

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate February 16, 2021
Rough Draft

FOLEY: Good morning, ladies and gentlemen. Welcome to George W. Norris Legislative Chamber for the twenty-seventh day of the One Hundred Seventh Legislature, First Session. Our chaplain for today is Senator Geist. Please rise.

GEIST: Thank you. Let's pray together. Heavenly Father, we come to you on a cold, cold morning and we acknowledge our lack of control over the weather, over sickness, and so many other widespread events. So we come to you in dependence and ask for your mercy on those who are suffering. Help us to see with your eyes and respond with your heart to the needs of those around us. Guide us today in all wisdom and truth. We thank you for all the gifts you've lavished upon us. Please prompt us to think of others before we consider ourselves today and we pray in the name of your son, Jesus. Amen.

FOLEY: Thank you, Senator Geist. I recognize Senator Stinner for the Pledge of Allegiance.

STINNER: --United States of America and to the republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

FOLEY: Thank you. I call to order the twenty-seventh day of the One Hundred Seventh Legislature, First Session. Senators, please record your presence. Roll call. Mr. Clerk, please record.

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

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

CLERK: No corrections this morning.

FOLEY: Thank you, sir. Any messages, reports, or announcements?

CLERK: Enrollment and Review reports LB1 and LB288 to Select File. Education Committee, chaired by Senator Walz, reports LB92 to General File and I have gubernatorial appointments to the State Board of Health and to the State Fair Board. Those will be referred to Reference. That's all that I have, Mr. President.

FOLEY: Thank you, sir. Senator Vargas would like us to recognize Dr. Erika Rothgeb of Omaha, Nebraska, who is serving today as family physician the day. If Dr. Rothgeb could please rise, we'd like to

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welcome you to the Nebraska Legislature. Senator Stinner, for what purpose do you rise?

STINNER: Personal privilege.

FOLEY: Please proceed.

STINNER: Thank you. At your desk, I believe the pages have, have distributed the preliminary budget report from the Appropriations Committee. I want to emphasize this is preliminary. There is a lot of areas yet to cover by Appropriations. What this is is agency request, governor recommendations. We try to deal with the big subjects such as prisons, we try to deal with property tax, and we try to deal with provider rates. Those are still question marks. We're going through the hearing process next. Obviously, then the final will be out in a hopefully late March. Mid-March, we're going to try to get, as I said before, an expedited budget, but we will have a Forecasting Board that will meet-- I think it's February 26. So for your reference, take a look at it. It deals with a lot of different areas. Certainly, it's prepared more for the agencies to understand some of the questions that the Appropriations Committee has. The other point of personal privilege I'd like to take is I-- my office will be emailing you the Appropriations Committee interim study on LR390. This LR examined the fiscal and economic impact of COVID-19 on Nebraska's early childhood sector. I would draw your attention especially to the sections on the committee findings and recommendations. If you'd like a hard copy, please contact my office. This report offers the foundation for what the state should do to address the challenges that parents and businesses have raised across the state. With that, thank you very much.

FOLEY: Thank you, Senator Stinner. We'll now move to the agenda. First bill is LB21, Mr. Clerk.

CLERK: Mr. President, LB21, a bill introduced by Senator Matt Williams, relates to insurance. It provides for distribution of administrative penalties in accordance to Article VII, section 5 of the Nebraska Constitution. It changes requirements for transmittal and review of applications related to health maintenance organizations. Introduced on January 7, referred to the Banking Committee, advanced to General File. There are no amendments to the bill.

FOLEY: Thank you, Mr. Clerk. Senator Williams, you're recognized to open on LB21.

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WILLIAMS: Thank you, Mr. President. Good morning, colleagues, and before we start on this bill, I just want to set the stage a little bit. This is the day you've all been waiting for: Banking Day in the Legislature. No round of applause for that? Yes, thank you. The first eight bills on the agenda this morning are from the Banking, Commerce and Insurance Committee. All of these bills are cleanup, housekeeping, updating bills of technical nature. Just want to point out that all of them had no opposition, there was no fiscal impact, and they all came out of committee 8-0. And I would like to thank the staff of the Banking, Commerce and Insurance Committee for all of their work in, in getting these bills out clean, getting them out to the floor in a, in a timely manner. Bill Marienau, our legal beagle, Natalie Schunk, our committee clerk, Peg Jones, my LA, and Aaron Heyen, my AA. The first bill today is LB21. I introduced this at the request of the Director of Insurance. It is the annual Department of Insurance housekeeping bill. Three general topics are addressed. First, in three sections of the bill, would correct provisions regarding disposition of administrative fees. In many places throughout the statute, there has been language which directs the agencies to remit administrative fees to the State Treasurer for credit to the permanent school fund. That language has fallen out of favor. Correct language directs agencies to remit administrative fines to the State Treasurer for the distribution in accordance with Article VII, section 5 of the Constitution of Nebraska. The bill would correct the language in places identified by the department so that it complies with the requirements of the state constitution. Second, the bill would eliminate the superfluous requirement regarding application for insurance of certificate of authority to HMOs by the Department of Insurance. However, certain HMOs must receive approval from the Nebraska Department of Health and Human Services under state law and approval from the Center for Medicaid and Medicare Services under federal law. Since federal law preempts state law in this subject area, the review by DHHS is unnecessary, yet it is still required by state law. The bill would eliminate the state requirement. DHS-- DHHS certainly supports this change. Third and finally, the bill would address a quirk in the statutes that can be a problem for new insurance agencies-- agents working under their first license. Because license renewals are linked to licensees' birthdays, there is a time when a new agent obtains a license only to have it expire in a few months or even a few weeks. This requires new licensees to complete a substantially-- a substantial continuing education requirement in the shortened period prior to renewal. The bill would address that by eliminating continuing education requirements for licensees in their first license period if that first license expires less than one year after the date

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of insurance. Those are this year's housekeeping cleanup changes from the Department of Insurance. This bill was heard in the Banking, Commerce and Insurance Committee on January 25. There were no opponents at the hearing. The bill advanced to General File on an 8-0 vote with no fiscal impact. I would urge your advancement of LB21. Thank you, Mr. President.

FOLEY: Thank you, Senator Williams. Debate is now open on LB21. Is there anyone wishing to speak? I see none. Senator Williams, you're recognized to close on the advance of the bill. He waives close. The question before the body is the advance of LB21 to E&R Initial. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

CLERK: 35 ayes, 0 nays, Mr. President, on the advancement of LB21.

FOLEY: LB21 advances. Proceeding now to LB22, Mr. Clerk.

CLERK: LB22 was a bill introduced by Senator Williams. It's a bill for an act relating to Nebraska Protection in Annuity Transactions Act; to change its applicability of the act. It authorizes rules and regulations, defines and redefines terms. It changes producer and insurer obligation supervision, prohibited practice, and record keeping. Introduced on January 7. At that time, referred to Banking, Commerce and Insurance, advanced to General File. I have no amendments to the bill, Mr. President.

FOLEY: Thank you, Mr. Clerk. Senator Williams, you're recognized to open on LB22.

WILLIAMS: Thank you, Mr. President. LB22 is a bill I introduced at the request of the Director of Insurance. LB22 would make substantial improvements and enhancements in the Nebraska Protection in Annuity Transactions Act. The changes that would be made by LB22 are based upon recent revisions made by the National Association of Insurance Commissioners, NAIC, in its suitability in annuity transactions model regulation. The original suitability in annuity transactions model was promulgated by the NAIC to protect the public interest and facilitate the fair and equitable treatment of insurance consumers. The original model has been updated periodically due to the advancements and trends. Every state has adopted some version of the model. Nebraska's first version was enacted in 2006. In February 2020, the NAIC made significant revisions to the model following extensive input from insurance regulators, consumer representatives, and the insurance industry. Those revisions, which make up the language of LB22,

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incorporate a quote, best interest, end quote, standard that requires all recommendations made by agents or insurers to be in the best interest of the consumer and ahead of any financial interest the specific agent or insurer may have in the transaction. To assure the duty of putting the consumer first, the revision requires agents and insurers to satisfy obligations outlined in a care obligation, a disclosure obligation, a conflict of interest obligation, and a documentation obligation. Agents are required to disclose and answer questions about their role in the transaction, their compensation, and any material interest-- conflicts of interest. The change also codifies, as a requirement, the good business practice of carefully and clearly explaining to the consumer the basis for any recommendations. This requirement is designed to ensure that consumers understand why a product is consistent with their particular financial needs and objectives. Agent and insurers are required to document in writing any recommendation and the basis for such recommendation. Each of these new requirements make this more robust regulatory framework and strengthens the consumer protections currently in place from the previous model. Finally, the new model is designed to be consistent with the U.S. Securities and Exchange Commission's, quote, regulation best interest, end quote, also known as Reg BI, which was finalized in June of 2019. Together, these complementary federal-state initiatives will bolster protections for consumers, especially those seeking lifetime income and a retirement through annuities. As millions of baby boomers retire over the next decade, it is imperative that strong standards are in place to ensure that they receive clear and appropriate sales, marketing, and financial advice related to the purchase of annuity contracts from insurers and insurance agents. Those are the proposed changes to provide greater protection for Nebraskans when entering annuity transactions. They are brought to me by the NAIC and the Department of Insurance. The hearing was held on January 25. There were no opponents. The bill advanced to General File 8-0 and there's no financial impact. I would encourage your advancement and green vote on LB22. Thank you, Mr. President.

FOLEY: Thank you, Senator Williams. Debate is open on the bill.
Senator Kolterman.

KOLTERMAN: Good morning, colleagues. Thank you for that introduction, Senator Williams. I'd like to speak in support of LB22. Obviously, our Department of Insurance is, is rated very highly throughout the nation and more than anything, I want to-- the reason I wanted to talk today was to compliment an individual that's going to be retiring from that department, Bruce Ramage. He's the director of the Department of Insurance and I'm sure he brought this legislation to Senator Williams

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and the committee. He's been very involved in the NAIC, the National Association of Insurance Commissioners. I'm not sure that he hasn't led that at one point in time. Our Department of Insurance in the state of Nebraska is one of the leaders in the nation. They're well thought of throughout the entire nation. In addition to their, their stature, stature, they also develop a lot of revenue for the state of Nebraska through premium taxes. And just to give you an indication of why they're so thought-- or, or as a result of why they're so thought of, in recent years, we've brought new insurance companies to the state of Nebraska. You don't have to look very far to see companies like Pacific Life, who is domiciled right here in the state of Nebraska, or Aflac, another national company. And recently, GEICO announced that they're going to be domiciled right here. So when you, when you advance this legislation-- it came out of committee 8-0-- I would hope we could show a strong support for this legislation and thank Senator Williams and the Department of Insurance for bringing it. Thank you.

FOLEY: Thank you, Senator Kolterman. Senator Wayne, you're recognized.

