

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

Floor Debate
February 12, 2019

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SCHEER: [RECORDER MALFUNCTION] Thank you, Senator Kolterman. Today, February 12, 2019, marks the 210th anniversary of the birth of Abraham Lincoln, born February 12 in 1809. In honor of Lincoln's birthday, the colors are going to be posted by the Nebraska Department of the Sons of the Union Veterans of the Civil War. You will find additional information in the letter from myself on your desk. Please rise.

(PRESENTATION OF COLORS)

SCHEER: Thank you very much. I call to order the twenty-fourth day of the One Hundred Sixth Legislature, First Session. Senators, please record your presence. Roll call. Record, Mr. Clerk.

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

SCHEER: Thank you, Mr. Clerk. Are there any corrections for the Journal?

CLERK: I have no corrections.

SCHEER: Are there any messages, reports, or announcements?

CLERK: Mr. President, a hearing notice from the Education Committee, signed by Senator Groene. Senator Kolterman has selected LB720 as his priority bill for this session. And Retirement Systems Committee, chaired by Senator Kolterman, has selected LB31 and LB34 as the committee's two priorities. Announcements: The Government Committee will have an Executive Session under the south balcony at 10:00; Government Committee, south balcony at 10:00. And the Agriculture Committee will meet in Exec Session in Room 2022 upon adjournment. That's all that I had, Mr. President.

SCHEER: Thank you, Mr. Clerk. We'll proceed to the first item on the agenda.

CLERK: Mr. President, LB183, a bill by Senator Briese, relates to taxation; changes the valuation of agricultural land and horticultural land for purposes of certain school district taxes. Senator Briese presented his bill yesterday. Committee amendments, as offered by the Revenue Committee, were offered as well by Senator Linehan, as Chair. Those committee amendments are pending, Mr. President.

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SCHEER: Thank you, Mr. Clerk. Senator Briese, would you please give us a brief update on where we're at with the discussion.

BRIESE: Thank you. Thank you, Mr. President. Good morning, colleagues. LB183 is a simple bill. It would require valuation of ag real estate at 1 percent of actual value for repayment of school bonds issued after the effective date of the act. However, committee amendment 1--AM158 took it to 30 percent. This is essentially a property tax reform bill. It's designed to encourage accountability at the voting booth and incentivize efficiencies in K-12 education. Thank you, Mr. President.

SCHEER: Thank you, Senator Briese. Senator Crawford, you're recognized.

CRAWFORD: Thank you, Mr. President. Good morning, colleagues. I rise to raise concerns about LB183. I think this is really a major change in valuation policy that we need to take very seriously and I want to make sure that we're having a good debate on it. I'm concerned at the outset at-- just at the precedent of moving ag valuation to a different level for bond issues in the rural community. And I think we've heard some implications that perhaps rural bond issues just slide through easily and rural schools are out there passing bond issues left and right. But I do have some information from-- from the rural school districts that over the past 12 years bond issues in Class C and D districts pass less than 50 percent of the time, while bond issues in our A and B districts pass over 70 percent of the time. So it is already more difficult to pass bond issues in these rural schools and LB183-- LB183 would put more of the burden on the-- on the homeowners and commercial land developers, which could make it even more difficult to pass these bond issues. Colleagues, again, it also raises the question of whether it makes sense to put a different valuation on bond issues. If we are going to put a different valuation on bond issues, though, colleagues, I-- I raise the question of whether 30 percent is the right level. Maybe something closer to 50 percent makes more sense if we're going to have a different valuation. Again, regular valuation is 75 percent and so this is putting a different valuation besides 75 percent on those issues where there is a levy for new infrastructure. And I just raise the question of whether or not it makes sense to pull that all the way down to 30 percent. Again, ag land is already valued at 75 percent for other educational purposes, and pushing it down to 30 percent seems rather extreme in terms of having it-- having ag valuations for an educational purpose, in this case for the purpose of new infrastructure and development. So I just ask your consideration. I think it's important that we have a good, robust debate on this issue to see, one, whether or not it's appropriate to have a different valuation and, two, if it is appropriate to have a different valuation, what that level-- what the appropriate level of that evaluation-- valuation would be. Thank you, Mr. President.

SCHEER: Thank you, Senator Crawford. Senator Bol-- Blood, you are recognized.

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BLOOD: Thank you, Mr. Speaker. Senator Briese, would he yield to a question?

SCHEER: Senator Briese, would you please yield?

BRIESE: Yes, I will.

BLOOD: Senator Briese, after I went home last night I started perusing through all the information and came up with a bunch of questions. I'm hoping you can--

BRIESE: I'll sure try.

BLOOD: --help me out. All right. So Senator Crawford was very clear that sometimes it's more difficult to pass bonds in rural districts. Why do you think that is?

BRIESE: Well, I'm not sure why that is. But the perception out there is that it is too easy, and that's what brought me to this bill, the concern from some folks that felt they were being-- they're underrepresented at the voting booth but paying a disproportionate share of the tab. And specifically, it was a concern brought to me last summer by folks within my district and folks statewide.

BLOOD: And-- and valid concerns. But one of the questions that comes to mind in talking to some of these rural people, do you think that they believe that this tax problem is tied to high-spending schools?

BRIESE: Well, as I indicated yesterday, we do spend \$2,000, over \$2,000 more per student than the average of five of the six surrounding states. And I think Nebraskans recognize that and are possibly concerned about school spending. Again, as I indicated yesterday, percentage increases in the "aggret"-- aggregate have been reasonable the last several years, but we still have to recognize the fact that we do spend quite a bit more per student than-- than the states surrounding us, with one exception.

BLOOD: Well, I would argue that if you look at Bellevue stats, that I think they're very prudent and do a very good job. So we have to be really careful not to throw the baby out with the bathwater.

BRIESE: Uh-huh.

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BLOOD: One of the concerns I have is that this might be a backdoor attempt, and maybe not on your part, to force consolidations.

BRIESE: That is not the intent of the bill. Could that eventually be a result of it? Maybe a slight nudge towards finding efficiencies in education could be the result of this bill. If that means consolidation, perhaps, here and there, eventually it could transpire. But that's not the intent here.

BLOOD: So, I told you I had a whole bunch of questions and I apologize, Senator Briese.

BRIESE: Sure.

BLOOD: So one of the things I worry about, and I, as you know, grew up in a rural area. What is the effect that the loss of a school has on a local community? Is that a positive effect, a negative effect?

BRIESE: Schools--

BLOOD: What does it mean for economic development?

BRIESE: In rural Nebraska, schools are very important to their local communities. Yes.

BLOOD: And would you say they're important to economic development as well?

BRIESE: They can be, yes.

BLOOD: Especially for young people who might want to come and work, live, play in your communities?

BRIESE: Yes, they can be.

BLOOD: Do you think aging of school buildings have a negative impact on people who might be deciding to come to your community?

BRIESE: They can, yes.

BLOOD: All right. Fair enough. Thank you, Senator Briese.

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BRIESE: Thank you.

LINDSTROM: Thank you, Senators Blood and Briese. Speaker Scheer for an announcement.

SCHEER: Thank you, Mr. President. Colleagues, the National Council of State Legislatures, Council of State Governments, and Midwest Council of State Governments have all asked that I make appointments to their respective standing committees. You will each find in your mailbox today a packet that contains information on the standing committees for each of these three organizations, as well as a yellow sheet that asks you to rank order your committee preferences. Copies of the information will also be e-mailed to your staff. There are limited spots on many of these committees and I cannot guarantee that everyone will receive their top picks, but I will stay as close to your preferences as possible. And for that reason, I also ask you to provide, if possible, any relevant experience that you have pertinent to your choices. Although the preference sheet asks you to rank the top five, it does not mean that you will be on five committees. Most members will be appointed to one committee per organization. If you do not wish to be appointed to a committee, please return the yellow sheet with a notation that you do not wish to serve on a committee, so that we'll know that we're not waiting for additional information to come back for some of you that wish not to participate. I ask everyone to please carefully review the information and return the yellow sheet and any additional information you have to Spencer or Laurie in my office by Thursday, February 21, so that we can get those appointments to those respective organizations. If you have any questions, please, as usual contact myself or my staff. The brochure will look like this. The yellow sheet with your preferences will look like this. It is in your mailbox so if you could please return it. And again, even if you have no preference and choose not to participate, please return the yellow form stating that you are not wanting to participate so that we can move on with those instead of trying to figure out if you really forgot to send it in or if you just don't want to participate. Thank you very much. Thank you, Mr. President.

LINDSTROM: Thank you, Speaker Scheer. (Visitors introduced.) Returning to debate, Senator Bolz, you are recognized.

BOLZ: Thank you, Mr. President. Would Senator Briese yield to a question?

LINDSTROM: Senator Briese, would you yield?

BRIESE: Yes, I will.

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BOLZ: Senator Briese, as-- as I understand part of your-- your goal in working on this bill is to try to make the payoff of those, those school bonds, more fair in districts in which agricultural landowners might be paying a greater share of the burden. Is that-- is that a fair articulation of your goal?

BRIESE: Yes, that would be one of the goals.

BOLZ: Very go-- very good. So I want to use this opportunity to talk about an alternative idea. And, Senator Briese, I-- I'm not trying to-- to step on your toes here, but I'm not sure that changing the valuation of agricultural land is the only way or even the best way to solve the problem that you are getting at. In fact, I have an alternative proposal that we call the local option income surtax. It's LB182, if anyone has any interest in it. And the fundamental idea is that in you-- when you have a district where you've got a mixture of folks who pay for schools, or, sorry, a mixed community, a community that both has rural residents and folks who-- who are urban residents, you could, instead of having school bonds paid off by only property tax owners, do it through an income tax, through a local option income surtax. And let me tell you where this idea came from. I grew up in the Palmyra-Bennet community, and we had three years of a-- of a bond issue that was pretty brutal on that community. It failed for the first two years and finally passed the third year. And one of the reasons was that the agricultural owners in that community felt like they were having an undue portion of the burden and that the income earners who lived in-- in the city of Lincoln, in the city of Bennet should do more of their fair share. And so, colleagues, I just-- I want to raise this as an alternative to what Senator Briese is trying to do, in part because I hesitate to change the valuation of agricultural land even for this specific purpose. Thank you, Mr. President.

LINDSTROM: Thank you, Senator Bolz and Senator Briese. Senator Briese, you are next in the queue.

BRIESE: Thank you, Mr. President. I look forward to hearing about Senator Bolz's idea. I think we're probably hearing it Wednesday in Revenue. I'm curious to hear the details on it and have it explained in further detail. We're always looking for ideas to correct the property tax crisis that we're having in Nebraska. And, Senator Blood, you commented about economic development and the importance of schools to the local communities and the importance of perhaps modern facilities to economic development. I don't argue with the significance of that. But what we're talking about here is how we're paying for that and how we should pay for that and whether it's unfair to essentially single out one class of taxpayers for an undue share of that burden. Yesterday and this morning I heard some concerns about setting a precedent with this bill. But the precedent that this bill would set is one of fairness, accountability, and incentivizing efficiency. So I see nothing wrong with any precedent that this bill sets. And we need to

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remember this only applies to bond issues and only going forward. And someone also suggested a concern about shifting the burden to homeowners and my thought there is, well, they can vote no on this thing. They can stop it. They're not forced into accepting that shift. But second of all, the burden has already shifted to ag in the last decade or so. Ag real estate taxes over the last decade have increased over 150 percent. The average residential property tax bill has increased about 30 percent. And according to Creighton University Professor Ernie Goss, during the last five years ag earnings have dropped 45 percent while ag property taxes have increased 34.5 percent. And during the same five-year period, household property taxes have increased 16 percent while earnings have increased 15 percent. So the shift has already occurred towards ag. This will help to correct that. It will create more fairness in the system or accountability in the system, and it will incentivize efficiencies in the system. I submit this is good legislation and I would encourage your adoption of the committee amendment at 30 percent and the adoption of the bill. Thank you, Mr. President.

HUGHES: Thank you, Senator Briese. Senator, Speaker Scheer, you're recognized.

