

Transcript Prepared by Clerk of the Legislature Transcribers Office
Appropriations Committee February 04, 2020

STINNER: Good afternoon and welcome to the Appropriations Committee hearing. My name is John Stinner. I'm from Gering and I represent the 48th Legislative District. I serve as Chair of this committee. I'd like to start off by having members do self-introductions, starting with Senator Clements.

CLEMENTS: Thank you. Rob Clements, District 2, Cass County and parts of Sarpy and Otoe. And, Mr. Chairman, Senator Erdman is a committee. He's got a bill up right now.

STINNER: Thank you for that.

McDONNELL: Mike McDonnell, LD5, south Omaha.

HILKEMANN: Robert Hilkemann, District 4, west Omaha.

STINNER: John Stinner, District 48, all of Scotts Bluff County.

BOLZ: Senator Kate Bolz, District 29.

WISHART: Anna Wishart, District 27 in west Lincoln.

DORN: Myron Dorn, District 30, Gage County and southeast Lincoln, Lancaster.

STINNER: Assisting the committee today is Brittany Bohlmeyer, our committee clerk, and to my left is our fiscal analyst. We will have several of those, but it's Phil Hovis leading off and playing first base. Our page today is Hallett Moomey. He's from Kearney. On the cabinet to your right, you will find green testifier sheets. If you are planning to testify today, please fill out a sign-in sheet and hand it to the page when you come up to testify. If you will not be testifying at the microphone but want to go on record as having a position on a bill being heard today, there's a white sign-in sheets on the cabinet where you may leave your name and other pertinent information. These sign-in sheets will become exhibits in the permanent record at the end of today's hearing. To better facilitate today's proceedings, I ask that you abide by the following procedure. Please silence or turn off your cell phone. Order of testimony will be introducer, proponents, opponents, neutral, and closing. When we hear testimony regarding agencies, we will first hear from the representative of the agency or bill. We will then hear testimony for anybody who wishes to speak on the agency's budget request. I ask that when you first come up that you spell your first and last name for the

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record. Be concise. It is my request that you limit your testimony to five minutes. Written materials may be distributed to committee members as exhibits only while testimony is being offered. Hand them to the page for distribution to the committee and staff when you come up to testify. We need 12 copies. If you have written testimony but do not have 12 copies, please raise your hand now so the page can make copies for you. With that, we will begin today with LB1099, Senator Pansing Brooks.

PANSING BROOKS: Thank you, Chair Stinner, and thank you, members of the Appropriations Committee. For the record, I am Patty Pansing Brooks, P-a-t-t-y P-a-n-s-i-n-g B-r-o-o-k-s, representing District 28 right here in the heart of Lincoln. I appear before you today to introduce LB1099, which creates the Capitol Preservation, Restoration, and-- and Enhancement Trust Fund. Through the generous work of the Nebraska Association of Former State Legislators and through the contributions of many currently in this legislative body, the former senators raised \$1.4 million to restore the Capitol courtyard gardens and to maintain them into perpetuity. This kind effort on their behalf of the former senators is the culmination of the work on the Capitol and its environs that has been ongoing since 2009. I had the good fortune of cochairing the \$9.6 million fund-raising campaign on Centennial Mall. That work was followed by the gigantic effort we are now enduring with the Capitol renovations, including the replacement of the glorious fountains in the four quadrants of the Capitol. The next and final step is the creation and maintenance of the Capitol gardens. LB1099 allows this maintenance fund to be managed by the Nebraska State Investment Council and will allow the gardens to be maintained without using other funds. Setting up this fund will provide the most cost-effective and administratively efficient way to manage this fund, and this will help ensure that the state doesn't incur-- incur any costs associated with maintenance of the courtyard gardens. The fund can also receive dollars from private donors in the future who may wish to make gifts to the state for the preservation or enhancement of the Capitol gardens. I want to thank the bipartisan group that is here today and some of whom are here today who worked so hard on this, especially Senators Bob Wickersham, Senator DiAnna Schimek, and Senator Tom Carlson. Senator Wickersham will be testifying shortly about the structure of the fund. And I have distributed materials which highlight the financial details of this bill. As you know, the Capitol building is in my legislative district and it holds a special place in my heart as well as in the heart-- hearts of all Nebraskans. I believe we have the most beautiful state

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capitol in the country. LB1099 will create a fund to help us ensure that we are doing our part to keep our Capitol glorious. I ask you to move LB1099 forward this session. Thank you.

STINNER: Thank you. Questions? Seeing none, oh, Senator Bolz.

BOLZ: I-- thank you for your hard work and for doing the fund-raising for the Capitol gardens. The question I want to raise and I just want us to maybe touch on it for one minute, is your intention with this that this is really-- it's for the Capitol gardens and for special projects? Right? The-- so that Capitol Preservation, Restoration, and Enhancement Fund, is it just for the gardens or is it for other things, too?

PANSING BROOKS: It's mostly for the gardens, but other people will speak to that behind me. So-- and it's-- it's using a fund here at the-- in the Leg-- that we have.

BOLZ: The only thing I'm trying to get at or clarify is I don't want future Appropriations Committees to rely on this fund for our responsibilities, for things like HVAC or a window restoration or something that is or, you know, fixing a light.

PANSING BROOKS: Yeah.

BOLZ: We shouldn't raid this fund when things are our responsibility to keep the building maintained. So I just wanted to maybe talk on the record permanent about you-- am I understanding correctly that your intention is that this is for special projects only?

PANSING BROOKS: Yes. And so I think Senator Wickersham will speak to that directly. So if you will also ask that question, since he also served on Appropriations at one point and I think that he will be good at explaining to you why he thinks this and how to keep it from being raided and what-- what can be done. So thank you for that question.

STINNER: And I'm sure it's a tightly crafted bill so that we won't so.

PANSING BROOKS: Yeah, it is tightly.

STINNER: Any additional questions? Seeing none, thank you.

PANSING BROOKS: Thank you.

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STINNER: Any additional proponents?

TOM CARLSON: It's been so long since I've done this.

STINNER: Good afternoon.

TOM CARLSON: Good afternoon. I'm Tom Carlson, spelled T-o-m C-a-r-l-s-o-n and I represented District 38 in the Legislature from 2007 through 2014 and got involved as a former senator and a former senator's association and helped with the raising of funds to do what is being talked about today on the restoration and upkeep on the gardens in the four quadrants of the-- of the Capitol. I think that's a great project. I've gotten to realize in my time spent down here just how many people in the state really look at this building as a special building. And there's a certain pride that almost every Nebraskan has in the Capitol and wants it to be nice, not extravagant, wants it to be something that people will take the effort to stop look at. And so I was very willing to become a part of this and do what I could to help encourage this project be completed and the money be raised and this money then put in a position where-- it's hard to come up with guarantees in this day and age-- but put in such a position that it can't be dipped into by other kinds of desires or projects and be used for preservation purposes in the years ahead. We have enough money to do that, and that's the way it needs to be. And so it's-- it's apprec-- appreciate what Senator Bolz had to say and the question she asked, because those are pretty important-- this is the way the money be handled and the way it be managed. So we just would ask for your support on that. And I don't know how many questions I can answer. I'm not afraid to try. So I'll open it up for questions.

STINNER: Very good. Questions? So when we open this cash fund up, it is a cash fund; and should we run into a budget crisis, one would say we could offset those funds?

TOM CARLSON: Well, that's the fear.

STINNER: That is a fear.

TOM CARLSON: It is a fear. And--

STINNER: So by bringing it into the state for investment purposes and saving the money, instead of going to a foundation that exposes you to that, does it not?