WAYNE: Thank you, Mr. President. Will Senator Williams yield to a question or two?

FOLEY: Senator Williams, would you yield, please?

WILLIAMS: Yes, I will.

WAYNE: Yeah--

FOLEY: Senator Wayne, proceed, please.

WAYNE: OK. So on page 2, I-- it states that nothing in this protection in the annuity act "shall be construed to create or imply a private cause of action." Currently there are courts that are ruling that this does create a private cause of action?

WILLIAMS: Not that I'm aware of.

WAYNE: Because I'm, I'm a little concerned-- and we'll talk more in between General and Select. I'm a little concerned that we're outlining a series of standards of care, but then we're not providing the individual with the recourse if the standard of care is breached. But I wasn't at the committee hearing. The transcripts aren't available, but I'm trying to find out a little bit more about it, but I did want to raise that issue, at least on General File so we can talk about it prior to Select File that we're increasing the standard

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of care, but it doesn't seem to allow-- it, it explicitly says that it's not going to allow a cause of action if that standard of care is breached. Any comments on that? Now I'll sit down.

WILLIAMS: Yes, the, the language is taken from the national model that's been adopted in all the other states that have adopted the national model. This was the language that was brought forward by the Department of Insurance. I question that, Senator Wayne. They assured me that even though there was not a, a standard created here, there are other causes of action if a person operates outside of that in the insurance world that are there. They were explicit in, in wanting to keep it this way and this language and I'd be happy to discuss that more and with the department as we move forward.

WAYNE: Thank you, Chairman Williams.

FOLEY: Thank you, Senators Wayne and Senator Williams. Senator Lathrop, you're recognized.

LATHROP: Thank you, Mr. President and colleagues. I appreciate that catch by Senator Wayne. So I've done some work in the area of liability insurance and different, different types of claims against insurance carriers and we have something in place called the Unfair Claims Practice Act. And the Unfair Claims Practice Act sets, sets standards for liability insurance companies when they handle a claim. So get in a car accident, you make a claim against your liability carrier, we have the standard set out, right there in statute that are from this same group. They have these model acts and they go through all these standards that insurance companies are supposed to follow and then say no private cause of action is created by virtue of this. Well, guess what? They mostly ignore them, the, the claims standards in that particular act. So I will, like Senator Wayne, be interested in having a conversation before Select File to find out whether somebody who has misled-- not that that industry does that, but if someone is misled in the purchase of an annuity, whether they have some recourse or if we shut the door, created a standard, told these people to live to this standard, but then not giving the consumer a recourse through bringing a cause of action. So like Senator Wayne, I'll look forward to talking to Senator Williams about that before Select File. Thank you.

FOLEY: Thank you, Senator Lathrop. Senator Clements.

CLEMENTS: Thank you, Mr. President. I stand in support of this measure, especially to help raise the standards for sale of annuities.

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I've been an insurance agent for over 40 years and I'm glad to see that this says the agent must act in the best interest of the consumer when selling annuities and that's, I think-- I found it kind of sad to have to tell people that they have to do that. Long ago when I started selling insurance, I decided a model for myself was what's best for the customer is what's best for me. Of course, in a small town, if you do somebody wrong, the news travels pretty fast and you really have to respect your reputation and so I'm glad to see some standards being lifted up. I also would ask myself would I sell this product to my grandmother? And I never did sell an annuity, not even to my grandmother, and I strongly support having the best interest of the consumer be put forth and I thank you, Mr. President.

FOLEY: Thank you, Senator Clements. Seeing no other members wishing to speak, Senator Williams, you're recognized to close on the advance of the bill.

WILLIAMS: Thank you, Mr. President, and again, colleagues, this is a consumer protection bill brought to me and the, and the Banking Committee by the Director of Insurance. I will appreciate the further discussions with Senator Wayne and Senator, Senator Lathrop. I also, as Senator Kolterman suggested, would like to say a special thank you to Bruce Ramage, who is retiring from the Department of Insurance. He has been a tremendous leader in that department. For those of you that don't know, we now have 109 insurance companies that are domiciled in our state. That is significant. It is important that we maintain quality regulation and ease of regulation in the state. I would encourage your green vote to advance LB22. Thank you, Mr. President.

FOLEY: Thank you, Senator Williams. Members, you've heard the debate on LB22. The question before the body is the advance of the bill. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

CLERK: 38 ayes, 0 nays on the advancement of the bill.

FOLEY: LB22 advances. Proceeding to LB23, Mr. Clerk.

CLERK: Engrossed LB-- excuse me-- LB23, introduced by Senator Matt Williams, is a bill for an act relating to real property. It redefines terms. It changes certain applicability, qualification, and disciplinary provisions under the Real Property Appraiser Act. It was introduced on January 7, referred to the Banking Committee, advanced to General File. I have no amendments to the bill.

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FOLEY: Thank you, Mr. Clerk. Senator Williams, you're recognized to open on LB23.

WILLIAMS: Thank you, Mr. President. LB23 is a bill I introduced at the request of the Real Property Appraiser Board. This is the board's annual cleanup bill for 2021. The bill would update the Real Property Appraiser Act for compliance in three things: first, Title VII of the federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989; second, the Uniform Standards of Professional Appraisal Practice; and third, the policy statements of the appraisal subcommittee of the federal Financial Institutions Examination Council. If the State of Nebraska is found to be out of compliance with Title VII of the appraisal subcommittee, the appraisal subcommittee may remove all Nebraska-credentialed appraisers from the federal registry, resulting in there being no appraisers qualified to appraise real property in connection with federally-- federal-related transactions, which are approximately 80 percent of the loan activity in the state. This bill will update definitions, correct provisions regarding who is exempt from the act, in various sections, change bachelor's degree or higher to simply a degree to allow an associate's degree in higher education in real estate from an accredited degree-awarding college or university, among other things, to qualify as an applicant for a credential. It also clarifies the eligibility of certain real property appraisers to qualify as a supervisory real property appraiser and expands the scope of practice to a licensed residential real property appraiser. The hearing was held on the 26th of January. There were no opponents at the hearing and the bill advanced on an 8-0 vote. Thank you and I would encourage your advancement of the bill. Thank--

FOLEY: Thank you, Senator Williams. Is there any discussion of the bill? I see none. Senator Williams, you're recognized to close on the advance of the bill. He waives closing. The question before the body is the advance of LB23 to E&R Initial. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

CLERK: 38 ayes, 0 nays on the advancement of the bill.

FOLEY: LB23 advances. Proceeding now to LB66, Mr. Clerk.

CLERK: LB66, introduced by Senator Williams, relates to the Public Funds Depository-- Deposit Security Act. It changes provisions relating to deposit bonds, custodial officials, and pooled collateral. It harmonizes provisions. Introduced on January 7, referred to the

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Banking, Commerce and Insurance Company, advanced to General File. There are no amendments to the bill, Mr. President.

FOLEY: Thank you, Mr. Clerk. Senator Williams, you're recognized to open on LB66.

WILLIAMS: Thank you, Mr. President. LB66 is a bill I introduced to make changes to the Public Funds Depository Security Act relating to the single bank pooled collateral method of pledging for public funds. To set the stage, I would like to take a moment to provide some background regarding the pledging of public funds requirement in Nebraska. Under Nebraska law, financial institutions are eligible to accept public deposits-- think schools, cities, hospitals. They are required to pledge statutorily authorized securities for the protection of the deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation. The FDIC provides coverage up to \$250,000 in any single public deposit account. There are two methods for satisfying these pledging requirements, commonly referred to as the dedicated method and the single bank pooled collateral method. Under the dedicated method of, of pledging for public funds, the security interest in the securities is granted in favor of each public depositor placing deposits with the financial institution. The Legislature passed intro-- legislation I introduced in 2019, which created the single bank pool method for pledging. Under the single bank pool collateral method of pledging for public funds, a financial institution is allowed to pledge a pool of securities for the aggregate amount of deposits placed with the institution by all public depositors. This method simplified the pledging logistics for both the political subdivision and the financial institution, while maintaining the same level of protection offered by the dedicated method. The single bank pool collateral program requires financial institutions to submit monthly reports reflecting the end-of-month amount of public deposits, FDIC insurance coverage, and the amount of pledged securities by the tenth day of the next month. The administrator of the program is required to make these reports accessible to public depositors with public deposits covered by the single bank pool collateral program within 20 days after the report is submitted by the participating financial institution. Since going into effect in July of 2020, the single bank pool collateral program has been well received and the financial institutions and public depositors appear to be deriving the benefits that were anticipated with the creation of the program. LB66 makes a number of technical amendments to the Public Funds Deposit Security Act in recognition of the differences between the dedicated method of pledging for public funds and the single bank pool collateral method for pledging for public funds. These changes

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consist primarily of substituting the term "governmental unit" for the term "custodial official" where applicable. The bill also establishes a manner in which the valid and perfected security interest is granted to the Department of Banking or the administrator of the single bank pool collateral program. Under both the dedicated method and the single bank pool collateral method of pledging for public funds, the depository bank places securities with a third-party qualified trustee, which issues a safekeeping receipt acknowledging placement of the securities with a qualified trustee. Under the dedicated method, the safekeeping receipt is issued to the custodial official of the deposit of the public depositor. Under the single bank pool collateral method, the safekeeping receipt is issued in favor of the director of the Department of Banking and Finance or the administrator of the single bank pool collateral program. LB66 contains provisions establishing the manner in which a valid and perfected security interest is established under the single bank pool collateral method of pledging for public funds. The provisions are identical to the manner in which a valid and perfected security interest is established under the dedicated method of pledging for public funds, with the exception of the security interest is granted in favor of the director of the Department of Banking and Finance or the administrator of the single bank pool collateral program if applicable. In establishing the single bank pool collateral method of pledging for public funds, it was discovered that some banks were interested in utilizing an out-of-state bank, capital stock financial institution, or qualifying mutual financial institution to serve in the capacity of a qualified trustee to hold securities pledged for the benefit of the public depositors. Following a review of exist-- existing law, it was determined that these out-of-state institutions were not specifically included under the definition of bank, capital stock financial institution, or qualifying mutual financial institution provided under the Public Funds Deposit Security Act. As a result, out-of-state institutions are unable to serve as qualified trustees under the single bank pool collateral program. This results in the fact that the terms bank, capital stock financial institution, and qualifying mutual financial institution were defined to limit the institutions that may accept and hold public deposits to those which are either headquartered in Nebraska or had at one time been headquartered in Nebraska and still maintain branches in the state. While these definitions were designed to limit the placement of public deposits in Nebraska banks, capital stock stations and qualifying mutual financial institutions prohibit out-of-state institutions from obtaining deposits of Nebraska political subdivisions and state agencies, the definition applied equally to those entities that were eligible to

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serve as qualified trustees. LB66 addresses this issue by specifically allowing a bank, capital stock institution, or qualifying financial institution in which a charter by a foreign state agency to serve in the capacity of qualified trustee under both the dedicated method of pledging and the single bank pool collateral method of pledging for public funds. A number of the banks have delayed enrollment in the single bank pool collateral program until they are able to use an out-of-state qualified trustee. At the hearing, the bill was supported by the Nebraska Bankers Association. There were no opponents. The bill advanced 8-0 and has no financial impact. I know that was a lot to try to understand in a short amount of time about the single bank pool method, but it is up and running and doing well and I would encourage your advancement of LB66. Thank you, Mr. President.