SCHEER: Thank you, Mr. President. I stand not necessarily in support or opposition but with some comments in relationship to the bill. It lowers the threshold to 30 percent for bonding issues. And I understand I'm looking at it from two different perspectives because I do own agriculture ground and it would benefit me. But I'm also in business and I have several business buildings and they are not only not being valued at the 75 percent that currently ag ground is, it's at 100 percent. And so I would be continuing to be charged at 100 percent for that business in my building in the city of Norfolk where those that are producing and my understanding of the bill it's farm ground is a-- is a business and so, therefore, it should not be taxed as heavily. But my business is taxed right now a third higher than that of the agricultural grounds and I have no release-- relief. My business doesn't have one child in the school system but I've continued to pay taxes. I'm also concerned because we have a number of varying proposals that will be coming before us that can compound the same problem. And in looking at the bonding at 30 percent, there, I believe, and-- and I may be mis-- misspeaking here, but I believe Senator Briese has another bill that would say that 60 percent of the school district would have to support a bond issue to have it passed because of the inequity of the valuation from ag ground to city residences. So, between the two, I think it puts a substantial burden on a lot of the rural school districts to maintain buildings. I-- I-- I have some concerns. I would have preferred to have a more comprehensive bill in front of us that we could look at that really was more complete in trying to solve the problem. I think we may see that later in the session. I really have not decided if I will support this bill or not. I do have misgivings and I may support it on first round to see if there's any adjustments or changes or what we see on the floor between that and Select File. But my concern is that we will start a cascade of those that will also look at differentiation. There are a lot of old people, elderly people. I guess I'm old now. God, that just really bothers me to say but it's true. And they, if they qualify, can get a homestead exemption, but they're still paying

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property tax. And I'm-- been told many times, which I'm sure some of you have as well, that they haven't had any children in the school district for 50 years but yet they continue to pay for the education of the youth. So I guess what I'm asking is, at what point do we leave-- relieve people of either part or all of that responsibility for education? And if education is the responsibility for all of us, then how do we determine which is the fair share? And I'm not trying to argue that agriculture may not be paying more than its fair share at their current levels, but when you start looking at all the different bills that will be coming before us, the culmination of that might very well be much greater than the individual ask on any-- any individual bill. So that--

HUGHES: One minute.

SCHEER: --is my concern. Thank you, Mr. President.

HUGHES: Thank you, Speaker Scheer. Senator Friesen, you're recognized.

FRIESEN: Thank you, Mr. President. I want to touch on a couple of things I guess when-- that I've heard now. I-- I-- I realize there will be other property tax legislation and, theoretically, it wouldn't hurt if this would sit on the sidelines for a little bit and wait for the other stuff to catch up that's still coming in hearings this week. It wouldn't be out of line to do that. We could move this ahead a step and leave it parked there until more comprehensive legislation comes. Some of the things that I'd like to clear up a little bit, and I-- I-- I agree with Speaker Scheer that it does tend to put more burden on the residential and commercial properties. But you have to remember that ag producers also have commercial property. All of our grain bins, buildings, and everything are valued at 100 percent of value, just like any other commercial property. Our homes are valued the same as everyone else, 100 percent of value. So we're-- we're not getting a special break on that either. This is just talking about ag land, bare ag land. And so there is-- there is a difference and it does-- I think need-- discussion needs to be had. Does it-- is 30 percent appropriate? We should talk about it. But when you look at the number of people subject to this now versus 20 years ago, and we're going to continue to see consolidation in the industry, is this industry being overtaxed? And I can show you numerous articles and data that show that it is. Is this where we start? No. If we could fundamentally change how we pay for education in this state, I probably wouldn't care about this bill because those bond issues are going to be few and far between probably. Some of them do fail. But as the ag community grows smaller and smaller, we are going to have to address it. And I will say that there are still some schools who should consolidate. And we can do that in numerous ways. We can incentivize them or we can start to take away incentives to stay separate, but we have to have that discussion too. I just-- I wish we could work on fundamentally how we fund education first and then I'm willing to have the discussion on how do we go about the consolidation, because we need to look at that in the bigger picture of the economic damage that can be done by closing a school. Now I still will say

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there are some schools who should close. I will not argue that point. But there are some, when you look at the cost-benefit analysis of it and the damage you do by closing them, probably there won't be a big savings to the state in state aid to schools because they're going to move to a different school who may or may not have to add on or build a new building. So we need to look at that in a bigger picture of what those savings could be. It won't always maybe create the savings we thought it would when we do the-- the devastation that happens to a community that loses its school. Now we've always talked about rural development and how we get economic development going and the reason small towns are so reluctant to close their school is because it's hard to get young families to move back to a community without a school. You know, if I'm-- if I'm a parent of a junior high kid, I don't want to drive 30 miles to watch them play junior high soccer. That's-- eventually, you'll do that for a while, but eventually you'll move to that community and the damage you do to the community with a closed school, it takes a toll and pretty soon businesses move. And so I-- I want to-- I think in the longer term we need to look at consolidation as a savings that-- that could be out there. But I think everybody's thinking the dollars are going to be big and I don't think they'll be that big. I think we need to look at it in a different format, so to speak, and make sure that we measure the pros and cons of what we're doing.

HUGHES: One minute.

FRIESEN: Again, I know there's other legislation coming. But I do want everybody to keep in mind that we all have commercial properties too. All of the chicken barns that are going up, all of the hog barns that have gone up because of legislation we have passed, they pay 100 percent commercial value on the ground that those barns are located on and sometimes they're at a commercial value versus even ag land values but they're at 100 percent of value. And so we are putting a pretty good burden on some of those guys that are investing a lot of money right now trying to put up livestock operations. Thank you, Mr. President.

HUGHES: Thank you, Senator Friesen. Senator Briese, you're recognized.

BRIESE: Thank you, Mr. President. I appreciate the last few comments here. You know, they've really indicated what we need to be talking about in this body and that is structural reform of how we fund K-12 education in this state. We rely far too heavily on property taxes to fund K-12 education. That has to change. We have a property tax crisis in this state and that's why, so we have to have that discussion. And that discussion is going to be coming here with some of these other bills. We may have us a comprehensive package dealing with how we fund education, new revenue directed towards property tax relief with several different components. But with that said, we may not have that package coming either. This bill needs to go forward and become part of that package or-- or else on its own eventually. The suggestion was made that my 60 percent

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bill coupled with this bill would be too burdensome, and I know I don't disagree with that. And my 60 percent bill is probably going to have difficulty getting out of committee, and Education has indicated to me that 60 percent is more problematic for them than what I am proposing here. And so I would predict that the 60 percent bill is probably going to die an early death. As far as commercial property we looked at that situation, but we didn't bring them in, in with this bill. First, we have concerns about the uniformity clause. That's problematic. There's no exception there for-- or, excuse me, there is an exception there for ag property, not commercial. An increased credit going to commercial property was considered but that would have a fiscal note. And really, we're only talking about a few cents here. If that's a burden, go out and defeat the proposal. But fourth and most importantly, our commercial property owners do have the ability to pass on their burden, their increased tax burden to the extent it is much of an increase, and our farmer and rancher friends don't have that ability to do so. So look at the exhibits. Realize that we're not talking about a huge increase on anyone here, just a slight increase, a slight shift. It's good policy. I'd ask for your adoption when the time comes. Thank you, Mr. President.

HUGHES: Thank you, Senator Briese. Senator Morfeld, you're recognized.

MORFELD: Thank you, Mr. President. Colleagues, I also rise with concerns. And to be honest with you, I'm still reviewing the impact of this. And-- and I'm not quite sure how I'm going to vote on it, on General File, but I may have much more to say about it on Select File after I hear back from some folks. But I want to do my homework. I mean first, in response to some things that have been said on the floor from the Speaker, I thought his points were well received and I'm still thinking about that and kind of processing. And I-- and I see also where Senator Briese is coming from and I've always appreciated his thoughtful and open-minded approach to these issues. That being said, I think some of my concerns lie in the fact that businesses in my district are paying 100 percent. Residents in my district are paying 100 percent, unless they're very low income and they can actually avail themselves of the homestead exemption. And it gets to a point where I-- I agree that-- let me step back for a second. In the Education Committee I've always said that the three-legged stool is unbalanced. But that being said, we need a comprehensive approach to this. I am open to looking at comprehensive approaches. I was looking at one with Senator Friesen last session. It was a little too-- little too late last session. A little bit too late in the session to actually do anything. But I am open to a comprehensive approach. And I do believe that the three-legged stool is-- is imbalanced, unbalanced, however you want to say it. I'm not quite sure this is the right approach, and I'm not quite sure it's the right approach because it's unfair to all taxpayers, whether it be my next-door neighbor, who's paying 100 percent of their residential property that they don't make any income off of except maybe at the end of 30 years, and it's unfair to the-- to the business down the street that's paying 100 percent as well. And I realize that there's more of a burden particularly on a farmer who has a lot of property, a lot of land, and not a lot of people. Now to the question of the burden of paying for public K through 12 education, when should that end? Well, in my opinion, that should never

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end. We are all responsible for ensuring that we have a high quality K through 12 public education. I don't care if you're 65 and you haven't had a kid in school for 40 years, which I don't know if that actually works out that way but [LAUGHTER] now that you look at the math. But regardless of the fact, I don't care how old you are or if you've never had any kids, we all benefit from having a strong K through 12 public education. Because when I'm 65, I want to know that there are smart, capable individuals that are well-educated that are taking the reins of our community and our society, building our economy, keeping it strong. And the only way that we do that is if we have a strong K through 12 education and a stronger higher education as well. So this whole notion of, well, man, I haven't had kids in school for 20 or 30 years or whatever the case may be, why am I still paying, well, for me, when I'm 70 or 80 I want to make sure that my Medicare is still strong, that the economy is strong, that all of those different supports are still strong because I still want to have good roads to drive on, I still want to have a strong economy, I still want to have a strong healthcare system, and I want to have strong social supports and Social Security. And the only way that you do that is by having strong education. So the obligation should never end, regardless of how old you are, regardless of how many kids that you've had or you haven't had. And my concern is, is that we need a comprehensive approach. This is a targeted approach but it leaves out a lot of different pieces to the puzzle.

HUGHES: One minute.

MORFELD: And so that's why I'm either-- I have not decided yet. I'm still going to listen to some of the debate. That's why I'm either going to be not voting or voting against this legislation, not because I don't think that we don't need comprehens-- or tax reform. I do believe that. But I think that we need to look at it in a comprehensive approach and I think that this is likely the wrong direction. Thank you, Mr. President.

HUGHES: Thank you, Senator Morfeld. Senator Crawford, you're recognized.

CRAWFORD: Thank you, Mr. President. Good morning again, colleagues. I also am grateful for the creativity of Senator Briese and I appreciate his thoughtfulness in really trying to tackle this issue about the concern about overreliance on property tax in education. And I agree that's an issue and I'm looking forward to all of our different conversations about the proper way to address that issue. And, colleagues, my concern is that this is not the proper way to address this issue, particularly at 30 percent. It's-- it-- it shifts too much of the burden on to homeowners and commercial owners, and we haven't really talked. Senator Scheer mentioned the commercial property owners as well, as they get impacted by this as well and we're trying to get commercial properties to come into these rural areas and set up and be a part of those communities. And this shifts a important tax burden on to those commercial owners as well. And so I just-- a couple of different points I wanted to just put out there for the debate. One is, and just walking through the

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example that Senator Briese passed out on the impact of the property taxes leveled on a \$1 million bond payment, and so in the current structure we have a situation where there would be \$94 on a homeowner. And then in his example one of a case where there's 80 percent ag land, then that actual homeowner levy almost doubles. It goes to \$180 on the home. So on the one hand you can say that's \$90, that's still a lot of money. On the other hand, it is also doubling that, almost doubling that property tax load on the homeowner. And, colleagues, that's on a \$150,000 home. So if you think about a much more expensive commercial property, if that similarly almost doubles their property tax load, we're putting a serious property tax load on those commercial "homeown"-- those, excuse me, those commercial landowners in these rural communities. And I think that's-- that's at 80 percent ag land to 20 percent nonag land. And so one interesting question is, how many of our school districts are-- are in that range? And the information that I have, we have 103 school districts that currently have between 75 percent and 100 percent of their valuations coming from ag land valuations. So we have a lot of school districts that are in this position where 75 to 100 percent of their valuations are coming from ag land valuations, and those are those districts where again the example that Senator Briese lays out is one that would happen. We'd have close to a doubling of the homeowner property tax load, close to a doubling, I'd expect, of the commercial property, property tax load from those, such situations, where you have somewhere around 80 percent ag valuation. There are another 88 percent of school districts that currently have between 50 percent and 75-- 74.9 percent of their valuations coming from ag land valuations. And, colleagues, in those 103 school districts that currently have between 75 and 100 percent of the valuations come-- coming from ag land, those districts right now have a average combined levy, minus their bond levies, of-- of 66 cents. So they're, the levies, are kept low in those districts that have the high level of ag valuation. And again, the ag valuation currently is 75 percent. So currently homeowners and commercial landowners are paying 100 percent of the levy and in this case the ag owners already have a break, a break of 75 percent of--

HUGHES: One minute.

CRAWFORD: --their-- thank you, thank you-- of the valuation. And, colleagues, to pull that down to 30 percent, even just for the bond issues, I think is too drastic of a change in our system, especially again with the-- the proposals that we are going to be looking at coming through of other, more structural ways to address the property tax issue, issues such as the one Senator Bolz mentioned of recognizing that we need to turn to more income tax to address this issue. And so I urge your caution and I urge us not to move forward with 30 percent as the-- as the valuation on-- on-- on a proposal like that one in LB183. Thank you, Mr. President.

HUGHES: Thank you, Senator Crawford. Senator Bostelman, you're recognized.