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TOM CARLSON: There's a certain-- there's a certain risk involved. And we have-- we've studied very carefully to try and recommend that this money be put in a position where the cost of investment will not exceed the yield on that fund year by year so there's enough money left over to take care of the year-by-year rehab that is going to be necessary in these quadrants. And that's why we really hope that it's the Investment Council that ends up managing this money, because we've compared it with-- with other possibilities. I've had some people in the Legislature tell me, don't leave it in there because greedy people in the future will look to this fund, and you got \$1,400,000 laying there. Let's take some of that. And that's not what it's intended for. That's not what it needs to be used for. And that's why I appreciate what Senator Bolz had to say, because it's just so important to people who gave their money, gave it for a purpose and that was to restore these fountains and-- and then keep it for the future of Nebraska people. So that's-- that's what we want to see. And if it doesn't turn out that way, there'll be something to pay by somebody because there'll be a lot of complaining about it. And we don't want that to happen. We'd rather rejoice in the fact that we have generous people that gave this money to be used in this fashion. Let's use it that way.

STINNER: Any additional comments, questions? Thank you for your time.

TOM CARLSON: Thank you.

STINNER: Thank you for coming in. Any additional proponents?

BOB WICKERSHAM: Mr. Chairman, members of the committee, my name is Bob Wickersham. I'll remember to spell today, Senator. B-o-b W-i-c-k-e-r-s-h-a-m. No, I'm not going to say that. Somebody yesterday, a friend of mine offered a variant spelling of my first name. He put it in two O's. He didn't appreciate the fountains out there. He said that I should be "Boob" Wickersham for doing the fountains. But I think we've moved beyond that. I-- Senator Carlson was being a bit modest. He is actually president of the Nebraska Association of Former State Legislators. And I'm also appearing on behalf of that organization. There have been a couple of questions already about whether or not the fund that we're proposing would be secure. We certainly appreciate those questions. As Senator Carlson indicated, that is something that was certainly on our minds when we were raising the money. We wanted to be able to assure donors and we wanted to assure ourselves that the monies would not be used for some other purpose. We do not believe that the monies could be used for any

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other purpose if they are received pursuant to this legislation and pursuant to existing law that requires the Governor's consent to gifts over \$10,000. Now there is a bit of key language in the legislation that says-- and if you want to turn to it, it is on page 2. It would be on lines 10 and 11. And it says that if monies are received for deposit or transfer to this fund, that-- and there are conditions on the use of those funds that the funds will be held in trust. Now, I know that the fiscal note advises that just because you say trust in the name of the fund, it doesn't make it into a trust fund. Well, I think some of you have experience with trust funds. I'm a retired lawyer. I prepared trust funds, 26 pages, 30 pages, 40 pages, whatever they wanted. And those created trusts in a sense. What this allows you to do is to create a trust simply because you have given someone money on conditions and they have accepted the money subject to those conditions. We have an opinion from counsel from Baylor, Evnen, and I think I'm sorry, I didn't have that prepared for you, but the clerk will pass that around. We have an opinion from counsel that says that's the law of the land. That's the law of the land that would apply to you as an individual if you went up to someone and says, I'm going to give you \$100,000, but I want you to use that for your children's education. And you take it and then you decide to spend it in Las Vegas. You can't do that. You're subject to the conditions under the terms in which you received that money. You can be sued. I think that is the law. That's what Baylor Evnen advised us the law is. And that's the reason that the legislation is crafted, saying that if monies are received subject to conditions, that those monies are held in trust. Now it doesn't make-- if somebody wants to call the fund something else, I don't care what you call it. What I care about is that the money is protected. You could call it the "Sky is Blue Fund." I don't care. But the money will be protected because it will be held in trust. The legislation will authorize the receipt of monies subject to conditions. Now the conditions that we have discussed amongst ourselves and they would be subject to approval by the Governor because this doesn't receive the money. This is a mechanism for receiving money. It doesn't provide the money. It's just a mechanism for receiving money. Now under other law, as I've noted, the Governor would have to consent to any gift over \$10,000. That's a provision in your annual appropriations bill. And we would expect to go through that process. We went through that process when we contracted for the restoration of the gardens themselves. We're familiar with the process. But at any rate, I think that-- I see the yellow light came on. I'm sorry, Senator, if I've taken too much time on this point. But if you have other questions that relate to the funding and the

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potential for that funding to realize the purposes for which we're-- we want to establish the fund, I'll be happy to address that, but may have to do that in the form of questions.

STINNER: Senator.

WISHART: Thank you, Bob, for being here today and for your work on this. We have been discussing this session the Water Sustainability Funds and the fact that as a Legislature we weren't as clear as maybe we should have been about where the interest in that fund, what that can be used for. And so I just wanted to clarify here, when you're talking any money in the fund available for investment and I'm understanding that the interest is a-- a key part of this in order to maintain what we build, do you think it's clear that we're also including the interest?

BOB WICKERSHAM: Any of the-- OK. There may be multiple aspects to your question. So if I-- if I may, Senator.

WISHART: Um-hum.

BOB WICKERSHAM: The-- the type of fund that we are proposing be created is not unique in state law. There are already 11 endowment or trust funds that are managed by the Investment Council. They hold about \$1.2 billion at the moment or at the end of last year. The conditions under which those funds are held and the way in which they are used varies. You could certainly have a fund in which you could only use the earnings, for example, or the interest as I think you're suggesting. In the alternative, you could have a standard that said you could use no more than 4 percent of the principal, for example. And that's the model that we're proposing if we are able to donate the monies that we have on hand. We think it is a better process to-- and I'm diverging a little bit from your question, Senator. So if you don't think I'm being responsive, you tell me. But the rationale for using the principal balance as a guide for appropriations is that the earnings will vary so much from year to year that it may be difficult to determine exactly how much you could appropriate and how much you could use, particularly if you have a fund as these funds would be allocated 50 percent to equities and 50 percent of debt instruments. I mean, the earnings are not as predictable as a CD. They're just not going to be. So again, it depends on the standard that you suggest for use of the fund. And we're suggesting that you use a 4 percent of the principal standard because it allows you on a date certain to determine the amount of money that you would have available. And then

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this committee and the Governor could determine how to appropriate that money and how to use it for the restoration of the gardens. But you'd know exactly how much was going to be available to you. There would be no uncertainty about that amount.

WISHART: OK. I just wanted to be-- I want to make sure if the-- if the goal of Capitol restoration is that the interest off of the-- the earnings off of the fund are also included--

BOB WICKERSHAM: Oh, yes.

WISHART: --as part of that, I want to make sure we're clear of that statute because we've had some gray areas with other funds--

BOB WICKERSHAM: OK.

WISHART: --where we-- where the interest sometimes can be used and swept into the General Fund or used for different things--

BOB WICKERSHAM: OK.

WISHART: --other than what the fund was intended.

BOB WICKERSHAM: Yes, Senator. And I'm sorry, I wasn't completely responsive to your question. I think, in fact, we have-- I didn't bring them with me-- but we have draft conditions for the acceptance of our gift. And one of those conditions is that the earnings gross up in the fund and or become part of the fund.

WISHART: OK.

BOB WICKERSHAM: But I, Senator, you can-- you can deal with those issues in a couple of different ways. One, you could try to specify all of that in statute. That becomes problematic because any future Legislature can change a provision of statute. And they do. I did. You did. You all will. Now but if-- if you have written out a set of conditions and the conditions have been agreed to by both parties and money is received, those conditions cannot be changed. You've all been there. You've agreed to do something. If the parties agree, you can change that. But you can't change that by statute. You have created an agreement amongst the parties that's enforceable. That's our intent.

WISHART: OK.

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BOB WICKERSHAM: If we aren't there, I'm terribly disappointed.

STINNER: Additional questions? Senator Clements.