FOLEY: Thank you, Senator Williams. Debate is now open on the bill. Senator Clements.

CLEMENTS: Thank you, Mr. President. I rise in support of LB66. As a small-town banker, this is a bill that will-- already passed. It's just a improvement of a statute that we already have. As a small-town banker, we do have to pledge funds when a municipality or a school district goes over the \$250,000 limit. But if I pledge to them a \$400,000 bond, but they only really need \$100,000 of it, that whole bond is tied up and the excess amount is not available. By using this pooling method, I can put that \$400,000 bond into the pool and secure the school district or the county or the village and utilize the bond investments that we have more efficiently. And so I think especially for small-town banks like my own, this procedure has an advantage to us and is still safe and secure as-- securing, as he said, still gives a security interest to the municipality or the public entity. And so it is also still as safe as it has been in the past and so I thank you, Senator Williams, for bringing this and I urge your support of LB66. Thank you, Mr. President.

FOLEY: Thank you, Senator Clements. I see no other members wishing to speak. Senator Williams, you're recognized to close on the advance-- he waives close and the question before the body is the advance of LB66 to E&R Initial. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

CLERK: 34 ayes, 0 nays on the advancement of the bill.

FOLEY: LB66 advances. Proceeding now to LB77, Mr. Clerk.

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CLERK: LB77, introduced by Senator Gragert, is a bill for an act relating to Property and Casualty Insurance Rate and Form Act. It prohibits risk classifications, rate adjustments that are based solely on the fact that an insured is deployed in the military for a period of six months or greater. It was introduced on January 7, referred to the Banking, Commerce and Insurance Committee, advanced to General File. I have no amendments to the bill, Mr. President.

FOLEY: Thank you, Mr. Clerk. Senator Gragert, you're recognized to open on LB77.

GRAGERT: Thank you, Mr. President. Mr. President, members of the Legislature, LB77 proposes to amend the Property and Casualty Insurance Rate and Form Act by prohibiting an insurance company from adding a surcharge or increasing premiums for a member of the armed forces based solely on the fact that they discontinued their motor vehicle insurance coverage while deployed outside the United States, the United States territories, and the District of Columbia for a period of six months or greater. A former military member called me early last year expressly-- expressing his displeasure with the so-called "Patriot Penalty." When I looked into this, I found an article reporting on research conducted by Fox 8 News and the Consumer Federation of, of America focusing on an insurance company that adds a surcharge to an auto insurance premium of soldiers who dropped coverage while they served abroad. The CFA called on its nation's insurance commissioners to intervene, stating that it is absolutely outrageous and unacceptable to allow any insurer to charge a higher premium for a member of the military solely because they didn't maintain insurance coverage when they were sent abroad to serve. According to the research, the surcharge can be as high as \$500 every six months, even if the service member had a clean record. This research of the insurance company's practices indicated that it appeared to use the "Patriot Penalty" in at least 21 states, including Nebraska. Since this article was written last February, I am aware of at least one state that has passed legislation dealing with this issue. In June, Louisiana Governor Edwards signed a bill to end the so-called "Patriot Penalty," where members of the military who were deployed are charged for the lapse of coverage after they returned from deployment. I fashioned LB77 after the Louisiana legislation, which passed with little disagreement. When drafting this bill, I ran it by the legal counsel of the Department of Insurance, the Adjutant General, and a representative of the Nebraska Insurance Information Service. Based on suggestions from I-- or NIIS, the Nebraska Insurance Information Service, I did make some changes to tighten up the bill's provisions. The director of the Department of Insurance submitted a

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letter at the public hearing in support of LB77. LB77 was heard before the Banking, Commerce and Insurance Committee on the first day of hearings and was advanced to the committee on an 8-0 vote. No one testified in opposition of the bill. This-- the fiscal note indicates that any increased enforcement requirements arising from LB77 could be absorbed from existing resources. I urge your favorable vote on the advancement of LB77 in an effort, in an effort to guarantee that our service members are not charged higher insurance rates after their deployments. Thank you, Mr. President.

FOLEY: Thank you, Senator Gragert. Is there any discussion of the bill? I see none. Senator Gragert, you're recognized to close on the advance of the bill. He waives closing. The question before the body is the advancement of LB77 to E&R Initial. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

CLERK: 42 ayes, 0 nays on the advancement of the bill.

FOLEY: LB77 advances. Proceeding now to LB248, Mr. Clerk.

CLERK: LB248 by Senator Pansing Brooks relates to the Uniform Directed Trust Act. It changes provisions relating to actions excluded from the act. Introduced on January 11. At that time, referred to the Banking Committee, advanced to General File. I have no amendments to the bill. Mr. President.

FOLEY: Thank you, Mr. Clerk. Senator Pansing Brooks, you're recognized to open on LB248.

PANSING BROOKS: Thank you, Mr. Lieutenant Governor and members of the body. Good morning, Nebraskans. LB248 is a bill I introduced at the request of the Nebraska State Bar Association. The bill offers a straightforward amendment to Nebraska's Uniform Directed Trust Act, which the Banking, Commerce and Insurance Committee approved and the Legislature implemented with the passage of my bill last year, LB536-- actually in 2019. LB248 simply amends the act to allow for the correction of a scrivener's error made when drafting a directed trust so long as the correction does not reform the trust in any material respect. The correction of a simple scrivener's error may seem like a small thing, but this can change-- this, this change can save a great deal of hassle by avoiding the need to involve a court in a proceeding to correct an important technical error. The-- LB248 would simplify the process for correcting these types of errors and would, would ensure that the intent of the settlor remains paramount-- paramount.

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The bill had no opponents and advanced from committee on an 8-0 vote. I ask for your vote-- your green vote on LB248. Thank you.

FOLEY: Thank you, Senator Pansing Brooks. Is there any discussion on the bill? I see none. Senator Pansing Brooks, you're recognized to close on the advance of the bill. She waives closing. The question before the body is the advance LB248 to E&R Initial. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

CLERK: 40 ayes, 0 nays on the advancement of the bill.

FOLEY: LB248 advances. Proceeding now to LB363, Mr. Clerk.

CLERK: LB363, introduced by Senator Williams, relates to banking and finance. It adopts the-- certain federal provisions of the Nebraska Banking Act, building and loan association provisions, and Securities Act of Nebraska. It provides [SIC] powers of state-chartered banks, building and loan associations, and credit unions. It changes provisions of the Nebraska Trust Company Act. It redefines a term and changes broad-- bond provisions of the Nebraska Installment Sales Act. The bill was introduced on January 13, referred to the Banking, Commerce and Insurance Committee, advanced to General File. I have no amendments, Mr. President.

FOLEY: Thank you, Mr. Clerk. Senator Williams, you're recognized to open on LB363.

WILLIAMS: Thank you, Mr. President. LB363 is a cleanup bill I introduced at the request of the director of banking and finance. It proposes to update a number of laws governing many of the industries regulated by the Department of Banking and Finance through its financial institutions division and the Nebraska Securities Bureau. The focus of the bill is to update ten separate acts that the department administers, including revisions to the legislature that have been adopted on an annual basis. The bill provides for the annual reenactment of the Depository Financial Institutions "wild card" statutes to provide equal rights, powers, privileges, benefits, and immunities for state-chartered banks, savings and loan associations, and credit unions with their respective federal counterparts. Due to state constitutional restrictions on delegation of legal-- legislative authority, these statutes are amended annually. The bill would amend provisions of the following statutes to update cross-referenced federal statutes and regulations to refer to those statutes and regulations as they existed on January 1, 2021: the Nebraska Banking

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Act, savings and loan association statutes, the Securities Act of Nebraska, the Nebraska Commodity Code, financial exploitation Statutes, the Seller-Assisted Marketing Plan Act, the Consumer Rental Purchase Agreement Act, the Uniform Commercial Code Article 4A. The bill would update provisions in the Securities Act of Nebraska, the Nebraska Trust Company Act, the Nebraska Money Transmitters Act, the Nebraska Installment Sales Act, and Nebraska Installment Loan Act. In the banking provisions, LB363 propose-- proposes one additional amendment to the Nebraska Banking Act to update Section 8-163, which governs the payment of dividends by a bank. The law currently uses the terms "undivided profits on hand" and "net profits on hand" as part of the calculation of dividends that a bank must-- may pay. The bill replaces those references with the defined term "retained net earnings." Department examiners have reported violations of the statute that have occurred because these existing definitions were misinterpreted. Under the trust company section, LB363 includes updates to the Nebraska Trust Company Act related to boards of directors to require information on proposed board members as part of the charter application process and to add a statutory cross-reference relation to selection of officers. The amendments also clarify that the president of a trust company must be a member of the board of directors and that a person appointed to fill a vacancy on the board must be approved by the department prior to acting as a director. These amendments mirror changes previously made to the Nebraska Banking Act. In the securities arena, LB363 amends the Security Act of Nebraska to provide authority to the department to cure late filing notices for the sale of federally covered securities under section 18(b)(4) of the federal Securities Act of 1933, known as federal Rule 506 filings. Rule 506 allows sale of securities to an unlimited number of accredited investors and up to 35 nonaccredited investors in Nebraska. Under state law and rule, issuers are required to submit a copy of the form filed with the federal Securities and Exchange Commission and a fee of \$200 to the department within 15 days of the first sale in Nebraska. Failure to meet the deadline results in a late filing that cannot be accepted. The issuer must withdraw the filing and attempt to qualify under another exemption, rescind the offering, or register the security. Insurers average 63 withdrawals per year over the last three fiscal years. Department staff and issuers deal with this on a weekly basis, resulting in additional cost to both. The bill authorizes the director to issue an order curing the late filing and sets a \$200 late fee in addition to the initial fee. The Securities Act currently provides a cure process for late notices filing for other exemptions. Permitting issuers to continue to use an exemption originally relied on provides a more effective and efficient

