in great detail with the director for the state of Arkansas Electrical Division. And the people that are wiring these farms under the state exemption in Arkansas currently are not licensed electricians. That's where a lot of the labor force wants to come from, is Arkansas. So we've had lengthy discussions with a number of those folks. They'll throw a piece of Romex up and strap it to a 2x4 and that's their wiring method in Arkansas for a chicken barn. So sure, they can do it a lot cheaper. The city of Fremont we've been working very closely with. And even whatever we do here today in legislation, the cities and municipalities and counties do have the right to be more stringent than we are. So I'm not sure on percentagewise how much is in their three-mile circle. We have worked with the city of Fremont because for those wanting to come in and have met the requirements from the other states, the city of Fremont has agreed to rent a facility for a week and do five tests, which we are agreeing to supply them a copy of the state exam to do this testing in order to expedite those wanting to come in. So we've been working very closely with Fremont trying to make sure that they have the labor force, the testing, and all of that to meet our requirements. Like I say, the city, they're willing to do that. So we do have a lot of local electricians. I mean, I have been fielding phone calls all week from those that have read the bill. So I guess maintaining it after it's done, so now we're going to expect somebody that has never had anything dealing with the construction to come in and assume responsibility to go in and maintain these facilities. That's a major concern that I would have as an electrical contractor. I came after a number of years prior from law enforcement and public safety, being a

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firefighter and EMT and investigating a lot of these injuries. The one thing that I would like to point out in the definition, I'm sure you've all read the definition and the broadness of it. The one example I would like to give you--and I realize that everybody wants to get home tonight--is when it gets to ornamental and flowering. So the very first part of it says that it does not cover those areas for the general public. I'm going to give you one primary example an electrical contractor pointed out to me Sunday is, I have a flower business. I have all these greenhouses where I water my plants. Under this definition, all of those places that I'm growing that have water can be wired by somebody else. The only area that would require...the requirement would kick into, that part where they are doing the retail, the front end part of the flower store would be one of those things that would kick in for an inspection. We were contacted by three different state agencies before we were contacted directly. We did have a 1999 Attorney General's Opinion dealing with a poultry farm where the chickens are not owned and they said that that was defined as a place of commerce. So I have pointed that out to Senator Lowe and those that are supporting the bill. We have had discussions and I know that we would love to have more conversations with them on the broadness of the overall bill. So with that, if anybody has any questions. [LB921]

SENATOR LARSON: All right. Senator Krist. [LB921]

SENATOR KRIST: I just want to clarify. You made a statement that the contractor, this contractor has specifically already asked for an exemption? [LB921]

KEVIN BOOKER: Vision Electric from Iowa. [LB921]

SENATOR KRIST: To do what? [LB921]

KEVIN BOOKER: Extend the strapping, supporting, and securing at the conduits because of the spacing of the rafters. So rather than putting a board across to strap to or using electric strut, which is a metal support method they could do, they've asked for the exemption to extend from the fixtures from the three foot to a five foot. So they've already asked to modify what the NEC requirements are for strapping. So when I heard them say that they were still going to comply

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with NEC, they've already asked for a variance from that so that was kind of surprising to me.
[LB921]

SENATOR KRIST: Thank you. [LB921]

SENATOR LARSON: Thank you, Senator Krist. Any further questions? Senator Blood.
[LB921]

SENATOR BLOOD: Thank you, Chairman Larson. And thank you for the clarification. That was quite refreshing. So earlier we interviewed Mr. Hiller, who's already on the State Electrical Board and he had stated to me that he didn't see the reason for the bill. Would you concur?
[LB921]

KEVIN BOOKER: I do. I concur. I do not see a reason for this. The only thing, if you can get somebody out of Arkansas that wants \$10 an hour and I get somebody out of Nebraska that wants \$12 to \$14 for a general laborer, it's all about cost. We already know that we have a general contractor. When do general contractors make more money? When the cost of their subcontractors can do the job cheaper. [LB921]

SENATOR BLOOD: So when we talk about stimulating the local economies and how much money goes back into it with the workers and the...it's really who those workers are (inaudible).
[LB921]

KEVIN BOOKER: I would love to see that. [LB921]

SENATOR BLOOD: That's interesting. Thank you. [LB921]

SENATOR LARSON: Seeing no further questions, thank you for coming today. [LB921]

KEVIN BOOKER: Thank you very much. [LB921]

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SENATOR LARSON: (Exhibit 3) Anybody else in a neutral capacity? Seeing none, I have one letter from Barry Mayfield, the business manager for IBEW Local 22 in opposition. With that, I will close the hearing on LB921. Well, I assume Senator Lowe is waiving. [LB921]

_____: I just have one question. We have a testifier that got stuck in Fremont today. [LB921]

SENATOR LARSON: (Exhibit 4) I'll take it into the record, since I just read, real quick. A letter in support from Matt Rasmussen with the Lincoln Premium...Grower Advisory Board for Lincoln Premium Poultry. He couldn't make it today, so. With that, I'll close the hearing on LB921. And it's late and need to get home, so I won't Exec tonight. [LB921]