CLEMENTS: Thank you, Mr. Chairman. Thank you, Senator Wickersham. A couple of questions. Is the-- I was just trying to recall the earlier conversation. Is the purpose to get back to what the original design was for these courtyards?

BOB WICKERSHAM: Yes, Senator, for the most part. The original courtyard gardens were installed in 1934. So plant varieties have changed a little bit. The ideas of what kind of plant densities you need have changed a little bit. I think the way in which the gardens might be maintained have been changed a little bit. So it isn't an exact replication, but there was a consulting architect that reviewed all the plans. Mr. Ripley's office reviewed all the plans and they've signed off on what the restoration is going to look like. I think for the-- for the average person who looked at it, they would say, yep, that's it. That's the way the garden--

CLEMENTS: Who does have final authority over those decisions? Is it your committee or is it Mr. Ripley or is it somebody else?

BOB WICKERSHAM: No, sir. We entered into a memorandum of understanding with the state, Mr. Ripley's office. The way I characterized it to Mr. Ripley, I said, Mr. Ripley, we want to buy you a car. You get to tell me what make, you get to tell me what model, you get to tell me what year, you get to tell me whether it has rearview mirrors. You get to tell me everything about that car. We're going to buy you a car. And we have.

CLEMENTS: All right. And finally, the amount of the fund you say it's adequate now. Are you still going to be soliciting more contributions in the future?

BOB WICKERSHAM: We do not believe that would be necessary. If you look at the cash flow that we've shown you,--

CLEMENTS: I saw that.

BOB WICKERSHAM: --the initial contribution we would make to the fund would be \$840,000. We have two pledges that would come in in subsequent years, \$100,000 each. Those are from the Acklie Family Foundation. The highest or the-- the lowest amount that would be distributed based on the principal-- allocating some of the principal

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balance would be about \$35,000. I believe that the cost of maintenance will not exceed \$35,000. There's a spreadsheet on the back that is based on our best estimate of what the annual maintenance expenses would be for all four courtyards. It's a little bit difficult to envision, but all four courtyards won't be up and running for five, six years because of the HVAC project.

CLEMENTS: Oh.

BOB WICKERSHAM: And most of-- a great deal of the maintenance is associated with the perennials and there will only be one courtyard with perennials.

CLEMENTS: So I'm also assuming that the fountains are part of Mr. Ripley's request.

BOB WICKERSHAM: I don't know what--

CLEMENTS: That was-- they were part of the original design.

BOB WICKERSHAM: Yes, sir.

CLEMENTS: And just-- just a comment. I like the fountains myself.

BOB WICKERSHAM: All right.

CLEMENTS: They were working on them when I had an office that looked-- overlooked the courtyard and glad to see you're doing that. Thank you.

BOB WICKERSHAM: Yeah. And if I might, sir, one additional. We're willing-- the association is willing to have its gift act in support of the fountains as long as the primary focus is on the maintenance of the gardens. So if some year you found that there was \$40,000, for example, available from the fund, but you only needed \$35,000 to maintain the gardens, but you needed some money to-- to maintain the fountains, fine. We'll make-- we're more than willing to make that a condition of our gift, that the monies can be used both for the gardens and the fountains as long as the gardens come first. That--

CLEMENTS: All right. Thank you for that.

STINNER: Senator Dorn.

DORN: Thank you, Chairman Stinner, and thank you, Senator, for being here. I guess just as much clarity so I understand it correctly, this

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will need to be in the budget every year and appropriated out of that fund or how does that?

STINNER: I think it ends up in DAS, does it not?

BOB WICKERSHAM: Well, I think that the budget for maintenance of the gardens would be submitted by the Office of the Capitol Commission,--

DORN: Yes.

BOB WICKERSHAM: --Mr. Ripley's office. And what-- and they would, yes, there would have to be, as a part of the appropriations process, a budget for maintenance of the gardens. And whatever that budget was, we believe can be funded out of--

DORN: This money.

BOB WICKERSHAM: --this, this account. And, Senator, if I might just briefly, there was a question I think Senator Bolz had about whether or not other persons could use the fund. Yes, Senator, it's an open-ended fund. And in fact, I'll advise you that if it was not, it'd be special legislation and unconstitutional. So, yes. And Mr. Ripley, if he were here, I think he would advise you that there may well be other persons who would want to use the fund. They have been in the past reluctant to simply give money to the state and not be assured that it would be used in the way in which they intended. So if we're right, if we're right, this is a vehicle for other people to do the same thing with various projects, always, again, subject to the approval of the Governor.

STINNER: Questions? Seeing none, I do want to thank-- thank you all for all your work fund-raising and--

BOB WICKERSHAM: Well, Senator, you all--

STINNER: --thank you.

BOB WICKERSHAM: --many of you contributed. We thank you.

STINNER: Yeah, well, it's a good-- it's a great project so.

BOB WICKERSHAM: We hope so. And we hope this is the capstone of it.

STINNER: OK.

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BOB WICKERSHAM: Thank you.

STINNER: Thank you. Any additional proponents?

TREVOR JONES: Good afternoon, Senators. I'm Trevor Jones, T-r-e-v-o-r J-o-n-e-s. I am director and CEO of History Nebraska. I also serve as the State Historic Preservation Officer and I am also a member of the Capitol Commission. And so multiple hats today. So as State Historic Preservation Officer, I feel this is a great bill. This is-- the building you guys get to work in is one of 21 national historic landmarks in Nebraska. It's an amazingly significant building. As you know, it is also very expensive to maintain. And so as a member of the Capitol Commission, I really applaud the efforts of Senator Wickersham and that group. The courtyard project would not have happened. The fountain project would not have happened without private support. And from my perspective, what this bill does is really encourage potential future private support in that public-private partnership, which has allowed that to happen. And I think the part that Bob talked about at the very end about encouraging future gifts is one of the things that excites me. I think it's great to have an endowment for the garden project, but there are other needs for this building that don't get done every year. There's actually a a master plan that goes out years for this building of things that are not essential, but would be nice to dos. And I could see a lot of private support for those smaller specific projects going out and-- and raising that kind of money, raising \$50,000 here, \$100,000 here and having a place to put that money. So I feel like this is just a great mechanism that'll make it a lot easier to deal with. And as a member of the Capitol Commission, knowing that this money is here for this project ongoing is just a great comfort. So strongly in support.

STINNER: Thank you. Can I get my hands on your master plan?

TREVOR JONES: I-- I will ask Bob Ripley. There are parts of it that are confidential because it deal with-- it deals with security related to the building. But I can-- I will definitely-- I will ask that question.

STINNER: OK. Thank you. Any additional proponents? Seeing none, I do have a letter of support from the American Institute of Architects. Are there any opponents? Seeing none, is there anybody in the neutral capacity? Seeing none, that concludes our-- Senator, would you like to

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close? Thank you. That concludes our hearing on LB1099. We'll now proceed to LB910 and, Senator Bolz, you can take over.

BOLZ: Hi, Senator Stinner.