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means to do business in Nebraska. Other states, including Iowa, Kansas, Missouri, and South Dakota, have adopted cure processes for late ruling 506 filings. For money transmitters [SIC], LB363 also provides that money-- Nebraska Money Transmitters Act. The act has been in place since 2014, replacing the Nebraska Sales of Checks and Funds Transmission Act. Money transmission includes all businesses selling or issuing payment instruments or stored value or receiving money or monetary value for transmission by any means, including wire, facsimile, or electronic transfer. The updates proposed by the bill reflect the evolution of this industry since 2014 and provide the department with additional tools to administer the act. The bill will exempt collection agencies, credit service organization, and debt management businesses licensed by the Nebraska Secretary of State acting within the scope of those licenses from licensing under the Money Transmitters Act. Companies holding one of these three licenses also fall under the Money Transmitters Act if they transmit client funds. Although few of those companies are now licensed under the Money Transmitters Act, a clear exemption would eliminate a dual regulatory burden. The Money Transmitters Act is also being updated to clarify that a license is required for persons providing money transmission services to a Nebraska resident, even if the resident is not physically present in Nebraska at the time of the transaction. This is primarily intended to protect Nebraskans serving in the military, but it will also protect residents who are outside of the state. Additional protection for Nebraskans is included by adding the requirement that licensees place customer funds in banks that carry federal deposit insurance. The risk of holding client funds in an uninsured institution will be eliminated. The bill provides additional investigative and enforcement authority to the department under the Money Transmitters Act. The same authority is currently included in other laws, including the Installment Sales Act and the Residential Mortgage Licensing Act. The bill updates the licensing requirements under the money-- under the Nebraska Money Transmitters Act to provide that a licensee must be organized in the United States or its territories, have a physical location in the United States, and submit financial statements for key shareholders. Under the installment sales area, the Installment Sales Act revisions include a change to the definition of sales finance company to include other parties involved in an installment sales transaction or that have conflict with a customer on behalf of a sales finance company. This industry has changed from that of a purchaser solely handling all aspects of a transaction once a contract is purchased to one that assigns parts of that transaction to unrelated entities. All such parties should be licensed because they are integral to the activities licensed under

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the Installment Sales Act. Under the installment loans area, LB363 would also update the Nebraska Installment Loan Act to require a license for all parties who acquire any rights of ownership or who service, manage, or participate in or hold an installment loan or engage in business with a borrower. This industry has also evolved from a single business handling an entire transaction to a number of entities. In conclusion, those are the provision for this year's cleanup bill from the Department of Banking and Finance. The public hearing was held in front of the Banking, Commerce and Insurance Committee on January 26. There were no opponents to the bill. The bill advanced on an 8-0 vote and there is no finin-- financial impact. I would encourage your advancement of LB363. Thank--

FOLEY: Thank--

WILLIAMS: --you, Mr. President.

FOLEY: Thank you, Senator Williams. Is there any discussion on LB363? I see none. Senator Williams, you're recognized to close on the advance of the bill. He waives closing. The question before the body is the advance of LB363 to E&R Initial. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

CLERK: 40 ayes, 0 nays, Mr. President, on the advancement of the bill.

FOLEY: LB363 advances. Proceeding now on the agenda to LB373, Mr. Clerk.

CLERK: LB373 is a bill by Senator Pahls. It's a bill for an act relating to Standard Nonforfeiture Law for Individual Deferred Annuities. It changes the interest rate for minimum nonforfeiture amounts. Introduced on January 13, referred to the Banking, Commerce and Insurance Committee, advanced to General File. I have no amendments to the bill, Mr. President.

FOLEY: Thank you, Mr. Clerk. Senator Pahls, you're recognized to open on LB373.

PAHLS: Thank you, Mr. Lieutenant Governor and members of the body. Today I'm offering for your consideration, LB373. This bill was brought to me by the Nebraska life insurance companies and would make a small change to Nebraska's Standard Nonforfeiture Law for Individual Deferred Annuities. Historic low interest rates have threatened the very existence of these annuities. Because of this, annuity providers have been forced to petition the National Association of Insurance Commissioners about amending the NAIC model to lower the interest rate

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for future forfeitures on annuities. LB373 would act on NAIC's conclusion and lower the interest rate floor on principle returned at forfeiture of a deferred annuity from one point-- from 1 percent to 0.15 percent. This would make it possible, possible for providers to provide these products without losing money. Annuities are an important product for Nebraska and LB373 helps ensure annuities will continue to be available for Nebraskans into the future. When the bill was heard in the Banking, Commerce and Insurance Company, it received support from both the life insurers to then-Director of Insurance, Bruce Ramage. No one opposed the bill. Thank you and I ask for your green vote on LB373.

FOLEY: Thank you, Senator Pahls. Is there any discussion on LB373? I see none. Senator Pahls, you're recognized to close on the advance of the bill. He waives closing. The question before the body is the advance of LB373 to E&R Initial. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

ASSISTANT CLERK: 41 ayes, 0 nays on the advancement of the bill.

FOLEY: LB373 advances. Proceeding now to LB25, Mr. Clerk.

ASSISTANT CLERK: LB25, introduced by Senator Wayne, is a bill for an act relating to the community development law; changes the period for dividing ad valorem taxes for certain redevelopment plans that include extremely blighted areas; harmonize provisions; repeals the original section; declares an emergency. The bill was read for the first time on January 7 of this year and referred to the Urban Affairs Committee. That committee placed the bill on General File with no committee amendments.

FOLEY: Thank you, Mr. Clerk. Senator Wayne, you're recognized to open on LB25.

WAYNE: Thank you, Mr. President and members of, members of the Legislature. LB25 is designed to implement the provisions of Amendment 2, which was adopted by the Nebraska voters in the November general election with over 61 percent of the vote. As members may recall, Amendment 2 was placed on the ballot by the Legislature in 2019 through the adoption of LR14CA and I do want to thank Senator Groene for working with me back then to make sure the language was clear to get it passed. LB25 has authorized-- authorized by the voters would extend the maximum length for repayment of TIF rate-- TIF-related indebtedness from a current 15-year legis-- limitation to 20 years, but only if more than one-half of the property in the project area is

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designated as extremely blighted. While most of the body should be familiar with the reasoning behind both the constitutional amendment and the bill, I want to stress the reasons why implementing this change is so important to communities like the one that I represent. In Omaha, Lincoln, and a handful of other Nebraska communities, there are pockets of the city that undoubtedly meet the current definition of substandard and blighted for purposes of TIF, but struggled to attract developers to rebuild and revitalize those neighborhoods. By allowing for a longer TIF repayment period in these areas that we deemed extremely blighted, LB25 would help incentivize the use of TIF where it is sorely needed. As Urban Affairs Committee heard at the bill's hearing, since the passage of Amendment 2, multiple developer-- developers have already reached out to the city of Omaha to inquire about the possibility of using extremely blighted provisions to build affordable housing in the city. As currently defined under community development law, an extremely blighted area is a substand-- substandard, substandard and blighted area in which the average rate of unemployment in the area during the period covered by the most recent census is at least 200 percent of the average unemployment rate in the state during that same period and the average poverty rate exceeds 20 percent for the total federal census tract or tracts or in the city level, even blocks. Currently, the city of Omaha and city of Lincoln have designated extremely blighted areas that would be eligible for a longer repayment period just as soon as the legislation is implemented for the changes to take effect. In light of the fact that multiple developers stand ready to start work on a new affordable housing in Omaha and elsewhere, LB25 contains emergency clause. LB25 received no opposition at the hearing and was advanced from the Urban Affairs Committee unanimously, 7-0. In addition to those organizations testifying in person, the committee received letters of support for the bill from the League of Municipalities and the Greater Area-- Greater Omaha Chamber of Commerce. I want to thank the body for the last three years and working on TIF and the amendment that was passed by the Nebraska voters. And I would ask for your green vote on LB25 to implement what the voters asked us to do. Thank you.

FOLEY: Thank you, Senator Wayne. Debate is now open on the bill.
Senate Groene.

GROENE: Thank you, Mr President. I return the compliment to Senator Wayne-- every-- if those that were here remember this spirited debate we had on this constitutional amendment. Some listen to the tone of debate. Those of us that are wise listen to the content of the debate and Senator Wayne and I do that for each other. At the end of the day, he accepted the amendment because I agreed with him. And if you

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remember the debate back then, my concern was the abuse of it, that the intent that Senator Wayne had would be abused again by the developers, that, that the projects would not end up in the areas that he attended and I agreed with. So he accepted the amendment that we needed to put a definition into it of high rate of employment, combined with a high-poverty rate as determined by law. And Senator Wayne had previously done a very good job of defining that, that really limits it to where TIF was intended back in the 1970s in those areas of high urban blight. So I completely agree with him and I also caught something I appreciate his staff caught and added to the bill that they added the ten-year period for micro-TIF, where now-- it wasn't-- not clarity of when the, the valuations started or when the TIF started, what year-- he added the micro-TIF into that and made it clear, clear that I don't have to bring a bill next year to straighten it out. So it's very well written. It's a good bill. Maybe finally, finally, we'll have some TIFs done where they're supposed to be done, not for economic development, but for-- help the blighted and substandard areas in urban areas of our cities. So I appreciate your effort, Senator Wayne, and I thought I was going to have to bring an amendment to straighten things out, but it's a well written bill, so I stand in support of LB25.

FOLEY: Thank you, Senator Groene. Is there any further discussion of the bill? I see none. Senator Wayne, you're recognized to close on the advance of the bill. He waives close and the question before the body is the advance of LB25 to E&R Initial. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

ASSISTANT CLERK: 39 ayes, 0 nays on the advancement of the bill.

FOLEY: LB25 advances. Proceeding now to LB44, Mr. Clerk.

ASSISTANT CLERK: LB44, introduced by Senator Matt Hansen, is a bill for an act relating to cities; changes requirements for adoption of an affordable housing action plan; harmonize provisions; and repeals the original section. The bill was read for the first time on January 7 of this year and referred to the Urban Affairs Committee. That committee placed the bill on General File with no committee amendments.

FOLEY: Senator Matt Hansen, you're recognized to open on LB44.

M. HANSEN: Thank you, Mr. President, and good morning, colleagues. LB44 is a bill that would give cities more flexibility in following the requirements of new affordable housing efforts we passed last year. More specifically, LB44 would allow cities to adopt the

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affordable housing plans required under last year's LB866 as part of their existing comprehensive development plan required under current law. I want to be clear. This is intended as a cleanup bill allowing cities more flexibility with current statutory requirements, not adding any new ones. For background, last year, Senator Wayne introduced and we passed LB866, which adopts the Municipal Density and Missing Middle Housing Act, which was an Urban Affairs Committee priority and contained contents of a number of bills, including one of my own. Among other things, the act requires cities of at least 20,000 residents to draft and adopt affordable housing action plans that outline goals for greater success to affordable housing. Since the passage of LB866, city officials have reached out to committee members and staff asking whether or not the new affordable housing action plan could be included within a city's existing long-range comprehensive development plan, which is already also required under state law. This seems like a common-sense solution that will help cities meet the deadline while still completing all the components of the affordable housing plan. This is what LB44 does. It allows cities to combine these two existing requirements. This would, of course, only apply to cities who already plan to update their comprehensive plans within the next few years, but I think it's worth giving them this added flexibility. Both the cities of Lincoln and Omaha testified in support of LB44 at the hearing and the committee received several letters in support, including from the League of Nebraska Municipalities and the Platte Institute. There was no opposition testimony. I'll end there and ask the body to advance LB44. Thank you, Mr. President.