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BOSTELMAN: Good morning and thank you, Mr. President. I'm glad to see so much discussion on this issue this morning and I look forward to more discussion. I'm glad to see there's a lot of support in the body for property tax relief and I am encouraged. And hopefully we will continue to see that as we move through this session as we look through the bills. A couple comments I would like to make this morning talking about this on the property tax side: A lot of ag land has gone up 150-200 percent in taxes on them, valuations, and that's just gone beyond the scope of being able to financially support it. There's farmers in my district that pay more in taxes than they do-- than they earn. And that's got to change. So I'm glad we're having this discussion. One thing to remember as-- as an ag producer, your input costs are-- are-- are paid at retail. So I'm paying retail costs for my seed, for my chemical, for my equipment, for my fuel. Everything that goes in, I'm paying that at retail costs. And then I sell everything at a wholesale cost. So I have to produce a lot in order to make up the difference there, and that's a little bit different, I think, in-- in-- in what we're talking about here today in commercial and ag. And as Senator Friesen said, in the large facilities we're paying the commercial. If it's a large hog facility, maybe it's a dairy, maybe it's chicken, whatever it might be, we're paying a commercial rate on those. So it's ag land specific. On our houses we still pay the residential or that-- that amount. It's a higher tax. But on our ag land specific is what we're talking about. And in years past I think farmers have been very supportive, ag producers have been very supportive in bonding issues. I think the challenge we have right now is we're paying so much in taxes we can't afford it and they're coming out against bonding issues just for that reason. So we need to continue to look at this and find a way, we have to find a way to reduce that, that-- that property tax liability that we're talking about while we're still supporting our schools. That's important. And what Senator Briese is talking about today is, is getting us on the floor, talking about this issue to really address it, because it has to be addressed. I'm seeing-- you know, you hate to see a rural-urban divide, but I'm seeing that this morning. Who's standing up and talking about issues and what direction? So I appreciate the schools and what they do. I appreciate what-- where-- where we're at with things. But we cannot continue to go down the road that we're going down today in taxing to support our schools. We need to find a different way. We have to have that better opportunity to do that. Thank you, Mr. President.

HUGHES: Thank you, Senator Bostelman. (Visitors introduced.) Senator Blood, you're recognized.

BLOOD: Thank you, Mr. Speaker. Fellow Senators, friends all, and I forgot to say that earlier, I have to say that this is one of the best debates or discussions that we have had on a bill all year because we're hearing from both urban and rural. People are being very thoughtful. We do want to bring relief to our farmers. Ag is important to Nebraska. My family still has ag land. It's important to my family, even though I'm an urban senator. So I have the best of both worlds. But I'm concerned, as many are, that this is not comprehensive enough, that this is kind of a targeted approach. And it would be my request that Senator Briese would consider setting this aside

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because we do have other bills that I think that will step up to the plate and perhaps bring some of the relief that we're searching for. But with that, I would ask that Senator Briese again yield to a question.

HUGHES: Senator Briese, will you yield?

BRIESE: Yes.

BLOOD: Senator Briese, would you say that the majority of the districts that have a decent amount of ag land, do they receive any equalization aid?

BRIESE: Generally not.

BLOOD: So if they did, wouldn't they be able to lower their levies and then maybe lessen the impact of a bond issue?

BRIESE: Yes, in theory that would be very helpful.

BLOOD: All right. Thank you very much. That was the only question I had. I'm getting all questioned out. I do ask, again, that we take a step back. At this time, I am not in favor of the amendment, nor the bill, because I feel that we can do better and still protect our ag land, ag landowners, and still protect our schools. I think we need to find that middle ground, and we're not there yet. Thank you, Mr. Speaker.

HUGHES: Thank you, Senators Briese and Blood. Senator Friesen, you're recognized.

FRIESEN: Thank you, Mr. President. Senator Morfeld, would you yield to a question?

HUGHES: Senator Morfeld, will you yield?

MORFELD: Yes.

FRIESEN: Thank you, Senator Morfeld. You know, earlier I spoke a little bit about commercial properties and I don't-- maybe you were on your computer and you weren't listening, but I just want to ask a couple questions and see if we can clarify I guess where we're at here. How much ag land do you have in-- in your district?

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MORFELD: I have several farms in the north side, just south of the interstate.

FRIESEN: So, like, what percent of your district would be ag land?

MORFELD: Well, if you're looking at percentage, it's actually about a third of my district.

FRIESEN: A third of your district? So--

MORFELD: If you're looking at, yeah, land mass.

FRIESEN: So if you look at the impact something like this would have on your district, it would be extremely small compared to some schools where it's 85 or 90 percent ag land.

MORFELD: Absolutely.

FRIESEN: And so in your area on those farms, I take it there's probably livestock operations, or bins, buildings. Would that be--

MORFELD: Yeah, there's--

FRIESEN: --a typical farm?

MORFELD: --there are some. There are some buildings and, I mean it's, yeah.

FRIESEN: So do you realize those are paying 100 percent value on that land that they're sitting on and the buildings; they're not at 75 percent? It's considered commercial property.

MORFELD: That would make sense, yeah.

FRIESEN: OK. I just wanted to make sure that I'm-- we're talking the same, because I-- I was just trying to make a point earlier that we, as ag producers, on all of our bins, buildings,--

MORFELD: Uh-huh.

FRIESEN: --sites, we pay 100 percent of value. And sometimes they even bump that value up to commercial property value, the land underneath even above ag land value on those commercial

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properties. So we get no break there. This doesn't have anything to do with this bill. It's strictly on ag land. So thank you, [INAUDIBLE].

MORFELD: No, I appreciate it. Thank you.

FRIESEN: Thank you, Senator Morfeld. So a couple other things that, you know, when-- when you talk about the bigger picture of property taxes and how we fund schools, it used to be that they taxed intangibles. And so if you start looking at the intangibles, your stocks and bonds and savings account and checking account, I remember growing up, December 31, everybody had to take inventory. And you-- you counted all your chickens and pigs and how many bushels of corn were in the bin, and then you were levied a property tax on that. And they even included the dog. Most people didn't have a dog. It was a stray. But again, when we taxed intangibles, we looked at checking accounts, saving accounts, stocks and bonds. We-- we covered all property. And so when we took those off the table, that would make a huge valuation difference in some of the larger urban areas. There's a tremendous amount of wealth there that we don't tax. We only tax property now, which property, you know, as you know, today's younger generation borrows a lot more money than they did a hundred years ago. It used to be you didn't borrow much money; you paid cash. You-- nowadays we're leveraged, so really someone's value of their house does not measure their ability to pay. I mean they go to the bank, they get prequalified for so-and-so much of a loan. They go buy the house. And you add any other burden on top of that and they could lose the house. And so society operates differently today and I-- I think that reflects back on agriculture too. It used to be I think that-- and I looked at what my dad did. A lot of times he either paid cash or relatively small amounts of borrowed money. These days it does not reflect on your ability to pay. It reflects on your-- whether or not you want to grow your operation. And with the consolidation we're seeing in ag, just like we've seen for the last 200 years, we're going to continue to see that. And so farms need to continue to grow. They continue to make those expenditures in land prices. We always pay more--

HUGHES: One minute.

FRIESEN: --than it's worth. Thank you, Mr. President.

HUGHES: Thank you, Senators Morfeld and Friesen. Senator Lathrop, you're recognized.

LATHROP: Thank-- thank you, Mr. President and colleagues. I, too, have some concerns about this and I want to talk more in a big picture concern. Today what we're doing is answering the question about whether we should treat some people, some property owners, differently than others when it comes to paying for things that are happening inside of a district, a community, a county, wherever it might be. Today it's about whether the ag producer should pay the same

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amount as the people in town to build the school. And the concern is the people in town are the ones voting for this new school, new gym, whatever feature it might be or necessity it might be for the school district, and the concern of the ag producer who has the land mass and maybe the land value. And I understand the logic of this, except that I'm not sure that it isn't a dangerous road to go down. And let me make the-- make the point this way. If we go down this road and we start differentiating one property taxpayer from the next, depending upon which of these taxing authorities that are on this sheet, what's stopping the commercial property owner in urban areas, take a big box store, Home Depot, what's stopping Home Depot and people like them from coming in and saying, you know what, Briese was on to something. We don't have any kids in the Millard school district or in any of the schools. What we have is a box store. We're a company from someplace else. We have a footprint in-- in-- in Nebraska, but we don't have kids that go to school. Why are commercial property owners paying property taxes for the school district? That's not the only "oppor"-- it's not the only example I thought of, because on this list that was handed out here are the NRDs. And I suspect that if we went to the folks in town in rural Nebraska, particularly out west where there are water and irrigation issues, right, so the NRDs are actively involved in trying to manage our groundwater resources. Well, the people in town are paying property taxes for the NRD to function, but they're not getting anything out of it, maybe some "grom"-- maybe they get some drinking water out of it. But-- but the largest benefit from the NRDs in western Nebraska would be to the ag producers who have the NRDs there to manage their water resource. On the other side of this, on the other side of the state, on the eastern side of the state, those of us in the city probably have more concern about the NRD functioning for flood control, where the ag producers on the eastern side of the state may say, that NRD isn't that important to me. I mean they may stop my stuff from getting flooded once in a while, but mostly it's flood control in town. And it gets to the question of whether we can begin to differentiate one taxpayer from the other, depending upon how much they're using or not using or how many voters they have or don't have. And I think this is a dangerous road to go down, in my judgment, because I can imagine people in these same communities that are voting for these improvements to their school, that the ag producers are concerned about, might have the same argument in reverse with their NRD, the fact that they're paying taxes for an NRD that's primarily managing the groundwater and the streams out in western Nebraska to facilitate the irrigation. My point that what we find ourselves, colleagues, step back and look: We're paying too much in property taxes.

HUGHES: One minute.

LATHROP: You're paying too much in property taxes in western Nebraska and in ag land, and we're paying too much in town. What we're doing now is trying to find a way to manage a-- a bigger problem with smaller solutions. We got here by giving away our tax base. And maybe I'll pass this around. Senator Hadley used to share this about the tax base that we've given away in this Legislature over the last ten years. And now that we have, and we sit here and say, how are

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we going to fix it, Senator Briese brought a thoughtful idea. But it's a small piece of the bigger problem and we need to be focused, in my judgment, on the bigger issue, which is we gave our tax base away, now we're making the property owner pay for the schools and everything else, and now we're not living up to our obligation to pay for--

HUGHES: Time, Senator.

LATHROP: --public education. Thank you.

HUGHES: Thank you, Senator Lathrop. Mr. Clerk for an announcement.

CLERK: Mr. President, a reminder: the Government Committee will meet underneath the south balcony immediately; Government, south balcony. Enrollment and Review reports LB154, LB264, LB7, LB55 to Select File, some having Enrollment and Review amendments. New resolution, LR2-- LR24 by Senator Howard; that will be laid over. Hearing notice from Judiciary and Banking Committee reports LB224 to General File, that signed by Senator Williams. That's all that I have, Mr. President.

HUGHES: Senator McCollister, you're recognized.

MCCOLLISTER: Thank you, Mr. President. Good morning, colleagues. I'm a member of the Revenue Committee and heard this bill when it occurred a couple of weeks ago. And I thought that when I heard this bill it had merit. I thought Senator Briese made a compelling case that when a rural school board decides to issue bonds for something that would benefit most of the kids that live in the city, that it would unfairly impact some of the rural residents, some of the farm residents that would be obligated to pay the greatest share of that bond issue when it-- when it's passed. You know, it's not quite representation without repre-- with taxation without representation, but you can readily see that the rural property owners, the farm comp-- farm families would be the ones that would primarily pay the bill. So I saw merit in Senator Briese's bill. The 30 percent I thought was somewhat arbitrary. We didn't study the issue to any great extent and it was just a number that came into Senator Briese's head. So I think the issues that we are looking at, why 30 percent, is something that we need to consider as we move forward. I'm hopeful that the membership in the Revenue Committee is going to do a good job of finding us some money. I think we will cut and paste some, looking through the bills, we'll cut and paste and find some rev-- revenue for the state. We desperately need to do that. The Internet sales tax bill may be expanding some of the-- of the exemptions we have, eliminating some of those exemptions will, in fact, bring the state some more money. So I'm hopeful that we will. I'm anxious to see what moves forward in Revenue this week, because it could very well tell the story. I think I will probably not vote on this bill this time in hopes that maybe we can put

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something on the table that would really address some of these inequities that we have in our tax base. And we are simply out of balance with our taxation in Nebraska. That's something that I'm hopeful the Revenue Committee will take care of this year. Thank you, Mr. President.

HUGHES: Thank you, Senator McCollister. Senator Murman, you're recognized.