STINNER: Good afternoon, Senator Bolz and fellow members of the Appropriations Committee. For the record, my name is John, J-o-h-n, Stinner, S-t-i-n-n-e-r. I represent the 48th District, which is all of Scotts Bluff County. LB910 would consolidate four cash funds under the Secretary of State into a single fund, the Secretary of State Cash Fund to reduce General Fund reliance and align the organizational structure of the office with its funding structure. In support of the foregoing, it would change and restructure certain fees assessed by the Secretary of State, which would also promote consistency and uniformity among business filing fees as well as incentivize online filing. I'd like to point out that most of these fees have not been changed in more than 20 years and most of those would be changed under the bill are less than the inflationary increase. The four budget programs and cash funds include under the consolidation in this bill would be the Uniform Commercial Code Cash Fund, Corporation Cash Fund, Collection Agency Fund, and Administration Cash Fund. For management and accountability purposes, the activity of the four programs would continue on separate tracks. Under LB910, General Fund reliance would be eliminated entirely for these four programs. The net effect is General Fund is expected to increase by \$163,000 for fiscal year '22. It is important to keep in mind that there will be an estimated \$1.5 million in technology expenses coming within the next three years, with an ending cash balance in the new fund projected to be at six months of expenses or \$1.5 million. Finally, an important objective of this legislation is to streamline business entity filing fees and incentivize online filings to the extent possible. The initial filing fees would be adjusted to a dollar-- \$110 in-house and \$100 for online filings, while subsequent filing fees were set at \$30 in-house and \$25 online, regardless of entity type. Members, I also have a white copy amendment for your consideration as a committee amendment. AM2163 would reinstate the stricken language on page 51 of the bill, lines 9 through 10 requiring filing-- the filing office to accept and answer inquiries on records maintained by the Secretary's office. I've also got the Secretary of State's office here to testify on some of the more details in the bill. Thank you for your consideration. I would welcome any other questions at this time. And if you know my history,

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I've been pushing to have a cash funded agency, the Secretary of State. So this is aligned with my hopes. Anyhow, questions?

BOLZ: Go ahead, Senator Wishart.

WISHART: Well, thank you, Chairman, for introducing this bill. This is a-- so from my understanding, we're switching then from a General Fund obligation for funding the business serv-- service side of the Secretary of State to a user fee.

STINNER: A portion of it, yes.

WISHART: Portion of it.

STINNER: We're going to have the fees cover these types of activities.

WISHART: OK.

STINNER: We'll keep those cash funds in place. But it will be the overarching Secretary of State Cash Fund and then the four will still work as individually like a subprogram similar to what we're accustomed to anyway in Corrections or--

WISHART: OK.

STINNER: Or secretary-- or the Supreme Court.

WISHART: So walk me through just processwise. If we advance this bill, it becomes part of our budget. But will it have to advance through the Legislature separately as well?

STINNER: I think it would have to, because it's-- it's a change in fee structure.

WISHART: OK.

STINNER: And everybody-- and everybody needs to vote on that. So, yes.

WISHART: Have you heard because we've been in situations where we've tried to, you know, maybe looked at raising a fee here or there and gotten significant pushback from the constituency groups. Have you heard any?

STINNER: That's-- that's why we're-- we're going to-- when we present it, we'll probably get the same pushback.

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WISHART: OK.

STINNER: But in working with the Secretary of State, we also worked with the Governor's office. They seem to concur, at least at this point.

WISHART: OK. Thank you.

STINNER: And that's a good question to ask the Secretary by the way.

BOLZ: Go ahead, Senator Vargas.

VARGAS: Thank you. Thank you very much, Senator Stinner. So you said earlier, you know, one of the things that the Secretary of State will normally come to us. I reserve questions about the process, but I do have a question about something you said in your testimony. Election equipment, you know, one of the conversations we had is about ensuring that we can, you know, forward plan on things like election equipment. In drafting this, the way I read it and hopefully I haven't missed something, are we increasing some of the fees to then increase money in like a unified cash fund? And is it being designated solely for the purposes of election equipment?

STINNER: It's technology.

VARGAS: Is it-- so it can only be used for technology.

STINNER: In its operations of the-- of-- the Secretary of State has Uniform Commercial Code and all the rest of those filing. They need an upgrade in technology. I think the Secretary of State might be able to answer that.

VARGAS: OK.

STINNER: I don't believe that this is part of the election equipment. I could be wrong, but please, please ask that question.

VARGAS: Yeah. That's OK. I'll ask-- I'll ask the question of Secretary of State. No, but I appreciate it.

BOLZ: Senator Stinner, the fiscal note references the Administration Cash Fund, the Corporation Cash Fund, Collection Agency Fund, the Secretary of State Administration Cash Fund, and a universal-- Uniform

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Commercial Code Cash Fund. I don't think that any of those touch on elections purposes.

STINNER: That's right. There is a separate one. That's why I'm saying it's a technology. But there may be somewhere embedded in those for purposes that would be in some kind of relation. I can't come up with that. But you're exactly right.

BOLZ: OK. Thank you, Senator. OK. Thank you, Senator. Do I have proponents?

BOB EVNEN: Good afternoon, Vice Chair Bolz, members of the committee. I'm Bob Evnen, B-o-b E-v-n-e-n. I serve as your Secretary of State. And thank you, Senator Stinner-- there he is. Thank you, Senator Stinner, for introducing LB910. I want to just take a moment to talk about when I was before you last year. At that time, I talked about a couple of things looking forward into the future. One of them was the compensation of the employees of the Secretary of State's office. I told you at that time that the Secretary of State's office has excellent employees, excellent people in management and excellent people as-- as line employees doing the work of the office. That remains true today. And I told you that I wanted to study our overall compensation levels to assure that we're competitive, particularly in light of the fact that that Secretary Gale left behind such a-- such a tremendously high-quality work force. And-- and in response to that, you appropriated the resources necessary for my office to do that. I want you to know that we have done that.

BOLZ: Secretary, I'm sorry. I really do not mean to be impolite.

BOB EVNEN: OK.

BOLZ: I just want to be clear. Are you testifying on LB910?

BOB EVNEN: I am. I just thought--

BOLZ: OK.

BOB EVNEN: I-- I thought I'd give you a follow-up report on something you did last year.

BOLZ: Do you intend to testify again on Agency 9? I just-- I'm trying--

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BOB EVNEN: I do.

BOLZ: --to make sure you are establishing a clear--

BOB EVNEN: That's a deficit-- you're talking about the deficit request?

BOLZ: I just want to make sure we're establishing a clear record.

BOB EVNEN: Yes.

BOLZ: So I'm just trying to clarify that your testimony is related to the bill.

BOB EVNEN: It is.

BOLZ: OK. Thank you.

BOB EVNEN: The-- I wanted to let you know as a follow-up matter that I did what I said I was going to do and that you-- you permitted me to do through your appropriation. And in January, we implemented compensation increases for many of our employees and promotions as well. You enabled that. And I wanted to express appreciation to the Appropriations Committee for that. I also talked at that time about a plan to move out of the General Fund for some of our programs and that LB910 is that plan. So thank you for your indulgence and let me move to LB910. As Senator Stinner said, let me-- let me ask the clerk to distribute some handouts if I could. LB910 moves four of our programs out of the General Fund. Those programs are corporations, UCC, administration, and-- and licensing. At-- at this time, we on the average put in a request for \$600,000 per biennium in support of those programs. With LB910, our request to the General Fund for those programs would be reduced to zero. We would, in other words, we would be out of the General Fund with respect to those four programs. How would we do that? How does LB910 do that? First of all, it combines existing, four existing cash funds into one. That's corporations, UCC, administrations, and licensing. It-- it combines them into a Secretary of State Cash Fund. Secretary Gale streamlined the operation of this office and this would align our funding with our organizational structure. It would eliminate the need for what have become frequent requests to transfer money from one cash fund to another cash fund for-- for the program and that second cash fund that was short. By having-- combining these cash funds into one, we would have the ability to fund these four programs without constantly requesting

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transfers from one fund to another. It-- it-- it aligns in effect, it aligns funding with our organizational structure. And-- but we would, as Senator Stinner said, we would continue to account for these programs separately. So they would continue to be accountability in how these funds are being spent. The second thing that we're doing that-- that enables us to end our request from the General Fund and be funded completely by cash funds is by adjusting our fees and changing some of the fee divisions. We proposed lowering or eliminating 25 of our fees. And what you have before you now is a handout that shows all of our fees. And it shows the changes that LB910 would effectuate with respect to those fees. We proposed lowering or eliminating 25 of these fees. The vast majority of those that we proposed to increase will be below the rate of inflation as of their effective date. Most haven't been changed in close to 25 years. Some haven't been changed in 40 years or more. We proposed to standardize fees for similar filing types, which results in an increase for some and a reduction for others. We proposed a fee structure that incentivizes online filing. And I would say that I'd like to let you know that the Nebraska State Bar Association supports LB910 and the Nebraska Bankers Association asked for a minor amendment, which Senator Stinner spoke about during his presentation, that does not impact fees. We agree with that amendment. Senator Stinner has-- has brought it before you. The Bankers Association has advised us they don't oppose LB910. They've taken a neutral position. So when we look at the effect of the fee adjustment, it's to contribute a little more than we're contributing now to the General Fund. I see my light is out. If-- I would ask your indulgence. Might, might I conclude?