FOLEY: Thank you, Senator Matt Hansen. Debate is now open on LB44. Senator Erdman.

ERDMAN: Good morning. Thank you, Lieutenant Governor. Good morning. Senator Hansen, I, I read your bill and I'm trying to figure out what exactly this bill does and I, I read through the requirements now. And maybe you would yield to a question, maybe you can help me understand this?

FOLEY: Senator Matt Hansen, would you yield, please?

M. HANSEN: Yes.

ERDMAN: Thank you. So currently the bills-- the statute says that before January 1, 2023, each city with a population of 50,000 or more inhabitants shall adopt an affordable housing action plan-- shall adopt-- and then you go on down and, and what you're adding is an affordable housing action plan required under Section 1 of this sect--

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subsection may be adopted, may be adopted as part of the city's comprehensive plan. Tell me why we need to do this.

M. HANSEN: To clarify that it doesn't have to be its own and separate document, that if cities want to have it, it be, say, like, an appendix to the comprehensive plan, that counts.

ERDMAN: Is this something we're going to be required to do by federal law, federal statute?

M. HANSEN: Not to my knowledge.

ERDMAN: Say that again?

M. HANSEN: Not to my knowledge.

ERDMAN: Was that a yes?

M. HANSEN: That would be a no, not to my knowledge.

ERDMAN: Oh, OK, because I, I think if it is-- what happens if we-- tell me this. What happens if we don't adopt this?

M. HANSEN: Cities will have to adopt the plan as a separate plan rather than combining it with their comprehensive plan.

ERDMAN: So does this apply to-- it says under-- cities of 50,000 have until January 1 of '24. Does this apply to villages as well?

M. HANSEN: Just cities over 20,000.

ERDMAN: Doesn't say that.

M. HANSEN: I think that's amended in a different section with the definition of cities [INAUDIBLE].

ERDMAN: I never seen a definition where it said what cities were, were--

M. HANSEN: That's in the, that's in the broader act. It's not in the section we're amending.

ERDMAN: OK. Yeah, I guess, personally-- thank you for answering that. I think personally, my opinion, I, I don't see the value in doing this. I think it's-- we get the same results by not passing this, but I'm having trouble putting my hand around this one. Thank you.

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FOLEY: Thank you, Senators Erdman and Senator Matt Hansen. Is there any further discussion? Senator Moser, you're recognized.

MOSEER: Well, good morning. Luckily, the power is still on here. I was wondering if Senator Matt Hansen would respond to a question, please?

FOLEY: Senator Matt Hansen, would you yield, please?

M. HANSEN: Yes.

MOSEER: So let me ask a follow-up question to Senator Erdman's question. The plan is going to be a requirement with or without your bill?

M. HANSEN: Yes.

MOSEER: And your bill gives cities two ways to do it?

M. HANSEN: Yes.

MOSEER: And if your bill goes down, it's still going to be required--

M. HANSEN: Yes.

MOSEER: --by larger cities more quickly and then smaller cities later?

M. HANSEN: Correct.

MOSEER: OK. Well, that doesn't set off as many alarms for me as, as possibly the question did. Thank you very much.

M. HANSEN: Thank you.

FOLEY: Thank you, Senator Moser and Senator Matt Hansen. Any further discussion? I see none. Senator Matt Hansen you're recognized to close on the advance of the bill.

M. HANSEN: Yes, I will. Thank you, Mr. President. Colleagues, I appreciate the discussion. To be 100 percent clear and just kind of cut to the chase, this was at the request of several different cities and the League of Municipalities and this would basically cut down on less paperwork for the cities. It's not intended to be a significant policy change. It's not intended to kind of change the scope of the bill we passed last year. This is something we probably should have included last year. This is very much a technical, cleanup, bureaucratic, procedural request to just let cities adopt these plans a little bit easier. It had the support of the League of

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Municipalities, the city of Omaha, the city of Lincoln. It's not an extra burden and with that, I would encourage you-- your green vote on LB44. Thank you, Mr. President.

FOLEY: Thank you, Senator Hansen, and the question before the body is the advance of LB44 to E&R Initial. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

ASSISTANT CLERK: 34, 34 ayes, 7 nays on the advancement of the bill.

FOLEY: LB44 advances. Proceeding now to LB159, Mr. Clerk.

ASSISTANT CLERK: LB159, introduced by the Urban Affairs Committee, is a bill for an act relating to cities and villages; provides for printing or publishing ordinances in electronic form; and repeals the original section. The bill was read for the first time on January 8 of this year, referred to the Urban Affairs Committee. That committee placed the bill on General File without committee amendments.

FOLEY: Thank you, Mr. Clerk. Senator Wayne, you're recognized to open on LB159.

WAYNE: Thank you, Mr. President and members of the Legislature. As many of you know on this body, since 2015, the Urban Affairs Committee began a multi-year effort to update and modernize the statutes governing various classes of municipalities and I bring a bill like this every year to clean up those language. Last year, during the process of updating and modernizing statutes governing cities of the primary class, which is the city of Lincoln, noted that the statutes that provided for the printing and publication of all city ordinance in the book-- in a book or pamphlet form did not also provide for printing and publications of ordinances in an electronic form. At the city's request that the change be incorporated in LB799, which was amended into LB11-- LB1103, one of Urban Affairs Committee priority bills last session. LB159 would simply make some changes that was made to-- made last session for the cities of the primary first class in sections of the statute that provide for printing or publishing of city and village ordinances for all other classes of municipality. A number of cities and villages currently publish their ordinances online in addition to maintaining them in a book or pamphlet form. LB159 received no opposition at the hearing, was advanced by Urban Affairs Committee 7-0, unanimously. While no one testified in person at the hearing due to the snowstorm, the committee did receive several letters of support for the bill, including the League of

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Municipalities and the Platte Institute. I would ask for a green vote on LB59 [SIC] and move it to Select File. Thank you, Mr. President.

FOLEY: Thank you, Senator Wayne. Is there any discussion on LB159? I see none. Senator Wayne, you're recognized to close. He waives close and the question before the body is the advance of LB159 to E&R Initial. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

ASSISTANT CLERK: 39 ayes, 0 nays on the advancement of the bill.

FOLEY: LB159 advances. Proceeding now to LB163, Mr. Clerk.

ASSISTANT CLERK: LB163, introduced by the Urban Affairs Committee, is a bill for an act relating to-- excuse me-- political subdivisions; changes provisions relating to cities, villages, metropolitan utility districts; changes a federal reference; and changes, eliminates provisions relating to publication notice requirements for application; names an act; defines, redefines terms relating to initiatives and referendums; eliminates obsolete provisions regarding cigarette tax revenue; repeals Municipal Infrastructure Redevelopment Fund Act; transfers funds and terminates funds; harmonize provisions; repeals the original section; outright repeals several sections. It was read for the first time on January, January 8 of this year and referred to the Urban Affairs Committee. That committee placed the bill on General File. There are committee amendments.

FOLEY: Thank you, Mr. Clerk. Senator Wayne, you're recognized to open on LB163.

WAYNE: Thank you, Mr. President and members of the Legislature. Again, this is part of the Urban Affairs' multi-effort to update and modernize governing statutes of varied classes of municipalities. The Legislature has previously passed a cleanup bill similar to this regarding first-class-- cities of the first class in Chapter 16, cities of the second class and villages, Chapter 17, and some, but not all of the classes of municipalities in Chapter 19 and cities of the primary class in Chapter 15. LB13-- LB163 is the latest of these cleanup efforts that would amend sections of the chap-- statutes in Chapter 18 make a non-- a number of nonsubstantial changes. LB163 amends more than 200 separate sections and the types of changes contained in the bill are largely grouped into 11 different categories, which are listed on the committee statement. Because Chapter 18 includes a number of statutes related to municipal utilities, which reference Metro Utility District, the bill also makes

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a small number of cleanup changes related to MUD. Key changes in LB163 include changing and correcting terminology, for example, changing governing body to the city council or the primary class city to-- or and primary class city to the city of the primary class. Clarifying references to legal newspapers, various sections of municipalities statutes refer to newspapers' use for legal notices in different ways, for example, located in the city, published in the city, of general circulation in the city. Some statutes require legal newspapers, others just require newspapers. LB163 uses same phrasing in all of the cases published for "x" in the legal newspaper in or of general circulation in the city. There is existing definition of legal newspaper in the statute and every newspaper in the state currently meets that definition. Clarifying provisions related to municipality incentives and referendums, the statute governed the incentive and referendum process at the local level were adopted in 1982 and have not been substantially updated since 1984. LB163 would name the, would name these statutes the Municipal Initiative and Referendum Act and make several small changes that were requested by the Secretary of State's Office to help bring the statutes more in line with the Election Act. In addition to these key changes, LB163 makes a large number of technical changes, including correcting subject-verb agreement, clarifying references to cities and villages' corporate limits, and extraterritorial zoning jurisdiction, correcting references from-- to city officials, village officials, and MUD board, correcting gender references, eliminating run-on sentences, correcting and harmonizing statutory references, and eliminating antiquated and unnecessary language in a number of places. Prior to the bill's introduction, LB163 was widely reviewed by interested parties to ensure these changes were truly a cleanup bill in nature including the League of Municipalities, various city and village officials, MUD, and the Secretary of State's Office. LB163 received no opposition at the hearing and was advanced by Urban Affairs 7-0 and I would ask for a green vote on LB163.

HILGERS: Thank you, Senator Wayne. As the Clerk stated, there are amendments from the Urban Affairs Committee. Senator Wayne, you're recognized to open on those amendments.

WAYNE: Thank you, Mr. President, members of the Legislature. The committee amendment, AM9, makes two small changes to the bill. The green copy of the bill would have an outright repeal of the Municipality-- Municipal Infrastructure Redevelopment Fund Act, which provides a mechanism for cities to fund infrastructure projects through bonds secured through state funding from cigarette tax revenues. The authority issue-- the authority to issue bonds under the

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act actually expired in 2009, making the act obsolete, but after the bill was introduced, Senator Brandt introduced LB600, which would reactivate the act to provide cities with mechanisms to finance broadband infrastructure. AM9 would, would eliminate the outright repeal of the act if Senator Brandt's bill would advance. He wouldn't have to make any changes, but either way, it, it, it eliminates the outright repeal. Second, the amendment makes for an additional changes to a municipality and initiative and reform statutes at the request of the Secretary of State's Office. Section 174 of the bill currently contains specific notice language to be published by municipalities in the event that a municipality initiative or referendum, but the language does not account for the fact that special elections could take place-- could take place entirely by, by mail or the election could occur in different time zones. Because there is no similar lang-- notice language in other sections underneath the Election Act, AM9 would strike that specific notice language while leaving the requirement that notice be published. This amendment was also adopted 7-0 and we would ask for your green vote on AM9.