MURMAN: Thank you, Mr. Speaker. And thanks a lot for recognizing me. Thanks. Great to be here, colleagues. I want to bring up something that we haven't talked about yet in this debate. I am a huge supporter of education, as I know we all are here, and we haven't talked about how this would affect education very much yet. In my campaign and from reading about superintendents, what they believe around the state, they are-- are realizing that because of our unfair tax system for funding K-12 education in this state, that they don't feel the support for public schools that they should, especially out in greater Nebraska, in the rural areas. There are so few people that fund such a large proportion of-- of the schools that they're feeling that they don't have the support that they should have. We've talked a little bit about skin in the game. There's just a lot of people that don't have as much skin in the game as-- as they really should compared to others in those districts. What we really need, I agree, is comprehensive tax reform, but until we get that done, I think we need to pass this on this round and hopefully we'll get a more comprehensive reform done. But until we get that done, I think it's important to support this. It's a lot more fair to tax sales and income rather than property to support public schools. Property is, as was talked about many times today, is a poor example-- that's not the right term but a poor way of determining income or ability to pay. Renters, you know, have to pay the high rent because of high land prices and they don't even own the land. And many farmers are not making any money or even losing money, and they still have to support unfairly the-- the K-12 schools. I did hear taxation without representation. I was going to bring that up. Thank-- I thank Senator McCollister for bringing that up. You know, we fought a Revolutionary War over that, that very issue. And we do have some representation as agricultural producers, landowners, but it's very-- it's much less than we should have. So I'll repeat, until a more comprehensive bill comes along to reform our property tax system in the state, I'm voting in favor of this. Thank you very much.

HUGHES: Thank you, Senator Murman. Senator Bostelman, you're recognized.

BOSTELMAN: Thank you, Mr. President. I want to touch on a couple things real quick here this morning. Again, one I think Senator Murman, Senator McCollister both touched on it, what happened last year. There was a bond issue in my district and I got a number, I got flooded with phone calls from ag landowners who did not-- who owned the land within that school district but didn't live there and couldn't vote on it. So the concern with them was, I own land there and I can't even vote on that bond issue that's going to increase my taxes on that area. So I think, you

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know, what we're talking about here a little bit and a little bit with this bill kind of touches on that. It was a concern from a lot of people. I-- I know that it probably hits people in the-- with commercial property in the cities as well. But ag land, I think it really hits us broad-based on that. I think a lot of us own land in-- in another school district where we can't vote on it, so that's an important issue to remember. The other one is I was talking to someone yesterday and there's a lot a-- a lot a ranchers out west liquidating their cattle. And why are they selling off their cattle? Because they need money for operations this year. So the state at large is hurting, and a lot of it deals with economic, obviously, but high taxes on our properties. So our farmers are struggling, our ranchers are struggling. And I just want to continue to remind people that we really need to work on this. We need to have something done this session. And I thank you for that. And I yield the rest of my time to Senator Briese.

HUGHES: Thank you, Senator Bostelman. Senator Briese, you're recog-- or you're yielded 3:30.

BRIESE: Thank you, Mr. President. Thank you, Mr., or Senator Bostelman. Someone suggested earlier that I set this bill aside. That's not an option, not an option. I haven't been here as long as Senator Chambers, but I've been here two years and I've seen the difficulty in passing comprehensive property tax relief. There's no guarantees we're going to get it done this year. We're all going to try our best. But this bill needs to advance, become a part of a comprehensive package or on its own. Someone else expressed a concern that this 30 percent I'm talking about, this shift, could create a, quote, serious load on homeowners and commerce. Well, the same example I was using shows what the load would be on agriculture after that. And-- and if the load on homeowners and commercial property owners is a serious load, I wonder how we would describe a tax burden 11 times higher than that, which is the burden that would be the example I've given on the ag producer. They-- they would still have a burden 11 times higher. Some have suggested the need to tweak this, the 30 percent maybe isn't the place to be. And-- and I am willing to look at that. You know, I'll-- I'll-- I'm willing to look at tweaking the 30 percent, I'm going to ask, later on; that for now we simply advance the bill as is. Before Select File we can talk about some of those changes. And I understand members of the business community are pulling senators out into the Rotunda to talk about this bill and to oppose this bill, and I would suggest to you, you ask members of the business community where they are at on property tax relief, where they've been on property tax relief. Do they want to be part of the solution or they want to stand in the way of the solution? And to help me answer that question, I go back to the hearing on Senator Erdman's LR3CA. If you remember right, Senator Erdman's LR3CA would provide a refund of 35 percent of the property taxes paid there. A lobbyist for one of the business associations testified against it, saying more than once that it has no-- has no "pay for's," doesn't tell us how we're-- doesn't tell us how we're going to pay for it. How are we going to pay for it? So I asked that lobbyist, are you going to support my LB314 that has plenty of "pay for's" in it, that shows how it's going to be paid for? And without hesitation, oh, of course not, they're not

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going to do that. So where are they on property tax relief? They have to decide again whether they want to be part of the solution or stand in the way of a solution.

HUGHES: One minute.

BRIESE: Thank you, Mr. President.

HUGHES: Thank you, Senator Bostelman and Senator Briese. Senator Albrecht, you're recognized.

ALBRECHT: Thank you, Senator Hughes. Do you know, when this bill came up, I thought about, excuse me, not just this bill but several bills from Senator Erdman, Groene, Friesen, Linehan, and many others. This year is our year to figure this out for Nebraska. You know, the last two years I know how hard Senator Briese has worked on several bills, but in the last two years I kept thinking about this Revenue Department-- or the Revenue Committee and how everybody wants this tax reform package. Well, in putting a tax reform package together, you're not going to come to an agreement with anything because there's going to be somebody that's not going to like a little bit-- a little piece of it, and it all fails. So if I have to look at every one of these bills separately as they come to the floor, I'll do so. But more importantly, I am hopeful that the Revenue Committee this year, with the information that people have-- have looked at over the last two years and this past interim, they've really put a lot of effort into looking at the TEEOSA funding. That's our major problem here. But until that can be solved and we can tweak those numbers a bit in that formula, then we can go forward with something. But this particular bill is a start. It might not come out the way it's presented today, but if it is moved and if there are bills that are in the Revenue Committee that this complements in some way, I do believe that we'll get somewhere. Being a farmer, I want you to know that we have grandchildren. We are all about education. I have family members that are schoolteachers in the area that I live in, and I-- I have many, many friends that are teachers and they deserve to know that we love what they do. They're making a difference in our children's lives and in our community. But more importantly, we need to let them know that we're not trying to take something away from them. We want everyone to be able to-- to participate in how these, these bond issues are paid. Some of them in-- in the smaller communities fail miserably because people realize that we can't afford to pay for-- for what they're asking for all at one time. But certainly, you know, our-- our share, as-- as the farming community, I want it spread out a little bit. You know, I would like to see, we had-- we had a jail in our-- our county that I was going to be, we were, \$2 an acre for the rest of our lives. We'll never see that paid for, you know, so-- in my time anyway. But anyway, I want it to be equalized, you know, so that everybody has their share. I don't-- if you're commercial, if you're residential, if you're ag, we have got to work diligently on making this happen for Nebraska because we are more than willing, as farmers, to pay for-- for our share. But when we

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cannot seem to make things work when the commodity prices are down and livestock isn't bringing what it should, just hear our hearts on this. We-- we're-- we are more than willing and we have paid our fair share. Now it's time for everybody to come to the table with a resolution. And I think this is a start and I thank you, Senator Briese, for bringing this bill today. If you'd like the remaining of my time, you're welcome to it. Thank you.

HUGHES: Senator Briese, you're yielded 1:17.

BRIESE: Thank you, Mr. President. Thank you, Senator Albrecht. I appreciate those comments and I appreciate the discussion we're having here today. There's a lot of folks out here that realize and understand the need for comprehensive property tax reform, proper comprehensive tax reform in general. And there's going to be a lot of momentum for that. I'm hopeful we can get it done. But again, I've been here long enough to know that it's an extremely tall order to get done what needs to be done. There's a lot of opponents to property tax relief out there and they carry a lot of weight in this body. And so it's not going to be an easy task. I think the wise course would take-- be to take this bill, move it on to Select File. And if we don't have the right percentage to suit everybody there, don't have the support there, we can kill it there. But I'm willing to look at the percentage and modify the bill to something that's palatable to most folks in this body. Thank you, Mr. President.

HUGHES: Thank you, Senator Albrecht and Senator Briese. Senator Lathrop, you're recognized.

LATHROP: Thank you, Mr. President and colleagues. I want to-- I want to start a different conversation if I can. So what I'm watching is we have a bill here that's going to create some winners and then there'll be some losers. And really the design of it is intended to create some people who will benefit from the bill and some people who will not benefit, or be losers. And the idea is we're going to discourage those people in town from voting for these things for our schools because we're, we, the ag producers, are going to end up paying for it. And these people in town keep voting for a new something or an addition or some other feature to their schools, and we, the ag producers, are going to end up paying for it. So we got a device here to discourage them from doing for their school district what they think needs to be done. And what we don't talk about on this floor anymore, what we don't talk about on this floor anymore is what we want education to look like. You know, if we thought these things, the-- the things that they want to do that-- that you are troubled by and that they are voting for as bond issues in your district may be good ideas. They may be good ideas. But we don't have that conversation because we have starved the beast, and the beast is what the state is going to spend on education. We've starved it. We have-- we have inadequately funded K-12 education. And what we have said is, if you want it, pay for it yourself because we're not going to put the money into K-12 education because we don't want to have the-- we don't want to pass the bills that create the revenue, that

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bring in the resources that allow us to pay for the schools that-- that ought to be there. But we don't talk about what ought to be there. We talk about how are we going to pay for-- how are we going to pay for this or how are we going to discourage those people in town from voting for the things our school districts need because they just passed the bill off to us. And this is about a bigger picture, a bigger question about property tax relief. This bill, well-intentioned, and I appreciate Senator Briese bringing it and the opportunity to have this conversation, but we need to step back when we talk about funding K-12 and say, how are we going to do it going forward? What do we want our school districts to look like? Do we want them to educate kids? Are we looking for some way to tighten the screws and say, whatever the consequences are of shortchanging K-12 education, they're not really going to be identified with me in this vote. That's what's happening. I think we need a broader discussion about what we want our schools to look like, what we want them to accomplish for the next generation of people that are going to live and work and run this state. And then we need to figure out how we're going to pay for it. But to have us pass a bill where we're trying to discourage the people in town from voting for something by making it more expensive for them than other people that will benefit from having an educated populace, I don't see it. I don't think it makes sense. And we're missing an opportunity to have a bigger conversation about K-12 education. What do we want it to look like? Then we'll figure out what it's going to cost and what the share-- the state's share of that should be. But what we keep doing every year is having a conversation about, we're not getting enough state aid, it's all on the property taxpayer.

HUGHES: One minute.

LATHROP: And now, instead of solving that problem, we're going to have the property taxpayers, predominantly in greater Nebraska with this bill, fight with one another about who's going to pay the bill. I hope that as the session goes on and we talk about property tax relief, we can also talk about what we want our K-12 education to-- education system to look like, how we're going to pay for it, and then we'll figure out the revenue issues. Thank you.

HUGHES: Thank you, Senator Lathrop. Senator Crawford, you're recognized, and this is your third time.

CRAWFORD: Thank you, Mr. President. Good morning again, colleagues. Again, I rise with concerns about LB183 and concerns about AM158, putting the-- if we're going to have a different valuation, putting that at 30 percent. And, colleagues, the other day we had an object lesson in voting for committee amendments and it was a bill where the committee amendments were technical amendments to improve the bill. And I'm just standing to say in this case the committee amendments that we have are very substantive amendments. The committee amendment, AM158, sets the valuation at 30 percent, and I think that's a-- a substantive decision.

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It's much better than 1 percent, I would say, but I don't know that I will vote for the committee amendment because I don't want to show support for having that valuation at 30 percent. I think we need to continue to talk about, if we're going to have a different percent, what that appropriate percent should be. And again, I raise concerns about the precedent of setting a different percent in the first place, so that's where I'm kind of in-between two different arguments in terms of which direction to go. If we are going to have a different valuation, I think it's important that we set one that's more fair and-- and something that would be closer to-- to 50 percent perhaps as a-- as a valuation for the ag land. I'm very concerned about the 30 percent. I've very concerned about what it does to our-- our schools. It's-- all of our educational groups came in and expressed concern about this bill, concern about this bill, and concern about the-- also concern about the 30 percent valuation, that it was just not appropriate valuation for ag land in these situations. These schools are-- that need new infrastructure, it's important that we have fair contributions from the ag, ag folks as well, instead of just shifting the obligation to the landowner, the property owners, the homeowners and the commercial property owners. So this bill is really just about shifting that load from the ag owners to the homeowners and the commercial owners and shifting in a pretty serious-- to a pretty serious extent. The 30 percent is I think a very heavy shift in that, and not an appropriate one. If we were to decide that some kind of shift is appropriate, the 30 percent is just too far of a shift. So I will not be voting for the committee amendment because I think it's a substantive question about whether that is the appropriate level of the valuation, and I don't think that's an appropriate level for the valuation. And I will not be supporting LB183 also. I think this is-- we seriously need to reduce property tax load of education. This does not reduce the property tax load. It just shifts the property tax load. Colleagues, we've had conversations and we're going to have many conversations about when tax shifts are appropriate and what kinds of tax shifts may be appropriate. And-- and we may very well, and I will support discussions of tax shifts when the shift is to try to rebalance our three-legged stool, when the shift is talking about increases in sales taxes or increases in income taxes to help pay for education so that we don't have so much load on the property tax. But, colleagues, LB183 keeps the entire load on the property tax. It just shifts the property tax owner that's paying. It shifts that burden more heavily on to the homeowners and the--

HUGHES: One minute.