BOLZ: Go ahead [INAUDIBLE]

BOB EVNEN: Thank you. Right now, the Secretary of State's office in these funds, in these programs is contributing about \$16,750,000 per biennium into the General Fund; \$16,750,000 is coming currently from the-- from the fees generated to the Secretary of State's office into the General Fund. This would increase by something like \$300,000 per biennium. And then, of course, there is a \$600,000 per biennium that we aren't going to be asking for anymore. So you see what the net change in the General Fund would be through the adoption of LB910. Then the question is, well, what's the effect on the Secretary of State's budget, which is going to get to Senator Vargas' question. By the end of fiscal year '23, we'll have a cash reserve of six months. So by the-- our cash position, when the dust settles and the smoke clears at the end of fiscal year '23 is that we'll have a six-month

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reserve of expenses. And that is-- that's where we ought to be. That's the responsible place for an organization to be. The additional funds that are generated through these fees that would come into the-- to the Secretary of State Cash Fund will be used not just to pay for operations, but you'll see on-- on one of the handouts that you've just received that we have an estimated \$1.6 million in technology improvements that are going to be incurred over the next three years. So these fees would enable us to pay for those improvements to the cash funds and not come to you and ask for your General Fund dollars. What happens then? And we know they're going to be ongoing technology demands after that. So what happens at the end of fiscal year '23 where these fees are in place, but we don't have all of these scheduled demands for technology improvements that we have today? Well, first of all, I'd like to think that once we make these technology improvements that end in fiscal year '23, we will never have to make another technology improvement again for the rest of our lives. But I know that that's not true. I know that they're going to be ongoing requirements for technology changes. And so I have that in mind. In addition to that, if we really do have additional funds that take us beyond the six months reserve, which is the responsible place to be, one of the things that I've been talking with senators about is-- is creating some sort of a fund, a sinking fund for election equipment so that in 12 years, which I estimate the useful life to be for the election equipment that we purchase, that rather than coming to the Appropriations Committee and saying, could you please cough up 10 or \$12 million for us today, that we would actually have some sort of a fund that would help defray that expense in the future that we could begin to contribute to now. So one-- it is not in the bill. I want to say this. It is not in LB910. It's-- it's a vision that I have for the future. After fiscal year '23 in the event that we find that we have funds that are in addition to what we need to operate and to pay for technology improvements, that we would then be able to take some of those funds and make that one of the contributions into a sinking fund that could be used in the future to purchase elections-- election equipment that will replace what we're just replacing now. And by the way, that equipment is all being delivered. Both the ballot counting equipment and the ballot marking devices are all in the process of being delivered. They're in the process of being installed. Training is taking place on them. They will all be operational for the May primary. And-- and I appreciate your-- your support and cooperation that enabled us to do that. I would also tell you that we acquired this equipment using DAS procedures. DAS was fully and completely involved in the acquisition of this equipment. We are

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through a DAS procedure allowed to participate in another state's contract if it was competitively bid. And we did that. It was Utah. And the one thing that I was able to do with our vendor was to negotiate a 39 percent reduction in the fees that are charged to us for repair, maintenance, and licensing during the useful life, the ongoing life of this equipment. So I'm, yeah, I'm patting myself on the back a little bit for that. I'm-- I'm pretty happy that I was able to do that. And I appreciate the cooperation of the vendor. All right. With that, I would-- I appreciate your indulgence in letting me conclude my remarks. And I'd certainly be willing-- be happy to take any questions that you have.

BOLZ: Senator Clements.

CLEMENTS: Thank you, Vice Chair Bolz. Thank you, Mr. Secretary. Looking on page 5 of the bill, it talks about the Treasurer will credit 60 percent of the fees to General Fund, 40 percent to the Secretary of State Cash Fund. How is that different, and that says from all fees imposed, how is that different from what current practice is?

BOB EVNEN: The bulk of the funds today are split two thirds, one third. So it would change that division from two thirds, one third to 60/40. There are some fees that are-- a few fees that are 75/25. There are other fees. So it would-- it would change those as well to 60/40. So it would make those changes. And the effect on the revenues is, as I described, it would not with the fee changes, it wouldn't reduce the contribution that the fees are making to the General Fund to the state.

CLEMENTS: All right. So the drop from two thirds to 60 percent maintains the General Fund contribution from your department.

BOB EVNEN: Yes.

CLEMENTS: Thank you. I see that.

BOLZ: Senator Vargas.

VARGAS: Thank you very much, Chairwoman. Secretary of State, thank you for coming. I asked the question of Senator Stinner, what-- so this first question is, given the increase of fees associated with this. And again, that's not the only thing that's happening, but there's-- there's more fee increases that are-- there's substantial amount of

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fee increases. Is this being set aside specific-- you talk about election technology as a reason.

BOB EVNEN: Um-hum.

VARGAS: Is this being set aside for the sole purpose of elect-- election technology in the cash fund? Is that written in this-- in this new cash fund?

BOB EVNEN: No, it's not.

VARGAS: OK.

BOB EVNEN: The purpose of the funds is to operate these four programs. All costs of the operation of these four programs will now be borne from-- by the cash funds generated by the programs as opposed to having to come to you and request General Funds for that purpose. In addition to that, given the technology expenses that we anticipate over the next three years, these increases, these changes, increases in fees will also defray those expenses so that I won't have to come to you to ask for General Fund money for ongoing operational expense. And I won't have to come to you to ask for General Fund money for these-- these extraordinary expenses related to technology over the next three years.

VARGAS: And that part, I guess I understand. What I'm trying to ensure is and obviously we have fiscal oversight. And when you're making General Fund requests, in general we tend to look at the General Fund requests and we're looking at it a little bit more sometimes than some of the cash fund requests. Now since we're changing to cash funds, I want to ensure that we are increasing the fees to then meet an anticipated budget. And I understand you're saying that this is going to increase funds for-- so that we decrease General Fund need. But my concern is that this might be used for things that exist outside of a, let's say, a priority like election technology and instead might be used for a separate priority or initiative. And I fully support election technology. We-- we debated this last year. We were trying to figure out how to make it work within a tight budget year. You know, we did end up making it work after a long debate. So I just wanted to ensure it wasn't being used for anything outside of that, since that's really one of the most important parts of your job.

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BOB EVNEN: Well, it-- the-- this-- these four programs, these are not the elections division.

VARGAS: OK.

BOB EVNEN: So the elections division is in the General Fund. I would expect that the election division-- I have-- I have two other programs besides these four. One of them is elections.

VARGAS: Um-hum.

BOB EVNEN: And the other is, is state records.

VARGAS: Um-hum.