HILGERS: Thank you for your opening, Senator Wayne. Debate is now open on AM9. Senator Ben Hansen, you're recognized.

B. HANSEN: Thank you, Mr. Speaker. Would Senator Wayne yield to a question, please?

HILGERS: Senator Wayne, would you yield?

WAYNE: Yes.

B. HANSEN: So I noticed with amendment, I-- and I probably could have asked you this earlier, but this is a pretty big bill and I'm trying to process all the, the changes and I read through the bill a couple of times even. With the amendments though, the whole reason we're striking Sections 1, 202, 203, 204, and 206 were for-- what you mentioned before, is that because Senator Brandt had something earlier or is it just because it's obsolete information? Because I know some of it has to do with the elections with the Tax Commissioner. I don't know if there's anything-- for, for what reasons you just mentioned earlier or for something different.

WAYNE: Both, so Senator Brandt's bill reestablishes the Infrastructure Redevelopment Fund Act and so I didn't want to strike it in our bill. And then if Senator Brandt's bill advances, then we would have to come back and re-- reenter it in, so we just removed that section altogether. It's still obsolete, so whether Senator Brandt's bill pass

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or not, there's no legal authority for municipalities to still do it. It is just ob-- ob-- unuseful language in our bill. And the other second-- the second question was?

B. HANSEN: Just the rest from, like, 203, 204. Was that very similar-- same, same kind of stuff?

WAYNE: Yeah and then we're also, at the, at the request of the Secretary of State, making this align with the Election Act because there was some conflicting language between-- particularly around we have cities in different time zones and we have cities who special elections apply to, so, like, Omaha is on the odd years and they can still have a special election on the odd year and so we were just saying, well, we shouldn't even mention it at all because Election Act, which really governs at all, doesn't mention it. So we're just being consistent with the Election Act.

B. HANSEN: OK, that-- yeah, thanks, appreciate the clarification.

WAYNE: Yep.

B. HANSEN: Thank you, Mr. Speaker.

HILGERS: Thank you, Senator Wayne and Senator Ben Hansen. Seeing no one else in the queue, Senator Wayne you're recognized to close on the amendment.

WAYNE: I just got the thumbs up from legal counsel, so all my answers were correct, Senator Hansen, because I always have to verify. I'll waive the rest of my closing.

HILGERS: Thank you, Senator Wayne. The question before the body is the adoption of AM9. All those in favor vote aye; all those opposed vote nay. Have all those voted who wish to? Record, Mr. Clerk.

ASSISTANT CLERK: 44 ayes, 0 nays on the adoption of the committee amendment.

HILGERS: The amendment is adopted. Continuing debate on LB163, seeing no one in the queue, Senator Wayne is recognized for closing. Senator Wayne rec-- waives closing. The question before the body is the advancement of LB163 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Have all those voted who wish to? Record, Mr. Clerk.

ASSISTANT CLERK: 44 ayes, 0 nays on the advancement of the bill.

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HILGERS: The bill is advanced. Next item.

ASSISTANT CLERK: Next item, Mr. President, LB4, introduced by Senator Briese, is a bill for an act relating to service members and veterans; change provisions and qualification requirements relating to tuition credits; harmonize provisions; and repeals the original section. The bill was read for the first time on January 7 of this year and referred to the Government, Military and Veterans Affairs Committee. That committee placed the bill on General File. There are committee amendments, Mr. President.

HILGERS: Thank you, Mr. Clerk. Senator Briese, you're recognized to open on LB4.

BRIESE: Thank you, Mr. President, and good morning, colleagues. I come before you today to present LB4, a bill which would expand the existing reserve tuition credit program. I'd first like to thank Chairman Brewer and members of the Government, Military and Veterans Affairs Committee for passing this bill out of committee unanimously and I'd also like to thank the many colleagues who have cosponsored this legislation. Established in 1976, the current reserve tuition credit program provides a 50 percent tuition discount to eligible reservists in Nebraska. Those reservists must be residents of Nebraska, must be actively drilling with a unit located in Nebraska, must-- and the credit is only good at public institutions. That is the university system, the state college system, or a community college. The credit currently is not available to anyone who has completed ten years of military service. So what does this bill do? It increases the credit from 50 to 75 percent of tuition costs for undergraduate studies. It also eliminates the current requirement that the individual have at least two years remaining and eliminates the prohibition for those who have completed ten years of service. It eliminates language suggesting entitlement to such credit ends upon completing the initial course of study and clarifies existing policy that there is no lifetime limit on this credit. I submit there is a need for expansion of this program and my office has heard from many current and former members of the reserves who would have benefited from this change. As I indicated, the bill would raise the tuition credit from 75 percent from the current 50 percent for undergraduate studies. I believe this is appropriate, especially given that the Legislature last year passed Senator Wishart's LB450, raising the National Guard tuition credit from 75 percent to 100 percent. And these service members, I want to be clear, are not simply weekend warriors. Since the terrorist attacks of September 11, 2001, over 250,000 reservists have deployed to Iraq, Afghanistan, and elsewhere

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as part of the global war on terror. And many members of the reserves are prior service members who served on active duty then decided to continue to sacrifice their time and talents for our country in the reserves while maintaining civilian careers, homes, families, and contributing to economic activity in our state. And we should note that members of the reserves serve our nation and state in many other ways as well, with intelligence and personnel assisting with anti-narcotics investigations and helicopter pilots assisting with fighting wildfires, floods, and so on. Members of the reserves must maintain the same level of training and readiness as their active-duty counterparts so that they can deploy and serve alongside them at a moment's notice. This often means several weeks or even months away from home, completing training, going to schools, and it can be nights and free-time sacrifice to carry out required duties that there simply is not enough time to do during drill weekends. This bill for soldiers, sailors, airmen, and Marines in the reserves in Nebraska could really mean the difference between higher education and nothing. For some folks, a complex degree, switching majors, or using some of their limited GI Bill for correspondence courses while on active duty can mean they run out of benefits when they are only a semester away from graduating. Again, this bill can make all the difference for those folks and I think it's the least we can do given the sacrifices they have made for us. And we need to remember, not-- notwithstanding the sacrifices they've made for us, we're talking about helping folks advance their education and career readiness and that is always a worthwhile goal as we try to enhance our workforce and grow our state. I do note that we have a committee amendment that Senator Brewer, I believe, will introduce, which will help fulfill the intent of what we're doing here. Thank you, Mr. President.

HILGERS: Thank you, Senator Briese. As the Clerk stated, there are committee amendments from the Government Affairs Committee. Senator Brewer is absent. Senator Hansen, as Vice Chair of the Government Affairs Committee, you're recognized to open on the committee amendments.

M. HANSEN: Thank you, Mr. President, and good morning, colleagues. As Senator Briese indicated, there are committee amendments from the Government, Military and Veterans Affairs Committee. AM21 was a one-line amendment, which strikes the term "an enlisted," inserts the term "a" instead. This corrects an apparent drafting oversight and would allow commissioned officers to also receive tuition assistance benefits as opposed to limiting it to just enlisted personnel. With that, I would encourage your adoption of the committee amendment and of LB4. Thank you, Mr. President.

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HILGERS: Thank you, Senator Hansen. Debate is now open on AM21. Seeing no one in the queue, Senator Matt Hansen, you're recognized to close. Senator Hansen waives closing. The question before the body is the adoption of AM21. All those in favor vote aye; all those opposed vote nay. Have all those voted who wish to? Record, Mr. Clerk.

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

HILGERS: The amendment is adopted. Continuing debate on LB4, seeing no one in the queue, Senator Briese, you're recognized to close. Senator Briese waives closing. The question before the body is the advancement of LB4 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Have all those voted who wish to? Record, Mr. Clerk.

ASSISTANT CLERK: 42 ayes, 0 nays on the advancement of the bill.

HILGERS: The bill is advanced. Next item.

ASSISTANT CLERK: Next item, Mr. President, LB323, introduced by Senator Walz, is a bill for an act relating to the Tax Equity and Educational Opportunities Support Act; defines and redefines terms; defines pandemic affected school fiscal years; changes provisions relating to qualified early childhood education membership; changes the calculation of summer school and transportation allowances as prescribed; changes the determination and certification dates relating to the distribution of aid, certification of certain budget limitations as prescribed, and duties of the Appropriations Committee of the Legislature; harmonize provisions; repeals the original section; declares an emergency. The bill was read for the first time on January 13 of this year and referred to the Education Committee. That committee placed the bill on General File with committee amendments.

HILGERS: Thank you, Mr. Clerk. Senator Walz, you're recognized to open on LB323.

WALZ: Thank you, Mr. President and members of the Legislature. LB323 makes changes to the Tax Equity and Educational Opportunity Support Act, TEEOSA, in school fiscal years affected by the pandemic. The unprecedented closure of schools last year impacted so much across our state and unfortunately, the TEEOSA formula, formula was not built to accommodate those changes. This bill corrects those unforeseen factors and ensures that school districts receive the funding they were always slated to get. It is imperative that we pass this bill with an

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emergency clause to prevent any ill effects to our school districts who stepped up and did the right things when the pandemic hit. This legislation adds the term pandemic affected school fiscal year to the TEEOSA statutes and makes our-- makes four important fixes to the formula during such times. The first fix is for the early childhood education programs to account for the reduction of hours when schools went virtual last spring. School districts continued to offer services from March through the end of the school year. The second fix in the bill modifies the formula to account for summer school being provided virtually last summer. The third fix adjusts the transportation allowance to account for pandemic-related transportation costs incurred after in-person learning ended when the pandemic began. Transportation was used by school districts to deliver meals and educational supplies, but the formula currently only recognizes the transportation of kids. School districts received guidance from the Nebraska Department of Education to keep their staff employed during the shutdown and were eventually required by Congress to do so in order to receive the CARES Act money. They used their staff, including their bus drivers, in creative ways to support kids and families. Now we need to make sure they receive the state aid for doing so. A fourth fix was added to the bill in the amendment, in the amendment, which I will, I will discuss momentarily. This bill has no fiscal note because the money was already certified to school districts and was budgeted for. We just need to make sure that it is still available to be properly paid to them. There were no opponents at the hearing and the bill advanced out of committee unanimously. I urge you to vote in-- to advance this bill. Thank you.

HILGERS: Thank you, Senator Walz. As the Clerk stated, there are amendments from the Education Committee. Senator Walz, you're recognized to open on the committee amendment.