CRAWFORD: --commercial owners in those rural districts. And it does not reduce the property tax load for education. It doesn't improve the ability of rural schools to pay for this infrastructure in any other way. It simply shifts the burden from the ag owners to the commercial owners and the homeowners. Thank you, Mr. President.

HUGHES: Thank you, Senator Crawford. Senator Bolz, you're recognized. Senator Bolz waives. Senator Moser, you're recognized.

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MOSER: Good morning, colleagues. Thank you, Mr. President. I've listened to the discussion on this. The district I represent has schools that have a lot of ag land in their district, and so this is going to affect them. And then some of the schools in my district have almost no ag land, and so I'm going to kind of be like Sampson and talk about splitting the baby here a little bit. In general, though, when I went door to door or I went to talk to people to get elected, the number one issue is property taxes. Every-- well, I wouldn't say every, almost every person I talked to is concerned about property taxes. Maybe there is a more comprehensive solution out there, but I don't think we want to focus at looking at this gold coin in the grass ten feet away. When you get up there it could be a bottle cap. I think we need to move this forward to keep some pressure on so that we're driven to try to solve the more comprehensive problem. Is 30 percent too low? Maybe so. I, you know, I might be more inclined to-- to support a slightly higher percentage in hopes of moving this forward. But, you know, as far as shifting expenses from the ag producer to the city, that pendulum has been the other direction a long way for the last ten years. And ag producers have paid a disproportionate share of education costs because of the increase in the value of their-- of their land. So it's a problem that needs to be resolved. Is it a perfect solution? Maybe not. It may be the only solution that gets anywhere this session, though. You know, I don't want to get-- be distracted by the more perfect solutions that might happen and pass the chance to move this forward. So I encourage you to think that over as we vote on this. Thank you.

HUGHES: Thank you, Senator Moser. Senator Kolowski, you're recognized.

KOLOWSKI: Thank you, Mr. Chairman. Good morning, fellow colleagues. This conversation is far overdue and I'm glad we're having it this morning. I want to thank all those who have pitched in on this. Senator Lathrop's words and wisdom reflect the number of years he's been here in the Legislature and has had these kind of discussions before. The things that we're trying to do and the comprehensive nature of what we're trying to solve, how we need to have this come together is not being discussed. What we have to do from the five or six different bills that are floating around here, this being one of them, we need to have that comprehensive view in mind for all districts across the entire state to get us to where we want to be. In the metro area this last academic year we've had four different bond overrides. The Omaha Public Schools, the Millard Public Schools, the Papillion-La Vista school district, and the Westside Community Schools all did a bond override because they were at the maximum of their own levy. And they took that to the people in the districts and every one of those passed. Is that how we want to run our schools? Is that how we want to fund them in the future with having to do a bond override for the very basic issues that they're dealing with within their districts? I hope not. I hope we're better than that. What we have before us is one possible solution to some things, not to everything. I hope we'll take the time and have the effort to look at the larger picture and come up with a comprehensive bill that will get us to where we need to be. That's the missing link. What do we want our schools to be, to look like, and to do? Thank you.

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HUGHES: Thank you, Senator Kolowski. Mr. Clerk.

ASSISTANT CLERK: Mr. President, a priority motion: Senator Wayne would move to bracket the bill until April 1.

HUGHES: Senator Wayne, you're recognized to open on your bracket motion.

WAYNE: Thank you. Colleagues, I spent the last 20 minutes running around, helping to figure out what we want to do here, and the reason I say that is because I agree with Senator Lathrop. And coming from an OPS perspective, I don't necessarily agree with this bill. However, we're getting to a point where the threshold can become 33 if we continue to filibuster it. But I think, as Senator Friesen has stated, there are other bills in the committee that could help this process along. So what I offered is a postponement until April 1, which keeps the threshold at 25 and not 33. That allows the body to work together with the Revenue Committee. And where they were looking at other education bills and funding bills and property tax relief, that maybe this can be part of a bigger solution. What I didn't want to happen was for this bill to die today and send a message that we might not be serious about property tax relief. I didn't want to send a message and pass the bill, saying that we are picking ag over the town and urban core. That's not how we should start this session out and we shouldn't send either one of those messages. We should send a message that we are going to work together and we are going to deal with this and, more importantly, this is a serious issue. If we don't fix our education funding, we will not solve property tax relief issues. That doesn't mean a carte blanket [SIC] of we're just going to go crazy and take all our exemptions away and-- and just have a free-fall. It means we have to work. I have a education bill. Senator Briese has a property tax bill. Senator Friesen has a education bill. There are-- Senator Erdman has a property tax relief bill. But I don't want to send the wrong message by voting up or down on this bill today. So I am asking this body, and I do believe Senator Briese, after talking to him, is okay with postponing this, we postpone this bill until we come back to a bigger discussion. But we also send the message that this is important and the body wants to get this done. And that's why we're not killing the bill. We're keeping it on the table to make sure this is part of or one part of the solution to property tax relief. Thank you, Mr. President.

HUGHES: Thank you, Senator Wayne. Senator Briese, you're recognized.

BRIESE: Thank you, Mr. President. And thank you, Senator Wayne, for your efforts here. I hate to switch gears in the middle of this, Senator Wayne, but I'm going to ask for a Speaker hold instead on this bill. Thank you.

HUGHES: Thank you, Senator Briese. Speaker Scheer, you're recognized.

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SCHEER: Thank you, Mr. President. Based on the request by Senator Briese, we will move to the next item on the file. Thank you.

HUGHES: (Visitors introduced.) Mr. Clerk.

ASSISTANT CLERK: Mr. President, next bill, LB450 which was legislation introduced by Senator Wishart. (Read title.) The bill was introduced on January 18; referred to the Government, Military and Veterans Affairs Committee. That committee placed the bill on General File with no committee amendments.

HUGHES: Senator Wishart, you're recognized to open on your bill.

WISHART: Thank you, Mr. President. Good morning, colleagues. I introduce LB450 to expand the use of state tuition assistance for Nebraska National Guard's women and men. This idea was brought to me by one of my all-star constituents, Cameron Stanek, [PHONETIC] who currently attends UNL and serves in the Guard. Currently, members of the Nebraska National Guard qualify for up to 75 percent tuition assistance for their undergraduate degree. They cannot apply for state assistance towards-- excuse me, they cannot apply that state assistance towards a graduate and professional level degree of any kind and members must exhaust their federal tuition assistance first before receiving this aid. Additionally, with the federal tuition assistance, it only covers masters degrees, and there is no assistance for students who wish to pursue their other types of degrees such as a jurist doctorate. With the passage of LB450, Nebraska would cover 100 percent of tuition for undergraduate degrees, eliminate the prohibition of utilizing the program for only one undergraduate degree, and allow 50 percent tuition assistance for professional or graduate degrees. We would, therefore, rank at the top for tuition assistance for undergraduate degrees and we would become the first state in our country to expand our tuition assistance program to cover professional degrees. Having one of the most competitive tuition assistance packages for Guards women and men, will help us to attract and retain residents to our state and encourage young Nebraskans to serve our country. Current funding for this program is capped at \$900,000 during any fiscal year. In reviewing this program's funding trends, I did not feel it was necessary to change the cap because historically we have not reached that cap and will not likely be reaching that with the expansion of LB450. This bill was heard by the Government, Military and Veterans Affairs Committee on January 30th. It received no opposition and was advanced from committee unanimously. With that, I encourage you to vote in favor of LB450. Thank you.

SCHEER: Thank you, Senator Wishart. Open for discussion, Senator Wayne, you're recognized. Senator Wayne, you're recognized. Senator waives his discussion. Seeing no other discussion in the queue, Senator Wishart, you're welcome to close on LB450. She waives closing. The

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question before us is the advancement of LB450 to E&R Initial. All those in favor please vote aye; all those opposed vote nay. Have all voted that wish to? Please record.

ASSISTANT CLERK: 35 ayes, 0 nays on the motion to advance the bill, Mr. President.

SCHEER: LB450 advances. Next item, Mr. Clerk.

ASSISTANT CLERK: Mr. President, LB450A by Senator Wishart. (Read title.)

SCHEER: Senator Wishart, you're welcome to open.

WISHART: Thank you, Mr. President. Colleagues, as I stated earlier, currently the funding for this program is capped at \$900,000 during any fiscal year. We do anticipate that there may be additional utilization of this program, but at this time looking at the funding trends and the fact that currently we're not reaching that cap, we didn't feel it was necessary to increase it. So, I urge you to advance LB450, the A bill. Thank you.

SCHEER: Thank you, Senator Wishart. Seeing no one wishing to discuss, Senator Wishart is welcome to close. She waives closing. The question before us is the advancement of LB450A to E&R Initial. All those in favor please vote aye; all those opposed vote nay. Have all those voted that wish to? Please record.

ASSISTANT CLERK: 35 ayes, 0 nays on the motion to advance the A bill.

SCHEER: LB450A does advance. Next item, Mr. Clerk.

ASSISTANT CLERK: LB406 introduced by Senator Gragert. (Read title.) The bill was introduced on January 18th; referred to the Government, Military and Veterans Affairs Committee. That committee placed the bill on General File with committee amendments attached.

SCHEER: Senator Gragert, you're welcome to open on LB406.

GRAGERT: Thank you, Mr. President. Good morning, fellow members of the Legislature. LB406 is a cleanup bill for the unclaimed property division of the state's treasurer's office. The bill is meant to update our statutes in order to put Nebraska in line with other unclaimed property divisions and to ensure claimants receive all unclaimed property rightly due them when filing a

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claim. LB406 makes the following changes. The treasurer's office is required to publish annually in the Nebraska newspapers the names of all owners reported with \$25 or more of unclaimed property. LB406 proposes to increase that amount to \$50. The number of names published continues to grow and it is no longer cost effective to advertise names down to \$25 statewide. After surveying other states unclaimed property divisions, all responses showed that they published names at a higher amount than current level of \$25 in Nebraska, mostly in the \$50 to \$100 range. Owners of property less than \$50 would still be able to search their name on the Web site and file claims there. The treasurer's office is also required to mail notices when proper address is reported to owners of unclaimed property of \$25 or more. This legislation moves that requirement of properties to \$50 or more. All states do not have this requirement and the ones that do mail the notices at higher values than \$25. Properties less than \$50 will still be listed on the Web site, but the expense of mailing letters or publishing in the newspaper would only occur at the property value of \$50 or greater. In researching this history, this \$25 threshold for both the newspaper publication and the owner letter mailings has not been increased since the inception of the program in 1969. When a number of life insurance companies demutualized in the early 2000s, a substantial amount of unclaimed life insurance proceeds were reported. These funds were put in a separate demutualization trust created by the Legislature. The number of claims of these funds have since fallen to the point that they no longer require funds to be held separately. This legislation would consolidate the demutualization trust fund into an Unclaimed Property Escheat Trust Fund thereby eliminating the need for the treasurer's staff to twice a year prepare a journal entry to refund the Escheat Trust Fund from the demutualization trust fund for the claims paid from that fund. LB406 also removes language for transfers that are no longer occurring as they have been fulfilled as defined in the statute. An annual fund transfer is made to the permanent school fund from the Unclaimed Property Escheat Trust Fund. Current law is that all funds in excess of \$500,000 are to be transferred. The change being made by LB406 is to bring that amount up to the funds in excess of one million dollars. The unclaimed property division pays enough high dollar claims that it is prudent not to allow the fund to get down to a balance low enough that there could potentially be more claims approved for payment than funds available to pay them. This amount has not been updated in the last 25 years. There are times when holders have legitimate reasons to escheat property early, such as if they are going out of business or if an owner of funds is deceased and multiple attempts to find heirs were unsuccessful, etcetera. Request to escheat property early are required to be approved by the treasurer himself. In addition-- the addition of the words his or her designee will allow the review of an early escheat request to be delegated to a member of the treasurer's staff, thereby allowing faster response to the holder. The Government Committee amendments contain a suggestion that I brought to the committee after it was discovered that one change the treasurer's office needed was accidentally omitted from the bill. AM159 harmonizes two conflicting sentences in the statute, clarifying that the fund can be used to pay costs associated with returning unclaimed property. Furthermore, at the public hearing, a representative of the utility company testified in opposition, and a representative of several insurance companies testified in

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neutral capacity expressing concern of the provision in the green copy of the bill that removed the practice of allowing holders of unclaimed property to aggregate funds less than \$25. In the past, reports were often handwritten and the work to individually report smaller items outweighed the value of those items. Today, all reports are required to be submitted electronically. As introduced, LB406 would have required a detailed listing of the owners names and addresses on all items recorded. The testifiers were concerned that this portion of the bill would increase their client's workload and cost. Although I support this provision in that it was meant to ensure that property owners are getting all monies due them when filing a claim, I support retaining provisions allowing for the aggregation of properties under \$25 in order to eliminate opposition to the bill. This provision will be looked at and studied over the interim. With the committee amendments striking controversial language, LB406 was advanced from the Government, Military and Veterans Affairs Committee on a 7 to 0 vote, with one member abstaining. I urge your favorable vote to advance LB406. Thank you.