BOB EVNEN: Well, I will be coming to you in the future with some sort of a proposal regarding state records, I just don't have that at the moment. Elections is always going to be paid for to one degree or another out of the General Funds of this state because the conduct of elections is a state function. So you're always going to have, you know, to the extent you pay more attention to the General Fund, you're always going to be paying attention to elections because that's always going to be coming out of the General Fund. What-- what these four programs-- the other thing that these four programs that this funding will provide will give us the opportunity to do is to do some work in international trade. And that is another aspect of this that-- that is part of this proposal. It will enable the Secretary of State's office to participate more fully in international trade and trade missions. That's not a large amount. It's not a large number, but that-- but it will enable us to do them.

VARGAS: OK.

BOB EVNEN: So we'll be with-- we'll be operating these four programs. We'll be investing in technology for these four programs. It'll give us an opportunity to engage in the promotion of international commerce and an exchange of education and culture, which is a statutory responsibility of this office in the administration fund. And in-- in terms of elections and the election focus, what I'm doing is giving you a little bit of my vision for the future post the fiscal '23, the 2023 fiscal year.

VARGAS: Then follow-up question. And I want to make sure to get this in the record because it is a concern brought to me by my constituents. The reason why I ask about intent is that I don't think

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anybody is going to debate trying to be more General Fund, moving to cash funds. I don't want to-- I really want to ensure-- I know there's separate policy bills that have to do with voter ID that are coming. And you have stated in the public that you would be able to pay for IDs related to this. I just want to ensure for the record that we were increasing these funds. Any of the funds from-- from this increase wouldn't be going to supporting a voter ID legislation then that's been talked about publicly. So I wanted to give you--

BOB EVNEN: They would not.

VARGAS: That's great. I appreciate it.

BOB EVNEN: In order for me-- let me-- let me state that in order for any of these cash funds to be used for voter ID purposes, you would have to approve it.

VARGAS: Well--

BOB EVNEN: It couldn't be done without your approval. It's not my intention to request it.

VARGAS: OK. That's-- that answers my question. Thank you. I have another question, but I'll let other people ask theirs.

BOLZ: Go ahead, Senator Wishart.

WISHART: Well, thank you, Secretary, for being here. I appreciate all the work you and your-- your team have done. This is a very creative way to move away from General Fund obligations. And I appreciate agencies coming before us with this level of creativity. Kind of along the lines of what Senator Vargas was saying, we-- and I mentioned this when I was talking with Senator Stinner-- in this committee sometimes we look at the potential of increasing the fee and get a lot of pushback from the constituencies that would be affected. So in order for me personally as a member of Appropriations to be able to articulate to the constituencies who would be affected by this that this is a proposal that will help create efficiencies for their interaction with the state, I'd like to talk a little bit more about assurances that these dollars would really go toward. Can you explain a little bit more in terms of technology improvements? How if I'm somebody who owns a small business and I'm going and I'm seeing I've got an increased filing fee associated with that or profession-- or professional debt collection agency, and I've got an increased filing

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fee associated with that. What are some of the efficiencies I will see from those fees going towards technology improvements?

BOB EVNEN: Well, we've tried to stay away from increasing-- let me just look at-- you--

WISHART: And can you walk us through-- I'm not familiar a lot with these--

BOB EVNEN: --the debt collectors. I think that the-- the collection agency fees have not changed. We've indicated that as shown on page 4.

WISHART: Oh, I see. I see. OK.

BOB EVNEN: So we haven't changed any of those fees. And I-- I wanted those indicated here so that you could see that we didn't.

WISHART: OK.

BOB EVNEN: Now-- now many of those fees are not statutory, but LB910 doesn't seek to do anything with those fees. And I wanted to indicate that, nor do I have any intention to do anything with those fees. So all those changes in fees that you see are-- are-- are here. In terms of constituencies and their concerns over it, I did take it to the State Bar Association.

WISHART: Yes.

BOB EVNEN: I took it to the Bankers Association. I talked with the collection agent association--

WISHART: Good.

BOB EVNEN: --about a different bill that has an impact on their fees as well. I'm trying to-- I am trying to touch and get feedback. I have done this at the constituent-- with the constituencies. The-- the projects that we will be working on. So the first thing is, is that at the end of fiscal year '23 we'll have six months' worth of expenses-- in our cash position would cover six months' worth of our expenses in these four agencies, these four programs, which is where you ought to be. Again, of course, we're getting out of the General Funds. In terms of the-- of the projects, you can see those on this handout. And you can see the projects that we anticipate over the next three years and the anticipated expenses for them. We have a rules and regulations system. Our current rules and regs system is, in my opinion, not

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satisfactory. We've had a terrible problem getting it to a satisfactory position. We have talked to two vendors who seem to have good potential to be able to do it. This-- we've shown an expense here in fiscal year '22-23 for the rules and regs system. One estimate is higher. Another estimate is lower. It's in the far right-hand column under one-time/new cost for rules and regs system. So we're gonna be spending for that. We have a licensing system development, so we have an expense there to improve our-- our whole licensing systems. We have business services, filing system fixes and enhancements. We have a new business services filing system that was installed a couple of years ago. And we're-- we continue to work out bugs. We have got to make this system work well for the users. One of the things that I want to do as well is to expand the options for online filings. We're really trying to make things easier for the consumers of these services, and that means to expand the-- the options for online filings. And that's-- that's part of what this is about. We're also going to move to a document management system that is-- I'm kind of diving into the weeds here. But this document management system will wind up saving the Secretary of State's office for a one-time expense of what I estimate to be \$60,000. We have a-- we have a quote from our business services filing system provider of what it would take to install this and move and their fee for us, what I'm estimating would take to move to it would be a one-time cost of \$60,000. That actually is going to wind up saving us something like \$100,000 a year over the fees that we would otherwise have to pay if we didn't move to this system. So that's a one-time expense that's going to wind up saving us over the long term. So some of these expenses, we have to have the money to pay for them in order to build them. But they will-- that one in particular will result in a savings. Others are needed because we've just got to get our rules and regs system into the 21st century in terms of the ability-- the people of the state ought to have the opportunity to easily get access to the rules and regulations that bind their conduct. And right now, I think-- I don't think we have a sufficiently user-friendly system. That also we-- our system has to be-- we have a system that posts proposed changes so that people have good notice of what changes are being proposed in rules and regulations across the state, how long they have to comment on them, when there will be hearings. These are things that I would like to see become easier to have access to. A lot of this has to do with the ease of access and use for the-- for for the citizens of the state. So that's-- that's the expense we're-- we're-- we have there. All right. I'm going on and on. I apologize.

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WISHART: Thank you, Secretary. And I will correct. I read this incorrectly. And yes, the debt-- debt management agencies are not impacted by this. The last-- the last question I have is there is nothing-- there is nothing prohibiting us when you sort of raise the money and in your plan coming to a point where you've got the technology you need, you've got a good amount of savings to ensure that you can run operations effectively, there's nothing prohibiting us down the line from deciding we could reduce some of those fees then.

BOB EVNEN: The fees are set statutorily, Senator, and you you make the statutes.

WISHART: OK.

BOLZ: Go ahead, Senator Dorn.

DORN: Thank you, Senator-- Senator Bolz. Thank you for being here. Just so I'm looking at this chart right, the blue line is the current fee, current fee--

BOB EVNEN: The current fee is in that blue shaded column.

DORN: Yep. And then we go over and the yellow line is the proposed fee.

BOB EVNEN: The proposed fee is the column--

DORN: Yeah.

BOB EVNEN: --second to the right and it's-- it's-- it's kind of light green.

DORN: Right, well just--

BOB EVNEN: And the color of the-- of the numbers in there when you know, when there is a change is blue. It's a little bit hard to read for which I apologize.