WALZ: Thank you, Mr. President. As I mentioned a moment ago, this amendment has a fourth fix related to the TEEOSA student growth adjustment correction to the TEEOSA formula that was discovered to be necessary after the original bill was introduced. When the calculation is based upon a pandemic affected school fiscal year, the new language allows those school districts with a calculated negative student growth adjustment correction to avoid a reduction in aid and be redetermined the following year. This is meant to account for short-term student loss due to an increase in, in homeschool students and kindergartners delaying a year due to the pandemic. Again, this has no fiscal note. The TEEOSA aid was already budgeted for and now needs to be paid as promised. This amendment, like the bill, had

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unanimous support from the committee. I urge you to vote green to adopt it. Thank you.

HILGERS: Thank you, Senator Walz. The debate is now open on the adoption of AM41. Seeing no one in the queue, Senator Walz, you're recognized to close. Senator Walz waives closing. The question before the body is the adoption of AM41. All those in favor vote aye; all those opposed vote nay. Have all those voted who wish to? Record, Mr. Clerk.

ASSISTANT CLERK: 34 ayes, 0 nays on the adoption of the committee amendment.

HILGERS: The committee amendment is adopted. Turning to debate on LB323. Senator Groene, you're recognized. Senator Groene.

GROENE: Thank you, Mr. President. I have a little concern about this bill. I don't see the need for it. The numbers were counted the first-- for enrollment were the first-- last Friday, I believe, and September and that was before, before COVID hit and then the federal government came in and gave millions and millions of dollars to public education through the CARES Act and we don't know for sure-- I haven't looked yet how much of Biden's new CARES Act is going to pump more money into public education. I'm trying to figure out why this is necessary. I was just told by one member of the committee that we have to keep people on payroll in order to get the CARES Act. We already did that. Bus drivers were paid even though they sat at home many days. Teachers stayed at home, had no childcare expenses, received 14-- \$2,400 CARES Act money and also got another check for \$1,200 as a family plus kids. I'm trying to figure out why this is even necessary. We follow rules around here and if a parent decided to homeschool, that isn't any of the business of the public schools. That child no longer counts in their enrollment. We should not be paying state tax dollars to schools when parents have decided to homeschool. Goes both ways to those of you who don't want to give private education money. We don't give public education money when a, when a free individual parent decides to keep their child home. They are rolling in federal CARES money. Their expenses are way down because they didn't have to control climate in the buildings, they didn't have to put fuel in the busses, they didn't have to pay substitute teachers. I'm trying to figure out why this bill is needed. It isn't. In fact, the bill the other day is not needed. The Governor and the Appropriations Committee is fully funding public education. There should no-- be no alterations to the formula. This is throwing money, which we don't have and the taxpayers don't have, at public employees at the public schools. It's

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unnecessary. It will all straighten itself out. They've been buffered by CARES Act money and the trend is probably you're going to get less kids in kindergarten. Parents are looking at it and saying we don't want our children packed into a facility with 2,000 other kids. So it's time to face reality. And maybe things are going to keep tapering off of how many people-- kids are put in the public school system, mass education system. This is absolutely unnecessary. This bill is absolutely unnecessary. Hey, by the way, a shout out to my people who work at the Gerald Gentlemen coal-burning power plant and the people in Nebraska City who, who work at the nuclear plant. You are warm today. You have lights on today because of them, not because you have windmills, because of them. We are a net exporter of power in the state of Nebraska because we have a coal-burning plant, one of the best in the nation, and we have a nuclear power plant.

HILGERS: One minute.

GROENE: We are bailing 14 other states out because we are a net exporter of fuel, of electricity, so give a thanks for those hardworking people, the women and men at Gerald Gentlemen coal-burning plant, \$3 a dekatherm for coal, \$600 a dekatherm for natural gas. You save the planet, but the people freezing don't care. Anyway, this bill, LB323, is absolutely "unnecessity." They're rolling in federal funds. We can get through this biennium without any "adaption" to the formula. Let's let the natural process take place and vote no on LB323. Thank you.

HILGERS: Thank you, Senator Groene. Seeing no one else in the queue, Senator Walz, you're recognized to close.

WALZ: Thank you. Thank you, Mr. President. This bill is necessary. Throughout the pandemic, our schools continued to educate their kids. Throughout the pandemic, our drivers continued to provide meals and educational resources to kids. This bill is necessary. We, we want to make sure that we're keeping our schools whole and that in the meantime, we're not hurting them in any, in any way. Senator Groene did talk about the, the growth factor, I believe, and that's all based on the correction, I guess. I'm just going to go back and say when the calculation is based upon the pandemic-affected school year, the new language allows for school districts with a calculated negative student growth adjustment correction to avoid a reduction in aid and be redetermined the following year. This is meant to account for short-term, short-term student loss due to increases in homeschool, virtual learning opportunities, and kindergartners dealing a year during the pandemic. If we continue to see that there is a reduction

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in a school district number of kids, it will be adjusted after two years. In the meantime, we're going to be able to account for all the kids that were, were accounted for in the TEEOSA. So this is a necessary bill and with that, I appreciate your vote on LB4-- LB323 and the amendment, AM41. Thank you, Mr. President.

HILGERS: Thank you for your closing, Senator Walz. The question before the body is the advancement of, is the advancement of LB323 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Have all those voted that wish to? Record, Mr. Clerk.

ASSISTANT CLERK: 29 ayes, 5 nays on the advancement of the bill.

HILGERS: The bill is advanced. Mr. Clerk, for items.

ASSISTANT CLERK: Thank you, Mr. President. A preliminary budget report from the Appropriations Committee. Additionally, notice of committee hearings from the Appropriations, Government, and Retirement Committees. Certain gubernatorial appointments from the Government, Military and Veterans Affairs Committee reporting appointments to the Nebraska Accountability and Disclosure Commission as well as the State Personnel Board. Committee reports: the Judiciary Committee reports LB48, LB57, LB97, LR20CA, LB47, LB155, LB245, and LB453 to General File, some having committee amendments. Government Committee reports LB41, LB59, LB65, LB105, LB224, LB283, LB414, and LB514 to General File, some having committee amendments. And then again, Judiciary Committee reports LB203, LB461, LB354, LB372, and LB497 to General File, some having committee amendments. Amendments to be printed: Senator Hunt to LB183. Senator Friesen-- LB106A, introduced by Senator Friesen, is a bill for an act relating to appropriations; appropriates funds to aid in the carrying out of provisions of LB106; and declares an emergency. Finally, Mr. President, the Health and Human Services Committee will meet in Executive Session at 11:00 a.m. in Room 1301. Health and Human Services Committee, 11 a.m., Room 1301. That's all I have at this time, Mr. President.

HILGERS: Thank you, Mr. Clerk. We'll go to the next bill on the agenda.

ASSISTANT CLERK: Next bill, Mr. President, LB106, introduced by Senator Friesen, is a bill for an act relating to the Motor Vehicle Operator's License Act; authorizes the building, implementation, and maintenance of a new operator's license services system for issuing operators' licenses and state identification cards; changes a certified abstract fee and distribution of fee revenue; creates a

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fund; harmonize provisions; repeals the original section; declares an emergency. The bill was read for the first time on January 7 of this year and referred to the Transportation and Telecommunications Committee. That committee placed the bill on General File. There are no committee amendments.

HILGERS: Thank you, Mr. Clerk. Senator Friesen, you're recognized to open on LB106.

FRIESEN: Thank you, Mr. President. Good morning, colleagues. LB106 will allow the Department of Motor Vehicles to replace its outdated driver's licensing servicing-- services system. The current system was built in the 1980s and has technological limitations inherent to a system from that area-- from that era. The bill adds an additional \$4.50 fee for obtaining a driver's license record, which will enable the DMV to accumulate enough funds to build a new driver's license services system once the planning stage is completed. This bill will allow the DMV to begin that process in a structured manner. When the DMV started looking at this-- and this is a system that will be-- probably cost around that \$70 million to implement and they're looking at a ten-year timeframe of implementation. And so by 2032 is when the final date-- it will be implemented before that date and so that's why they're trying to build enough money into a, a system in order to pay for that system when the time comes to implement it. So this does modernize the system. This finds a process of, of finding those dollars and this is a, this is a fee that charges people for accessing driver's license records like insurance companies and things like that. And so the current fee is around \$3. This would move it to \$7.50. And with that, the bill had no opposition. It was advanced unanimously from the committee. I would appreciate your green light for LB106. Thank you, Mr. President.

HILGERS: Thank you for your opening, Senator Friesen. Debate is now open on LB106. Senator Groene, you are recognized.

GROENE: Senator Friesen, I have a few questions, if you would?

HILGERS: Senator Friesen, would you yield?

FRIESEN: Yes, I would.

GROENE: So if somebody bumped me and I went down and I got their, their plate license and I go down to the courthouse and I said could I get-- find out who this person is, they're now going to charge me \$8?

FRIESEN: I don't think--

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GROENE: \$3.50 then \$4.50?

FRIESEN: You don't have access to this data. I don't think you could even ask for a report. This is, this is for insurance companies. You have to be registered with the DMV in order to request this information.

GROENE: My, my county, my county I've lived in before used to have a book. You could go down and pick it up and it had every driver's license in it at-- every license plate in it and every name. So they weren't able to do that in the past when they did that or has laws changed since then?

FRIESEN: I don't know where those records came from. That could have come from a company that was registered with DMV that had access to that. But currently you have to be registered with them, they have to approve you, and then you can access that system and obtain those records and then you're charged an appropriate amount for accessing those driver's license records.

GROENE: It says here in Section 1-- 60-483, the director shall assign a distinguished number to each operator's license issued and shall keep a record of the same which shall be open to public inspection by any person requesting an inspection of such record who qualifies under Section 20-- 60-2906 and 22-907 [SIC]. I guess I haven't read those, but those are only insurance companies?

FRIESEN: I-- this does not impact any laws that allowed you to access some kind of records. This is-- driver's license records, as in-- I suppose there's, there's accident reports, those types of things that you can have employers that either go to this third party or if they're large enough, they could register with this system, but the average individual cannot access the system. Whatever-- we're not changing your access to anything else that you had access to before. This is just updating or, or adding to that fee of those license records that were available.

GROENE: Thank you. Thank you, so it, so it's a fee increase from \$3 to \$8-- or no, \$7.50, I guess-- \$4.50 plus \$3, so it's a tax increase--

FRIESEN: No, it's--

GROENE: --to whoever that is or a fee increase.

FRIESEN: --a fee increase.

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GROENE: And local people won't pay this is what you're telling me?

FRIESEN: Right, this is, this is from companies that are registered with the DMV that have access to that system. These are the-- those are the people that would pay for that.

GROENE: Did, did you check with other states to see what their fees are?

FRIESEN: I think we're in the-- at, at the lower end yet of, of these fees, so we're not, we're not--

GROENE: After we increase it?