SCHEER: Thank you, Senator Gragert. As the Clerk stated, there are amendments from the Military, Government-- Military Affairs Committee. Senator Brewer as Chair of the committee, you're recognized to open on those amendments.

BREWER: Thank you, Mr. Speaker. Good morning, colleagues. AM159 is amendment to the incredible exciting LB406. The bill relates to the state treasurer and unclaimed property. It was voted out of committee 7-0-1 with one absent. AM159 is a committee amendment that makes the following changes. AM159 removes Section 3 of the bill. The current law allows unclaimed property under \$25 in value to be lumped together by insurance companies and others for reporting purposes. Section 3 in the green copy would have changed that and drew opposition from the insurance industry and Black Hills Energy. To remove this friction point, Section 3 was removed. It keeps with the current rule that we have now and eliminates opposition to the bill from these industry representatives. LB159 also clarifies the authorized use of money and related funds. AM159 revises the law related to expense deductions made by the state treasurer. I ask for your green vote on AM159 and again on Senator Gragert's LB406. Thank you, Mr. President.

SCHEER: Thank you, Senator Brewer. Going to floor debate, Senator Wayne, you're recognized.

WAYNE: Thank you, Mr. President. I have a book that I'm going to start reading because we're going to be on this bill for the rest of the time we're here. I am launching a full filibuster on this bill. By principle, this is a newly elected State Treasurer Murante bill, I have to filibuster it, so just bear with me as I start to read. Okay. Thank you, Mr. President.

SCHEER: Thank you, Senator Wayne. Seeing no others wishing to speak, Senator Brewer you're welcome to close on the committee amendment. He waives closing. The question before us is the

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adoption is AM159. All those in favor please vote aye; all those opposed vote nay. Have all voted that wish to? Please record.

ASSISTANT CLERK: 40 ayes, 0 nays on the adoption of committee amendments.

SCHEER: AM159 is advanced. Back to floor discussion. Seeing none, Senator Gragert, you're welcome to close on LB406. Senator Gragert waives closing. The question before us is the adoption and advancement to E&R Initial of LB406. All those in favor please vote aye; all those opposed vote nay. Have all voted that wish to? Please record.

ASSISTANT CLERK: 42 ayes, 0 nays on the motion to advance the bill.

SCHEER: LB406 is advanced to E&R Initial. Next item, Mr. Clerk.

ASSISTANT CLERK: Mr. President, LB159 introduced by Senator Williams. (Read title.) The bill was read for the first time on January 11 of this year and referred to the Banking, Commerce and Insurance Committee. That committee placed the bill on General File with no committee amendments.

SCHEER: Thank you, Mr. Clerk. Senator Williams, you're welcome to open on LB159.

WILLIAMS: Thank you, Mr. Speaker, and good morning, colleagues. LB159 was introduced on behalf of the Department of Insurance and amends the Nebraska Life and Health Insurance Guaranty Act Association to reflect the latest updates to the model law adopted by the National Association of Insurance Commissioners. The NAIC is the United States standard setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia, and five United States territories. Through the NAIC, state insurance regulators establish standards and best practices to conduct peer reviews and coordinate their regulatory oversight. Insurance Guaranty Associations are statutory entities that provide payment of certain claims of insolvent insurers. All licensed insurers in the state of Nebraska are required to be members of these associations. In Nebraska, two types of associations exist. The Life and Health Insurance Guaranty Associations which guarantees claims of insolvent life and health companies, and the Property and Liability Insurance Guaranty Association which guarantees claims of insolvent property and casualty companies. Both associations assess their member companies to pay for the claims of the insolvent insurers within the line of insurance. The care of the aging population of the United States continues to pose issues for the nation. To address the need to finance and care for aging individuals, insurance companies developed long-term care insurance decades ago. However, issues related to

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policyholder longevity and cost of care have put a significant strain on the writers of long-term care insurance. Some writers have gone insolvent. In 2017 a Pennsylvania court placed the long-term care insurance Penn Treaty into insolvency. This insolvency is one of the largest insurance insolvencies in the history of the United States. While insurance regulators and the insurance industry continue to work to address problems in the long-term care insurance industry, the insolvency of Penn Treaty exposed a fundamental imbalance related to the life and health guaranty associations. Health companies "beared" the burden of the assessments as long-term care is classified as health insurance. But life insurance company primarily market the long-term care products. The changes in LB159 add health maintenance organizations to the protection of the Guaranty Association and split the cost of the assessments of long-term care insurance insolvency through a fifty-fifty split between health insurers and life insurers. This bill was heard by the Banking Committee on February 5th. It was voted out of committee 8-0 and there was no opposition testimony. I would request your green vote to advance LB159. Thank you, Mr. President.

HUGHES: Thank you, Senator Williams. Senator Albrecht, you're recognized.

ALBRECHT: Thank you, Senator Hughes. Would Senator Williams yield to a question?

HUGHES: Senator Williams, will you yield?

WILLIAMS: Yes, I would.

ALBRECHT: Can you explain a little bit about this split in cost? I'm looking on page 14, like these health benefit plans. When I see a lot of things struck out and other things added in, I probably need a little bit of help. I didn't probably think we would get this far today, so I didn't look into the bill enough. So if you could help walk me through this. So you're saying it's a healthcare cost split as well? Where does the life go into the split? I mean, if people have life insurance, people would have to expire to get the life insurance. So, help me understand this bill a little bit more.

WILLIAMS: Okay. In Nebraska to protect consumers, we have the guaranty funds so that if there is an insolvency of an insurance company, we don't have consumers left in the cold. We have two different funds. We have a Life and Health Guaranty Fund and we have a Property and Casualty Guaranty Fund. The problem that has arisen because of long-term care insurance is long-term care insurance is considered to be a health insurance product. But the reality is, long-term care insurance is sold by life insurance producers. Currently, under Nebraska law, under the guaranty that is there, the only guaranty comes through the premiums paid into that fund from health insurance companies. The unfairness of that has been recognized nationally and that's why

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the national association that this bill is modeled after has rebalanced that so that the life insurance companies contribute 50 percent of the funds to the guaranty and the health insurance companies contribute 50 percent, thus further protecting the consumers if they happen to own a policy that is written by a company that becomes insolvent.

ALBRECHT: Okay. That does help answer my question. Thank you.

HUGHES: Thank you, Senator Albrecht and Senator Williams. (Visitors introduced.) Senator Kolterman, you're recognized.

KOLTERMAN: Thank you, Mr. President. I rise in support of this bill. There have been many challenges with long-term care insurance in the industry as Senator Williams talked about. The problem that we have is as indicated, the guaranty funds weren't set up properly and this was going to take care of that. I really wanted to talk more importantly about the value that our Nebraska Department of Insurance brings to this. They are recognized nationally as one of the leaders in the industry. And they have done a tremendous job of trying to regulate their industry, and in doing so have recruited many fine companies to this state. When they bring a bill like this, it's been thought through over and over. And I just think it's important for the people in this body to understand they are nationally recognized, they're well-funded. We use some of their money even in our General Fund. It's important that we work with them. They brought a clear-cut bill for us and I would encourage us to support this bill and move it on to Select File. With that, thank you very much.

HUGHES: Thank you, Senator Kolterman. Seeing no one else in the queue, Senator Williams, you're recognized to close on LB159.

WILLIAMS: Thank you, Mr. President. And I would like to thank Senator Kolterman for his remarks and certainly echo those also that we are so pleased to have the quality that we have in the Department of Insurance, and recognize that we have become a state in which insurance companies like to domicile. And I think it is our responsibility to continue creating that atmosphere here. LB159 is ultimately there for the protection of the consumer through the guaranty funds and I would encourage your green vote to advance LB159. Thank you, Mr. President.

HUGHES: Thank you, Senator Williams. The question is the advancement of LB159 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Have you all voted? Record, Mr. Clerk.

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ASSISTANT CLERK: 37 ayes, 0 nays on the motion to advance.

HUGHES: The bill advances. Next item.

ASSISTANT CLERK: Mr. President, LB380. Introduced by Senator La Grone. (Read title.) The bill was read for the first time on January 17 of this year and referred to the Banking, Commerce and Insurance Committee. That committee reports the bill to General File with no committee amendments.

HUGHES: Thank you. Mr. Clerk. Senator La Grone, you're recognized to open on LB380.

LA GRONE: Thank you, Mr. President. This is another NAIC cleanup bill. LB380 is a bill on behalf of the Department of Insurance. It amends the Nebraska Property and Liability Guaranty Association Act which provides protections for Nebraskans who have purchased property or liability policies from an insurer that has gone insolvent by paying the policyholder's claims. LB380 amends the act to ease the Property and Liability Guaranty Association's administration of claims from the policyholder due to insolvent insurers. The changes bring the Nebraska act closer to uniformity with the model act from the NAIC. This helps the association in two ways. First, the more uniform the measures are across states, the easier the administration of claims is for all parties involved. Second, and more importantly, by allowing claims under the deductible to be considered covered claims, the Guaranty Association can manage them instead of turning them back to the employer if a Workers' Comp company goes insolvent. This is a problem for large deductible Workers' Comp policies. This eases the administration and helps policyholders get their benefits more quicker. Thank you, and I would encourage your green vote on LB380.

HUGHES: Thank you, Senator La Grone. (Visitors introduced.) Seeing no one else in the queue, Senator La Grone, you're recognized to close. Senator La Grone waives closing. The question is the advancement of LB380 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Have you all voted? Record, Mr. Clerk.

ASSISTANT CLERK: 38 ayes, 0 nays on the motion to advance.

HUGHES: The bill advances. Next item.

ASSISTANT CLERK: Mr. President, LB469 by Senator Lindstrom. (Read title.) The bill was read for the first time on January 18th of this year and referred to the Banking, Commerce and Insurance Committee. That committee places the bill on General File with no committee amendments.

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HUGHES: Thank you, Mr. Clerk. Senator Lindstrom, you're welcome to open on LB469.

LINDSTROM: Thank you, Mr. President. Good morning, colleagues. I introduced LB469 on behalf of Director Bruce Ramage for the Nebraska Department of Insurance. The bill provides for the creation of domestic surplus lines insurers in Nebraska under the Surplus Lines Insurance Act. Surplus Lines Insurance is an insurance for specialized risks that cannot be found on the admitted market in Nebraska. As created under LB469, a domestic surplus lines insurer would be able to sell surplus lines insurance on the nonadmitted market to Nebraskans despite being a Nebraska company. This provides Nebraskans with the opportunity to purchase from surplus lines insurers located in Nebraska subject to the financial and solvency regulation of the Nebraska Department of Insurance. LB469 also eliminates unneeded status from the insurance code to allow for the elimination of unneeded and obsolete rules and regulations. Also one provision from rules and regulations on qualifying multistate commercial policyholders is added to the statute that will then permit the repeal of the rule and regulation. LB469 had no opposition at the public hearing and was advanced from the Banking, Commerce and Insurance Committee unanimously on February 5, 2019. Thank you, and I encourage your green vote on LB469.

HUGHES: Thank you, Senator Lindstrom. Seeing no one else in the queue, you're recognized to close. Senator Lindstrom waives closing. The question before the body is the advancement of LB469 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Have you all voted? Record, Mr. Clerk.

ASSISTANT CLERK: 40 ayes, 0 nays on the motion to advance.

HUGHES: The bill advances. Next item.

ASSISTANT CLERK: Mr. President, LB25, introduced by Senator Kolterman. (Read title.) The bill was read for the first time on January 10th of this year and referred to the Health and Human Services Committee. That committee placed the bill on General File with no committee amendments.

HUGHES: Thank you, Mr. Clerk. Senator Kolterman, you're recognized to open on LB25.