DORN: Well, no, that's OK. But have you put this up on your website or anything? Because somewhere along the line, people have gotten wind of some of this or something because I've been approached by people and some of these numbers aren't, I guess, the same as what some of their concerns were as far as fees being raised.

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BOB EVNEN: Well, let me look into whether or not we could do that.

DORN: And I don't know, I-- yeah, I-- because I-- I've had several people visit with me about how much their increase was gonna be. And I said, I don't know. I haven't seen the chart. And that's why I really appreciate this or whatever.

BOB EVNEN: And I would certainly welcome if you have constituents who have questions about how they're impacted, we would be happy to take those questions, explain what this would mean, and they can then make whatever decisions they want about what they think of it. But I would be happy to have my office at least give them the correct information.

DORN: Well, thank you. Appreciate that. Then the other one, I have a quick question, I guess, on international trade mission. So--

BOB EVNEN: All right.

DORN: --has-- has Secretary of State office been involved in international trade missions before? And if so, where was that funding from? And now this funding is just proposed out of this cash fund.

BOB EVNEN: Right. The-- the Secretary of State's office has-- is the chief protocol officer of Nebraska by statute, has a statutory responsibility to promote international commerce and an exchange of education and-- and culture. Secretary Gale did that primarily by greeting incoming delegations to the state. Secretary Gale, I am not aware that he went on trade missions. He traveled internationally for other purposes. But I don't know that he went on trade missions. You-- but I did. Last year, I did. I went on a trade mission to Bulgaria that was funded through the USDA Foreign Agriculture Service Emerging Markets Program. I'm working cooperatively with the Department of Agriculture with respect to the USDA grant funding. But there are some programs that are not grant funded that make sense. And this-- this would enable the Secretary of State to lead trade missions to countries where we have really good potential to grow our markets, to establish new markets. And we have-- we--

DORN: Thank you for that explanation, because when I look at \$100,000, if you were going to be just going yourself on a trade mission, I didn't know why they were gonna be billing you \$100,000. So thank you for the explanation and possibly leading some.

BOB EVNEN: Yes. Thanks.

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BOLZ: Senator Vargas.

VARGAS: Yes. I know you and I got to talk and so I very much appreciate and I echo Senator Dorn's questions about transparency on these, since we would, you know, potentially be voting on fee increases on entities and want a way to then inform people about this, even outside of this public hearing process. Senator Stinner did talk about he believes the administration's support. Do you know if the administration is going to be testifying on this today?

BOB EVNEN: Not that I know of.

VARGAS: Do you know if the administration is in support of all these fee increases?

BOB EVNEN: I've spoken with the administration, and I would be reluctant to speak for them on this. I intend to sit down with the administration again. I wanted to get prepared for this hearing. And now once this hearing is completed, I'm going to be-- my next stop will be there.

VARGAS: OK. I appreciate it. I just wanted to make sure and clarify and get on the record. Thank you. I understand the intent. We did talk about not the first time we've talked about trying to move a General Fund to a cash funded agency and less reliance on the General Fund. But I also want to be mindful of making sure we're communicating that to our constituencies and the impact it's going to have.

BOLZ: Senator Clements.

CLEMENTS: Thank you, Vice Chair Bolz.. Thank you, again, Mr. Secretary. One other question on this fee chart that you gave us. I see that there is a \$5 discount for most fees filed electronically. Is this charge-- the fee electronic filing or the paper filing fee in this column?

BOB EVNEN: Well, that-- the chart that I handed out today shows the fees for filing electronically and filing on paper. If you don't see some-- there are some filings that are not currently possible to be made electronically. And if we-- one of the things I would like to do is to expand our electronic filings. And if we do that, then we would be carrying forward with that basic philosophy that electronic filing would be less expensive than filing at the window, which actually--

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which reflects the true costs as well. Does that answer your question, sir?

CLEMENTS: No. No. If there's a \$30 fee on here for a biennial report from a corporation, is-- is that the paper filing?

BOB EVNEN: Yes.

CLEMENTS: OK. So the \$30 would be showing up here and electronic filing of \$25--

BOB EVNEN: Should be there also.

CLEMENTS: --would be [INAUDIBLE]

BOB EVNEN: On the chart.

CLEMENTS: Oh. OK. Oh, I don't see that noted.

BOLZ: Senator Dorn.

DORN: Can I interject. If you look on page 1-- 2 of 4 on the very top, it says change of agent is 20-- \$25. The proposed fee is \$30, currently \$25. Change of agent online is \$25.

CLEMENTS: OK.

DORN: So there is some of that in there, yeah.

CLEMENTS: They are in there.

DORN: OK.

CLEMENTS: Thank you. I had missed that.

DORN: Thank you.

BOLZ: Seeing no further questions, thank you.

BOB EVNEN: Thank you, Senator Bolz. Thank you, members of the committee. I appreciate your time and your consideration.

BOLZ: Further proponents.

BILL MUELLER: Senator Bolz, members of the committee, my name is Bill Mueller, M-u-e-l-l-e-r. I appear here today on behalf of the Nebraska State Bar Association in support of LB910. I want to start by thanking

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Secretary Evnen for reaching out to the bar and providing us the four-page document that the committee has been provided. That made it much easier to determine what fees he was increasing and which fees he was not increasing. We handed out this four-page document at the first meeting of our legislation committee because lawyers would care about filing fees. And our committee wanted some time to look at this and we said that was fine. So we tabled this bill. We came back ten days later at our second meeting and discussed this bill. And there was a motion made and seconded and passed to actually support the bill, which surprised me. I assumed that we'd either be in here opposing the bill or we would be-- we would monitor it. One of the primary reasons that the bar supports this bill, and I'm surprised that Secretary Evnen didn't mention it. Maybe he did. I missed it. Some of the fees being reduced are page filing fees. It is a real challenge sometimes when you are filing documents with the Secretary of State and register of deeds to determine what the filing fee is if it's based on the number of pages of your document. It is much better for the lawyer to be able to say to the client, this is what the filing fees are going to be. This is what my fee is going to be than to have a per-page fee. There are at least, well, on-- on this four-page document, there are 11 fees that the Secretary is proposing be eliminated that are per-page filing fees. The bar strongly supports that. We also support technology in the Secretary of State's office. That is critical. We all know that that costs money. You know better than I do. And-- and there is a need to have a better, more robust rules and regulations system. Lawyers and regulated people look at those rules and regs every day, and it is less than a perfect system now. And I'm happy to hear that Secretary Evnen is looking at making that a better system. With that, I'd be happy to answer any questions you may have. The bar supports LB910.

BOLZ: Thank you for your testimony.

BILL MUELLER: Thank you.

BOLZ: Further proponents. Seeing none, do I have any opponents? Do I have any testifiers in a neutral capacity? Senator Stinner, would you like to close? Senator Stinner waives closing. With that, we'll close the hearing on LB910 and move to LB1198, which is also a bill from Senator Stinner. Welcome back.

STINNER: Thank you. Good questions from the committee. Thank you for that. Good afternoon, Senator Bolz and fellow members of the committee. For the record, my name is John, J-o-h-n, Stinner,

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S-t-i-n-n-e-r, and I represent the 48th District, which is all of Scotts Bluff County. LB1198 would appropriate \$40,950 from General Funds to the Department of Administrative Services to be used for the restoration of the doors to the George W. Norris Chamber. I was approached by Senator Wickersham, representing the Association of Former State Senators, during the interim to inform me that the state has a unique opportunity to conduct needed repairs on the doors of the George Norris Chamber, which have significant wear and tear. In August, Bob Ripley of the Nebraska Capitol Commission gave the Clerk of the Legislature a letter which I've included in my exhibits, stating that the only conservator in Nebraska who could do restoration work on the doors would be-- would be retiring in the spring of 2020. Mr. Ripley advised that the restoration costs would be \$81,920. The association has committed to funding roughly half the cost of repairs. With that, the association has asked the Legislature to fund the remaining cost, which is what this bill would appropriate. The conservator has agreed to postpone retirement if the cost of repairs can be funded. I'm also informed that if you do not capitalize on the opportunity, cost to fund the repairs could be significantly higher to contact with an out-of-state conservator who would require the doors to be shipped out of state, whereas the in-state conservator could do it-- do so in-house. I've got some other senators from the association to testify with their efforts and give you more details on the project. With that, is there any questions? And I would counsel you to take a look at those doors as you go in or out. It doesn't matter.

BOLZ: Thank you, Senator Stinner. Just a quick clarification. The fiscal note reference-- references \$40,950, which is in line with the bill number and then later references the \$82,000. Can you just help me follow your commentary there?

STINNER: You know, I haven't had time to even look at the fiscal note. I don't even have it in my packet so I--

BOLZ: OK.

STINNER: --apologize. I'll have to research that.

BOLZ: OK, well, we'll figure it out. I-- I wasn't sure if there was a matching fund or-- the-- I'll read you the fiscal note so you know where we're coming from. LB1198 appropriates \$40,950 from the General Fund to the DAS to be used for restoration work on the leather doors-- leather doors. As reflected in its fiscal note as updated 1/29/20, the Office of the Capitol Commission indicates the estimated cost to

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replicate the original ornamental doors of the Norris Chamber is \$82,000. So is the distinction there restoration versus replication?

STINNER: OK. The fiscal note does replicate what I just told you we're going to pay. We're gonna pay for half. The office indicates the estimated cost is \$82,000, which is true. We're only providing half.

BOLZ: OK, so the-- the thing is that-- that's missing is that there will be a philanthropic match or a match from the Capitol Commission?

STINNER: I'm not sure. Let me check on that.

BOLZ: OK. I trust that what you say it costs is what it costs. I just wanted [INAUDIBLE].

STINNER: This is the first time I saw the fiscal note so I need to research it. I apologize to the committee. I should know that.

BOLZ: That's OK. We all feel that way about fiscal notes.

STINNER: I know the total cost is \$82,000. I know ours is--

BOLZ: OK.

STINNER: What I'm requesting is half. How's that for?

BOLZ: Sounds fine. Senator Dorn I think has a question for you.

DORN: Mine, I guess, these doors, we usually don't see them going into the Chamber. They're most always open.

STINNER: Yes.

DORN: Yeah.

STINNER: Until they're not.

DORN: Until they're not, yes.

STINNER: They-- they actually close the doors after we leave. Is that correct?

BOLZ: Yeah.

STINNER: I think so.

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DORN: Oh, they do. Thank you.

STINNER: Keep people like you out. I'm just kidding.

DORN: I know that.

BOLZ: I think they're to keep term limited senators like me out.

STINNER: That's exactly right. to keep you from coming back.

BOLZ: Do I--

STINNER: I will try to find out your answer. I apologize.

BOLZ: Thank you, Senator.

STINNER: Yeah.

BOLZ: Do we have proponents for the bill?

BOB WICKERSHAM: Senator Bolz, members of the committee, my name is--

DORN: Green sheet, do you have the green sheet?

BOB WICKERSHAM: Oh, I'm sorry, yeah. Too many pieces of paper. Senator Bolz, members of the committee, my name is Bob Wickersham, W-i-c-k-e-r-s-h-a-m. I'm a member of the Nebraska Association of State-- Nebraska State Legislators. The organization does support Senator Stinner's bill. I apologize to the senator and to the committee for any confusion that the history of this bill may have engendered. I hope you have received this. I believe Senator Stinner's office said this was going to be distributed. I hope that explains what happened. Mr. Ripley updated Mr. O'Donnell in August about the status of the project for replacement restoration. Senator, I'm not quite sure what to call it, candidly, but that is a project that has been in the Capitol Commission's master plan for a number of years. You ever seen the master plan? Senator Stinner asked about that earlier if he could see it. There are a whole list of projects. This was one of them. Mr. Ripley, I believe, saw a change in the status of that project where the conservator or the person who could actually do the work, the only person he knows of in the state of Nebraska that could do the work was going to retire. So he wanted to inform the Legislature of that, because if the Legislature was interested in having the doors to its Chamber be brought up to a better standard, the opportunity was going to pass quickly. Or at least if the

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opportunity didn't pass, it was going to get a lot more expensive to do it later. You'd have to hire an outside conservator. The Legislature has committed for half of the cost. So it's not from the former legislators. It would be from the legislative branch. Senator, I see you frowning. I'm not quite sure how it was done either, but that's my understanding that in response to Mr. Ripley's letter that the Exec Board made a commitment that it could fund one half of the restoration cost, but not the full cost of restoration. At that point, there was a request to the Nebraska Association of Former State Legislators for funding. We do not have any money, despite the fact that we testified to you that we've raised a significant amount of money for the gardens. That is all going to the gardens. We are, for all intents and purposes, we're broke. We're constantly broke. And in fact, I think that's probably a good situation for us to be in. Nobody comes and asks us for \$40,000. We don't have the money. Well, but we committed to trying to find a way to arrive at those funds. And that's when I spoke to Senator Stinner to see if he thought that there might be any interest in finding a way to eventually fund the other half, the half that the legislative-- the executive council did not, could not commit to. He very kindly agreed to introduce legislation. That's what you have. If-- frankly, I think-- I don't want to speak for Senator Stinner, but for myself, I would say I'm completely agnostic, whether it's General Funds, whether-- wherever you find it. I'm just urging you to find it and do it because I do believe Mr. Ripley's representation that the conservator is getting ready to retire. And if she-- if that person retires, it's going to be a lot more expensive later on. And with Senator Stinner, I'd add the enjoinder that you look at the doors. Most of the time when you see them open, all you see is a rather plain leather surface. It looks like somebody's kind of, well, really banged up shoes. But if you close those doors, they're marvelous because then on the outside are these colored figures. It-- gold and color. It is-- it is wonderful. It is-- it is something to keep in mind.

BOLZ: Very good. Do we have any questions from the committee? Thank you, Senator.

BOB WICKERSHAM: OK. Thank you very much. This is the last time I'll be up today.

BOLZ: Further proponents.

TOM CARLSON: Senator Bolz and members of the committee, I'm Tom Carlson, T-o-m C-a-r-l-s-o-n, and I did serve the Legislature for two

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terms. The only reason I'm saying anything is because as we talked earlier, it might be easy to think that former senators and have a lot of help, raised a lot of money to take care of the courtyards and gardens. And why don't we ask for \$40,000 out of that money to do this? Well, a lot of people jump up and down and say, no, that's not the purpose of that money and it's not. This is a worthy project. I think that the correct source for the dollars is the Department of Administrative Services and I would encourage you to pass this LB1198 and let it take that tour. Former senators in general would be very supportive of this project, but we didn't raise the money to have it taken away this quickly for that kind of purpose, and hopefully it never will be taken away. So I could have mixed you up by even talking about this, but I thought I would say that. And were there any questions?

BOLZ: Understood, Senator.

TOM CARLSON: OK. Thank you.

BOLZ: Further proponents? Do we have any opponents? Do we have anyone testifying in a neutral capacity? Senator Stinner, would you like to close?

STINNER: I pass.

BOLZ: Senator Stinner is going to waive closing. That closes the hearing on LB1198 and I believe moves us to Agency 65, Department of--

STINNER: Take a five-minute break, please.

BOLZ: Yeah.