KOLTERMAN: Good morning, Mr. President, and fellow colleagues. I'm here to ask for your support on LB25. LB25 provides for a \$50 biannual patient safety fee for a person licensed as a physician or as an osteopathic position, and \$20 biannual fee for persons licensed as a physician assistant. The revenue from this fee would be used to support the educational and patient safety activities of a patient safety organization described in Section 71-8701 through 71-8721. For

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background, in 2005, the Nebraska Legislature passed legislation that formed the Nebraska Coalition for Patients Safety, NCPS. LB446 was introduced by Senator Jim Jensen of Omaha on behalf of the Nebraska Hospital Association, the Nebraska Medical Association, the Nebraska Pharmacy Association, Nebraska Nurses Association, Nebraska Healthcare Association, and other healthcare organizations. It was established to improve the safety of healthcare delivery in Nebraska where stakeholders examine the system and issues that contribute to patient's harm and eliminate those issues as much as possible. Since 2005, the NCPS has been operating on funds contributed by the Nebraska Medical Association, Nebraska Hospital Association, the Pharmacy Association and grants from other entities. No state funds have ever been allocated to the NCPS and thus, the NCPS current ability to support patient safety is limited by the reliance on member fees and grants for financial support. Leaders of both the NMA, Nebraska Medical Association, and the nurses have worked together to develop a strategy to improve funding for the NCPS that will enhance its effectiveness and visibility. These efforts are consistent with the NMA's vision to improve the infrastructure for patient safety statewide. The patient safety fee proposed by LB25 seeks to improve the financial support of the NCPS. The Nebraska Medical Association leadership believes that if these healthcare providers have skin in the game by paying this fee each year, then the Nebraska NCPS will have more financial support and providers may be more engaged in patient safety efforts. The NCPS would use these additional financial resources to expand their efforts to nonhospital settings and would provide the same federally mandated protection from discoverability for patient safety events in all settings in which licensed providers practice in Nebraska. Consistent with the mission to improve the quality and safety of healthcare in the state, this information will be used to identify the unique and common patient safety needs of all stakeholders. If LB25 is adopted into law, the NCPS will convene a strategic planning effort with representatives all provider groups in settings to listen and plan a comprehensive needs assessment for patient safety infrastructure in this state. This infrastructure includes the four key components of a culture of safety, reporting infrastructure, just cultural infrastructure, team training, and organizational learning. LB25 sunsets this fee on January 1st in 2026 for the Legislature to determine whether the fee has accomplished the goals that are being proposed. To highlight the problem, the NCPS will address with greater funding. The Heartland Health Research Institute in 2016 estimated the number of annual fatalities in Nebraska hospitals due to preventable medical errors range from 590 people to 2,620 people. With greater funding, the NCPS will be able to work more diligently to make preventable deaths and injuries much rarer in this state. LB25 did not receive any opposition at the hearing and was supported by the Health and Human Services Committee unanimously. With that, I would ask for your green vote and I'm happy to try and answer any questions you might have at this time. I will tell you that the biannual revenue generated from these fees will be \$566,820 and it will go into the fund that's already been established when it was originally put into law. So, thank you very much and I would hope that we can get a green light on this.

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HUGHES: Thank you, Senator Kolterman. (Visitors introduced.) Senator Crawford, you're recognized.

CRAWFORD: Thank you, Mr. President. I wonder if Senator Kolterman would yield to a question, please.

HUGHES: Senator Kolterman, will you yield?

KOLTERMAN: Yes, I will.

CRAWFORD: Thank you, Senator Kolterman. I see in the committee statement that only physicians and physician assistants are mentioned. I just wanted to clarify, are they the only ones paying this fee?

KOLTERMAN: Yes, they are. They were the ones that volunteered to pay the fee. As you would remember, last year we had a similar bill and we included a lot of their healthcare providers and they didn't appreciate that. And so the doctors and the physician assistants felt that this was necessary enough that they would bring the bill on their own and it still increases the amount significantly and helps the fund.

CRAWFORD: Thank you. I appreciate that.

HUGHES: Thank you, Senator Crawford and Senator Kolterman. Seeing no one else in the file, Senator Kolterman, you're recognized to close on LB25. Senator Kolterman?

KOLTERMAN: I'll waive closing. Thank you.

HUGHES: Senator Kolterman waives. The question is the advancement of LB25 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Have you all voted? Record, Mr. Clerk.

ASSISTANT CLERK: 33 ayes, 0 nays on the motion to advance.

HUGHES: The motion advances. Items, Mr. Clerk? Next bill, Mr. Clerk.

ASSISTANT CLERK: Mr. President, LB119 introduced by Senator Arch. (Read title.) The bill was read for the first time on January 10 of this year. It was referred to the Health and Human

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Services Committee. That committee placed the bill on General File with committee amendments.

HUGHES: Senator Arch, you're recognized to open on LB119.

ARCH: Thank you. Good morning, colleagues. LB119 was brought to me by the Nebraska Medical Association and would amend the Healthcare Quality Improvement Act. A public hearing on the bill was held on January 24 in front of the Health and Human Services Committee, and there was no opposition and it advanced from the committee unanimously on 7-0. The Nebraska Association of Trial Attorneys did testify in a neutral capacity and there is a committee amendment pending that addresses their issue. However, as far as the underlying bill goes, LB119 would expand the definition of healthcare provider under the act. LB119 includes and defines a "professional healthcare service entity." This entity is defined as an organization that is not licensed under the Healthcare Facility Licensure Act but which provides professional healthcare services through individuals credentialed under the Uniform Credentialing Act. With this new definition we bring, and this is the most important part here, physician-run clinics. In other words, private practice clinics under the requirements and protections laid forth in the act. I think there was testimony at that time of the committee that it's surprising that this group of physicians in private practice weren't included in the original act, so it's simply bringing them now into that act. In other words, LB119 would provide employees of such clinic the same immunity protections offered to hospital personnel when it comes to peer review committees. This legislation did an overhaul of our peer review statutes in 2011 and private clinics were not included at the time, yet these entities do conduct peer reviews. In order to ensure a peer review as thorough and comprehensive thus improving outcomes, it is essential participants are able to communicate openly and honestly without fear of being subject to a suit or being held liable for actions taken within the scope of a peer review. Additionally, under LB119, any proceedings, records and reports of a peer review committee are deemed confidential and not subject to discovery or evidence in civil suit. However, again, very important question and anticipate the question, nothing in the current statute or in this bill or amendment prevents discovery or use in any civil action of records or information from original sources. In other words, from the medical record itself. This doesn't prevent any of that discovery. Again, LB119 doesn't change anything that isn't already current practice with respect to peer review committees in a hospital setting. It merely extends those provisions of law to medical clinics. Committees would still have to be formed and all the formal processes followed. The purpose of peer review is to improve outcomes and guarantee patient safety. Patients at a clinic should be afforded the same benefits of a comprehensive peer review as patients in a hospital. That is essentially all there is to LB119. As I mentioned, there is a committee amendment which has been worked out by the Nebraska Medical Association, and the trial attorneys and the Nebraska Hospital Association has signed off on it as well. I would encourage you to vote green on the committee amendment and green on the underlining bill. Thank you.

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HUGHES: Thank you, Senator Arch. Senator Howard, you are recognized to open on AM211.

HOWARD: Thank you, Mr. President. Good morning, colleagues. AM211 clarifies the parameters in how and when documents and conversations related to a peer review committee may be kept confidential and protected from discovery in a legal proceeding. This amendment was approved by both the NMA and the Hospital Association and was drafted and created at the request of the Nebraska Association of Trial Attorneys. First, AM211 replaces Section 5 in LB119, and it creates the requirements that there be written policies and procedures governing peer review committees if the entity is going to conduct a peer review process. Further it makes the proceedings, records, minutes and reports of a peer review committee confidential and protects them from discovery in a civil action. And finally, it ensures that the peer review committee process has the burden of proving that the communications and documents are themselves protected. This also ensures that the incident reports and risk management reports are held in confidence and are not subject to discovery in a civil action. This amendment was adopted unanimously by the committee and I would urge its adoption on the floor today. Thank you, Mr. President.

HUGHES: Thank you, Senator Howard. Seeing no one in the queue, Senator Howard, you're recognized to close on the committee amendment. She waives closing. The question before the body is the advancement of AM211 to LB119. Have you all voted? Record, Mr. Clerk.

ASSISTANT CLERK: 35 ayes, 0 nays on the motion to adopt the committee amendments.

HUGHES: The amendment is adopted. Senator Wayne, you're recognized.

WAYNE: Senator Arch, will you yield to a question or two?

HUGHES: Senator Arch, will you yield?

ARCH: Yes, I will.

WAYNE: Can you just summarize the trial attorneys' position and why they are neutral. I couldn't find the transcript so I just wanted to know why they were in the neutral capacity.

ARCH: My understanding is, of course, this act has been around for a while and the practice of peer review is pretty standard in all the hospitals. And how it works is that there is a series of committees that can qualify as this peer review committee where these discussions can occur between physicians where they are, in essence, are reviewing probably most of the time incident

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reports where an event has occurred in the hospital and it is brought to this peer review and, of course, the question in a format where physicians can speak openly about the practice of other physicians, that incident is discussed. So, there are formal peer review committees and as I say, within the act there's a list of what those committees are called and how they qualify. This is not conversations in the hallway or the elevator, this is not gossiping about the practice of another physician. This is contained within that committee. So, in essence, what the trial attorneys wanted to do was, they wanted to codify that language and say, okay, we can do this but let's use this as an opportunity to actually put into language, into the statute how it is currently being done. Because what we don't want to do is we don't want to introduce a process where patients cannot have access to original records, to the ability to say while this discussion was going on in peer review, they can't get access to their records and other information as it says here, original source information. So, we're not taking that away, we're just saying that there is a box where you have to operate within a hospital and in this particular case, as well within private practice physician clinics, you have to operate within that box to have that discussion protected. And so the trial attorneys just wanted to get that language in there and that was the purpose of the amendment.

WAYNE: Okay. Thank you.

HUGHES: Thank you, Senator Wayne and Senator Arch. Seeing no one else in the queue, Senator Arch, you're recognized to close on LB119. Senator Arch waives closing. The question is the advancement of LB119 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Have you all voted? Record, Mr. Clerk.

ASSISTANT CLERK: 38 ayes, 0 nays on the motion to advance.

HUGHES: The bill advances. Mr. Clerk, next bill.

ASSISTANT CLERK: Mr. President, LB333 introduced by Senator Slama. (Read title.) The bill was read for the first time on January 16 of this year and referred to the Agriculture Committee. That committee reports the bill to General File with no committee amendments.

HUGHES: Thank you, Mr. Clerk. Senator Slama, you're recognized to open on LB333.

SLAMA: Thank you, Mr. President. Today, I introduce to you LB333, a cleanup bill brought to me by the Department of Agriculture, which amends Nebraska Milk Act. The Nebraska Department of Agriculture is responsible for the enforcement of the safety of the milk we drink. LB333 adopts the required updates to the Pasteurized Milk Ordinance and other national

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standards for milk safety and sanitation. This bill adopts the Food and Drug Administration's 2017 revisions to the Grade A Pasteurized Milk Ordinance. The last time these standards were updated and adopted was in 2011. So, in short, we changed the references from 2011 to 2017 in the statute. The Grade A Pasteurized Milk-- according to the FDA in its 2017 revision, the Grade A Pasteurized Milk Ordinance adopted and uniformly applied will continue to provide effective public health protection without being unduly burdensome to either the regulatory agencies or the dairy industry. It represents the grassroots consensus of current knowledge and experiences and as such represents the practical and equitable milk sanitation standard for the nation. Nebraska needs to update our standards to match the federal standards so our Department of Agriculture can be enforcing the most up-to-date standards. In LB333 I also update the definition of (3)(a) sanitary standards to reflect that they have the same meaning as found in the Grade A Pasteurized Milk Ordinance; (3)(a) sanitary standards are those standards used in the dairy industry which apply to the equipment used to ensure hygienic design and accepted practices for processing systems. This bill made it through committee with no opposition testimony and advanced on a 7-0 vote with one member absent. I ask you to vote green on LB333 to ensure that our Department of Agriculture can continue to enforce the standards put in place by the FDA. Thank you.

HUGHES: Thank you, Senator Slama. Seeing no one in the queue, Senator Slama, you're recognized to close on the advancement of LB333. Senator Slama waives closing. The question is the advancement of LB333 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Have you all voted? Record, Mr. Clerk.

ASSISTANT CLERK: 36 ayes, 0 nays on the motion to advance.

HUGHES: The bill advances. Mr. Clerk, we'll proceed to General File. LB203.

ASSISTANT CLERK: Mr. President, LB203 introduced by Senator Briese. (Read title.) The bill was read for the first time on January 11 of this year and referred to the General Affairs Committee. That committee reports the bill to General File with no committee amendments.

HUGHES: Senator Briese, you're recognized to open on LB203.

BRIESE: Thank you, Mr. President. Good morning, colleagues. I rise today to introduce LB203. LB203 is a simple bill which makes a slight adjustment to the Music Licensing Agency Act. LB203 would include the owner of a multifamily residential dwelling within the meaning of the term proprietor for purposes of that act. In 2018, the Legislature passed LB1120. Among other provisions the bill made modifications to the Music Licensing Agency Act. The act deals with the selling and licensing of performing rights in any musical composition. LB1120 put in

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parameters about how music licensing agencies could contact the people they believe owed them royalties. To do this, the bill defined the term proprietor. Currently within the term proprietor are owners of any retail establishment, restaurant, inn, bar, tavern, sports or entertainment facility. LB203 would simply add multifamily residential dwelling to that list defining proprietor for purposes of the act. This would ensure that we're providing apartment complexes where music may be playing in a gym, at a pool, or in a TV lounge, the same consumer protections afforded bar and restaurant owners. This bill has no fiscal impact and would simply update the definition of proprietor for purposes of that act to provide consistency and clarity to the statute and ensure that multifamily residential dwellings are provided equal protections. It advanced from committee on a 8-0 vote. I'd ask for your green vote on LB203 and its advancement to Select File. Thank you, Mr. President.

HUGHES: Thank you, Senator Briese. Seeing no one in the queue, you're recognized to close on the advancement of LB203. Senator Briese waives closing. The question before the body is the advancement of LB203 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Have you all voted? Record, Mr. Clerk.

ASSISTANT CLERK: 34 ayes, 0 nays on the motion to advance.

HUGHES: The bill advances. Mr. Clerk, we'll proceed to General File, LB235.

ASSISTANT CLERK: Mr. President, LB235 introduced by Senator Crawford. (Read title.) The bill was read for the first time on January 14 of this year and referred to the General Affairs Committee. That committee places the bill on General File with no committee amendments.

HUGHES: Thank you, Mr. Clerk. Senator Crawford, you're recognized to open on LB235.

CRAWFORD: Thank you, Mr. President. Good morning, colleagues. I rise to present LB235, a bill about supporting our local home-brewers. LB235 advanced unanimously out of the General Affairs Committee. Colleagues, home-brewing has a strong presence in our state. There are approximately 11,500 Nebraskans who home-brew as a hobby. These home-brewers are a part of a tight-knit committee who make up the 25 home-brew clubs across our state. Until 2016, they were present at some of our beer festivals, including the Great Nebraska Beer Festival held in Warner Park in Sarpy County. That year, 2016, after someone filed a complaint, the State Liquor Control Commission interpreted the current statute to mean that unlicensed home-brewers could not make and furnish alcoholic beverages except to family and guests causing home-brewers to lose out in participating in these festivals and fundraisers. LB235 would permit the serving of clearly-marked alcoholic liquors made under 53-168.06 to be served at festivals, competitions, exhibitions, or tasting where all laws relating to the serving of alcoholic liquor are followed so

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long as none of the alcohol is offered for sale. The language in LB235 requires home-brewed alcoholic liquor at these events to be clearly identified as alcoholic liquor as manufactured under an exception to the rules and regulations of the Liquor Commission by signage and the location of the manufacturer shall be available upon request. Allowing home-brewers to appear at festivals and competitions can be beneficial to our state in a few ways. First and foremost, it provides an entrepreneurial platform for those who are interested in turning their home-brew hobby into a small business. Not only do these events provide opportunity to receive feedback, but also to bring credibility and exposure as they create an avenue for Nebraska home-brewers to compete on the national stage. Since winning a local or statewide competition is a requirement to compete in some home-brew competitions at the national level, providing an opportunity to allow home-brew entries in Nebraska fair festivals creates a pathway for Nebraska to be represented at the national home-brew events. For example, the Great American Beer Festival Pro-Am competition or the masters competition, amateur brewing both require qualification by winning a local competition. And it would also allow us to, perhaps, host one of these festivals and bring in tourists. LB235 would allow Nebraska communities to host competitions like these and allow Nebraskans to compete. Twenty-eight states explicitly allow for home-brew to be served at competitions and events. Some of our surrounding states, including Missouri, Minnesota, have similar language to that proposed in LB235 allowing home-brew at organized exhibitions or competitions such as home-brew contest tasting or judging. Considering 90 percent of professional brewers began as home-brewers, allowing home-brewers to fine tune their brews at competitions would give them the skills and connections they need to start their own business in the state. Secondly, current Nebraska law allows the making of, quote, wine, cider, or other alcoholic liquor by a person from fruits, vegetables, grains, or the product thereof by simple fermentation and without distillation if made solely for the use of the maker and his or her family and guest. LB235 clarifies that beer, mead, parry, and products made with honey may also be made by individuals under the standards set out in the statute. Although current statute provides permissive language for "other alcoholic liquor," LB235 clarifies the legality of brewing these specific alcoholic drinks. So, colleagues, overall LB235 provides clarification in existing home-brew statute on the making of beer, mead, parry, and products made with honey. And it also allows thousands of home-brewers across their state to participate in festivals and other events in a regulated manner in order to fine-tune their skills and compete to represent our state in a national level. Again, LB235 was voted unanimously out of the committee. I urge your green vote on LB235 to support home-brewers in our state. Thank you.

HUGHES: Thank you, Senator Crawford. Senator Blood, you're recognized.

BLOOD: Thank you, Mr. Speaker. Fellow Senators, friends all, I stand in full support of Senator Crawford's bill. As she stated, it was voted out of committee 8-0 and the reason it was voted out, in my personal opinion, was because we have a very enthusiastic community of home-brewers that we would love to see take their hobby into a business one day here in Nebraska. We have

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very successful craft breweries here and the vast majority of everybody I've spoken with, as Senator Crawford has already pointed out, started literally in their own basements or their own garages. It is a pristine example of entrepreneurship that we need to embrace and help to grow and this is one way that we can do this. This is not about alcohol in general as much as it is about entrepreneurship. And for those that are concerned about the events where this beer will be available or these offerings will be available, just remember that the events do go through the local municipality or the county and the state. They are insured events. There are precautions taken. This isn't going to be a free-for-all. This is going to be something that is going to be good for Nebraska, bring more events, more tourism, more tourism dollars and help a lot of nonprofits along the way. So, I strongly do encourage you to support Senator Crawford's bill with as much enthusiasm as I have. Thank you.

HUGHES: Thank you, Senator Blood. Senator Bostelman, you're recognized.

BOSTELMAN: Thank you, Mr. President. I wonder if Senator Crawford would yield to a couple of questions.

HUGHES: Senator Crawford, will you yield?

CRAWFORD: Yes.

BOSTELMAN: I just want some clarification for myself and sorry I didn't talk to you beforehand, but I think they're fairly easy. How does this apply to their annual-- each person is allowed to produce certain amount of gallons every year or a month they can have in their possession, how does it affect that. Does that change that at all? So are they allowed to make more craft beer or do they still fall under the same guidelines?

CRAWFORD: Thank you for that question, Senator Bostelman. This bill is about home-brewers instead of craft brewers, so they don't have a gallonage limit. This is about folks who are home-brewers who are brewing mostly for their family and friends. It's just allowing them to also be at festivals and exhibitions if they follow the regulations.

HUGHES: Right. Sorry, I misspoke, not craft brewers, but home-brewers. So I know a home-brewer can have so much gallons, so much they can produce every year for themselves and their families. Does this go beyond that?

CRAWFORD: This does not change any regulations about gallonage or amounts.

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BOSTELMAN: And on the events that they have, are they pretty much just home-brew events. They're not like, they wouldn't be like a home-brewer event. Home-brewers wouldn't go to an event where you'd have a craft brewer or you'd have a winery, we have those type of entities there, would it?

CRAWFORD: Actually, some of the beer festivals have a home-brew section at the festival. So it's possible that this bill would allow them to be at those events that have other brewers there as long as they're clearly marked and identified as home-brewers instead of craft brewers.

BOSTELMAN: And do you know would the APF fee also to be there like the other businesses that are there?

CRAWFORD: I would assume so, yes.

BOSTELMAN: Okay. And the other thing is, I know this has come up before in local charities in my district where someone is a home-brewer and he brings it for a charitable event. Does that apply for that so they would be able to do that because currently they're not allowed.

CRAWFORD: Yes, and that's some of the testifiers who came to speak at the hearing talked about the successful fundraisers that they used to host, that they're no longer allowed to do so. And this would allow them to provide home-brew for those fundraisers. Again, it's important that the home-brew cannot be sold. You can't offer a drink for sale but you can offer the home-brew to be served at a fundraiser.

BOSTELMAN: Okay. Thank you.

HUGHES: Thank you, Senators Bostelman and Crawford. Senator Clements, you're recognized.

CLEMENTS: Thank you, Mr. President. I rise in support of LB235 as well. My son has been a home-brewer for several years and he did use to attend the festivals until they were outlawed or determined illegal. And it is my experience that these festivals are well-controlled. They don't get out of hand and he has found good feedback in different products that he's brought to have people test and I think it's a good way for these brewers to get feedback and figure out which ones they're doing well, which one might be popular. And then if they really get serious to become a business and a craft brewer, I think it's a good way to attract more businesses in the state and I think they're well-controlled and the regulation I think will be a positive thing for us and I support the bill, and thank you for bringing it, Senator Crawford.

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HUGHES: Thank you, Senator Clements. Senator Slama, you're recognized.

SLAMA: Thank you, Mr. President. I rise in support of LB235, and I echo many of the same sentiments that Senator Clements just iterated. With a strong presence of home-brewers in my district, I support both their cause and entrepreneurial spirit. Cheers. Thank you.

HUGHES: Thank you, Senator Slama. Senator Groene, you're recognized.

GROENE: Thank you, Mr. President. I never thought I'd call you President, but [LAUGHTER] anyway, anytime something in Nebraska we can support small business, small start-ups, entrepreneurial spirit, I am for. Senator Crawford brought a good bill. This is what good government does, it helps individuals, it helps small groups. It doesn't just cater to the big lobby and I applaud Senator Crawford for bringing the bill. We have start-up-- you know, I would venture to guess that every start-up pub, a brewer started in his basement, or in their basement or in their garage and discovered a niche, discovered a recipe that was popular and it led to bigger things. And, hopefully, it leads to bigger things in the future. But we need to take restrictions out of the way of the small operator, of the individual. And this is a good start and I applaud and I will vote green on LB235. Thank you.

HILGERS: Thank you, Senator Groene. Senator Wishart, you're recognized.

WISHART: Thank you, Mr. President. I rise in support of LB235, and I just wanted to mention to Senator Groene, I also have a bill, LB110, it really supports small business, gets government restrictions out of the games. I hope you will be supporting it.

HILGERS: Thank you, Senator Wishart. Seeing no one else in the queue, Senator Crawford, you're recognized to close on LB235.

CRAWFORD: Thank you, Mr. President, and thank you for your support from several colleagues and comments about how this bill will affect them and their families and our entrepreneurial spirit in the state and I urge your support of LB235.

HILGERS: Thank you, Senator Crawford. The question is the advancement of LB235 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Have you all voted? Record, Mr. Clerk.

ASSISTANT CLERK: 38 ayes, 0 nays on the motion to advance.

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HILGERS: The bill advances. Mr. Clerk, we will proceed to General File, LB624.

ASSISTANT CLERK: Mr. President, LB624 introduced by Senator Williams. (Read title.) The bill was read for the first time on January 23 of this year and referred to the General Affairs Committee. That committee places the bill on General File with no committee amendments.

HILGERS: Senator Williams, you're recognized to open on LB624.

WILLIAMS: Thank you, Mr. President. LB624 was introduced at the request of the Nebraska Craft Brewery Board. Currently, Section 53-502 prescribes that the membership terms for the members of the Craft Brewery Board all expire at the same time with the option of reappointment by the Governor. The board has recognized this as problematic because all of the members do not serve a new reappointment term, there would be no institutional knowledge left on the board for the newly appointed members. LB624 would amend Section 53-502 to stagger the terms of the board members at the expiration of their current terms in 2022. Members will still serve for three years at the appointment of the Governor and the Governor will still have the discretion to reappoint members to the board. However, under LB624, when new members are appointed, there will be existing members still serving on the board and thus the lack of knowledge on the board's activities by the members of the whole will not be an issue. This was heard in General Affairs on February 4th and was voted out with no opposition 8-0. And I would urge your green vote. Thank you, Mr. President.

HILGERS: Thank you, Senator Williams. Seeing no one else in the queue, Senator Williams you're recognized to close on the advancement of LB624. Senator Williams waives closing. The question is the advancement of LB624 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Have you all voted? Record, Mr. Clerk.

ASSISTANT CLERK: 41 ayes, 0 nays on the motion to advance.

HILGERS: The bill advances. Items?

ASSISTANT CLERK: Mr. President, your Committee on Government, Military and Veterans Affairs reports LB16 to General File. Notice of committee hearings from the Executive Board. Amendments to be printed to LB183 from Senator Crawford, to LB301 from Senator Lathrop and to LB139 from Senator Lathrop. A series of name adds: Senator Chambers to LB83; Senator Hunt to LB160; Senator Hunt to LB450; Senator Chambers to LR1CA, and Senator Hunt would withdraw her name from LB149. I have an announcement. The Ag Committee will be meeting in Executive Session upon adjournment in Room 2022.

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And finally, a priority motion, Mr. President. Senator Stinner would move to adjourn until Wednesday, February 13, 2019, at 9:00 a.m.

HUGHES: Members, you've heard the motion. All in favor say aye. All opposed. We are adjourned.