FRIESEN: Even after the increases.

GROENE: I would-- thank you, I'll check into that with my county treasurer or assessor and find out if I can find out anybody's license plate. I've done it. I've done it recently. So apparently they were breaking the law by giving me that person's name when I called in and said this person did a foul gesture to me and, and I called in, but I'll find out what-- how they interpret the law, so thank you, Mr. Friesen.

HILGERS: Thank you, Senator Friesen and Senator Groene. Senator Ben Hansen, you're recognized.

B. HANSEN: Thank you, Mr. Speaker. I was wondering if Senator Friesen would yield to a couple of questions?

HILGERS: Senator Friesen, would you yield?

FRIESEN: Yes, I would.

B. HANSEN: All right. I, I see the need for the bill. It makes sense to update a system that is as old as it is. And since the 1980s-- I think that's when I got my driver's license, in the '90s, and I remember waiting long lines to get my driver's license. And even today, that's a common complaint. I hear my, my constituents-- and I actually have an office right next to the county courthouse and I can see the lines and the frustration that people have with outdated system and their inability to get their license in, in an effective way. So just for some clarity, I think on my point-- and even for my constituents because I did have a couple of questions from constituents-- so, Senator Friesen, so somebody who is going to get a

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new license or update their driver's license, what can the average citizen see an increase in their fee, like, how much?

FRIESEN: Nothing.

B. HANSEN: Nothing.

FRIESEN: Zero.

B. HANSEN: OK, that's what I was wondering because you were talking about insurance companies mainly bearing the brunt of a lot of these fees.

FRIESEN: Right, this is meant just for those companies requesting driver's license data from the DMV. They could be insurance companies. They could be large employers, things like that, where they want to run your driver's license record, have access to that.

B. HANSEN: OK and how about purchasing a new car? Would there be any fees incurred with that at all with this?

FRIESEN: No.

B. HANSEN: OK and, and one other thing, you're saying it's probably going-- you're looking at implement-- implementation date of 2032-- so in about ten years-- to make sure this all gets implemented to build up the, the funds needed to update the system. Would you be open to maybe looking at putting a, a sunset clause into this so it doesn't become a reoccurring tax for a long time? So once they get the funds needed to update this system, can we put a sunset clause in there so that it ends after a certain time?

FRIESEN: That was, that was one of the questions that came up at the committee hearing and, and Rhonda Lam-- Director Lam explained that ten years from now, we don't know what the cost is of implementing or keeping the system running and so her request was not to put a sunset date on it at the time, but if the Legislature or they felt that they didn't need the money, they would lower that fee. But ten years from now, with increase in cost of their legacy system, which 50 cents of this is going to maintain their old system, she at least felt that there was no need for a sunset, but I don't-- I, I-- if somebody wants to put a sunset on there, I'm not exactly-- I wouldn't support it probably, but I'm not adamantly opposed to it either. She just made a good case that ten years from now-- you know, last time-- they didn't raise any of these fees since probably 20-some years and so I, I think when we look at that long time period in the future, we don't know

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what those costs are going to be, so the Legislature at any time can change those two if they wish and I think they also could lower this if they wanted to.

B. HANSEN: OK. I, I appreciate the explanation and it's something I wouldn't mind kind of working with you on a little bit, maybe between now and Select File. There-- maybe there's something we can work out, maybe, hopefully, that might be appropriate for something such as this because, again, we're, we're, we're trusting our government to, in ten years, lower the fees again when they don't need them and that's what scares me the most because I have a feeling they won't. So I appreciate the explanation, Senator Friesen, and that's all. Thank you.

HILGERS: Thank you, Senator Friesen and Senator Hansen. Senator Clements, you're recognized.

CLEMENTS: Thank you, Mr. President. As a independent insurance agent, I am a user of this feature to look up driver's licenses. When I have a person that comes in and applies for car insurance, I usually need to look up if they have any accidents and tickets on their record so I can give them a quote that's accurate. And so I have been a subscriber to this service and, and I didn't really realize what the fee was. Thought it-- the \$3.50 prob-- or \$3 does sound familiar to me, but adding \$4.50 to a \$3 fee is quite a bit. It seems like we're adding a fee to those of us who use part of this system, but I-- the way it reads to me, all driver's license issuing is going to be affected by this system. Would Senator Friesen yield to a question?

HILGERS: Senator Friesen, would you yield?

FRIESEN: Yes, I would.

CLEMENTS: Does this system-- will this system be used to issue everyone's driver's license?

FRIESEN: Yes, that is the system that they're going to replace as a new system of issuing driver's licenses.

CLEMENTS: But was there any talk about why they're only raising fees on insurance companies, insurance agents, and not just the general public?

FRIESEN: That-- I guess we could be open to doing that too. We probably-- DMV just thought this was probably the most appropriate place to put it because we're the lowest in the country when it comes

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to accessing those fees. The, the average cost-- I just looked here-- is around \$10.16 for accessing a record, so we're really on the bottom end yet.

CLEMENTS: I see and issuing a driver's license fee itself, where are we regarding that?

FRIESEN: That I can't answer, no.

CLEMENTS: All right. I-- well, it looks like to me they're finding the people that don't have very much voice-- I think they know of a fee increase in general with the general public, it would be harder to get through and probably have a lot more objection. As an insurance agent, I suppose that I can absorb this. It'll just come out of my operating costs as I look up driver's license records on the system. The system that they've had worked pretty well. You could search for a person's name-- I think you needed their birthdate-- and I've found it to be useful, but if they're thinking they're needing upgrading software, I can understand that too. And, and I do think it has been many years since the \$3 has been increased, so I guess I'll have to shell out a few more dollars out of my business. It just was-- not sure that this is the real appropriate place for somebody-- a few people to pay for the benefit to everyone and that would be my only issue with it. Well, thank you, Senator Friesen, and I, I don't think I'm going to object to this, but I-- we already did have a hearing--

HILGERS: One minute.

CLEMENTS: --with the Department of Motor Vehicles in Appropriations. We did approve the amount the Governor had recommended in their budget. They did not come into Appropriations asking for this and running this through the Transportation Committee, apparently. So with that, thank you, Mr. President.

HILGERS: Thank you, Senator Friesen and Senator Clements. Senator Moser, you're recognized.

MOSER: Good morning, colleagues, once again. As part of the discussion of this in committee, Director Lam told about the existing computer system and said that it costs 65 percent more, up to \$350,000 in the next biennium to maintain that computer system. And eventually it will get to the point where nobody supports it. It, it would not be maintainable, probably. So that puts us in a situation where we have to upgrade the computer. The question is how we're going to pay for it. Well, if we don't charge more for records, we could take it out of

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the General Fund. We could appropriate money from the Legislature, but that's going to be tax money. This form of user fee, so to speak, paying for it, I think is the best solution because it will be paid by insurance companies and employers who want to know about people's driving record. And if \$7.50 is too much money to pay for those records, they, they can decide on their own if they want to request them or not. You know, it's not something that the general public is necessarily going to pay out of their pocket. It's something that somebody who is going to pay that needs that information to decide whether this employee is qualified to fulfill a job or whether the insurance company is assuming a bad risk because they have a bad driving record. So it's, it's a calculation on the business' part as to whether they want to pay the fee to get that information and it's so expensive, it's going to take a number of years to pay for it. So I'm going to vote for it. I voted for it in committee and I'm going to vote for it from the floor. Thank you.

HILGERS: Thank you, Senator Moser. Seeing no one else in the queue, Senator Friesen, you're recognized to close on LB106.

FRIESEN: Thank you, Mr. President. Sorry for the delay there. Again, this is, this is a fee that is, is charged to anyone accessing those records. Again, we're, we're near the bottom. I think the average across the country, that we surveyed at least, was-- \$10.16 was the average price of retrieving these records, so if we're still at \$7.50, we're still towards the bottom end of that range. This does give the, the DMV the revenue that it needs to maintain its legacy system, as 50 cents of that fee goes to maintain that system. And the implementation date shall be no later than-- that's kind of what it spells out in here and so if things would go well, they could actually implement it sooner. But again, not knowing the cost of that system and what the maintenance and, and what the different parameters they're operating under in-- by the year 2030, I at least didn't feel that there was a need for a sunset provision, but we can sure discuss that. It just seems to me that this system-- again, this is one of those things where we don't update fees or systems very often, but they're expensive systems and the technology changes so fast. I, I think the approach that DMV is using is a, a valid one where they're using-- trying to put the money away ahead of time so they don't come to the Appropriations Committee for revenue. They're finding a way to fund it themselves in a reasonable manner and they're approaching it, I guess, from a, from a fiscal standpoint that I appreciate. So with that, I ask for your green vote on LB106. Thank you, Mr. President.

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HILGERS: Thank you, Senator Friesen. The question before the body is the advancement of LB106 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Have all those voted who wish to? Record, Mr. Clerk.

ASSISTANT CLERK: 26 ayes, 1 nay on the motion to advance the bill, Mr. President.

HILGERS: The bill is advanced. Next bill.

ASSISTANT CLERK: Mr. President, the next bill is LB113, introduced by Senator Albrecht. It's a bill for an act relating to transportation; to change provisions relating to electronic certificates of title, postage handling fees for specialty license plates, examination of operator's license applicants, seasonal permits, driver education training courses, unified carry registration plan and agreement; authorize building, implementation, and maintenance of a new Medicare services system for the issuance of vehicle registration and assessment of fuel tax; changes apportionable vehicles [INAUDIBLE]; to eliminate temporary farm permits; provide operative dates; repeal the original section; declare an emergency. The bill was introduced on January 7 of this year, referred to the Transportation and Telecommunications Committee. That committee passed the bill on General File with no committee amendments.

HILGERS: Thank you, Mr. Clerk. Senator Albrecht, you are recognized to open on LB113.

ALBRECHT: OK, thank you, Speaker Hilgers. Members of the Legislature, I'm pleased to introduce LB113 on behalf of the Department of Motor Vehicles. I'd like to thank the members of the Transportation and Telecommunications Committee for advancing the bill out of committee. This is a joint update bill introduced annually to keep the DMV consistent with the federal laws and regulations. The purpose of the bill is twofold; number one, to update and harmonize the DMV statutes and the second is to establish a funding mechanism for the modernization of the DMV's Motor Carrier Services Division computer system. The bill provides for the availability to electronically add, change, or remove a beneficiary designation on a motor vehicle or motor boat title upon death. It allows the department to charge the cost of postage and handling fees to mail specialty plates directly from the production-- from production to the customer. The same provision is currently in statute for county treasurer offices who mail plates to customers on a routine basis. One thing I might have to fix on the next round because it's not here, but I've prepared an

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amendment specific to the new sections establishing that they will be remitted to the state treasurer for credit to the DMV for a cash-- for their cash fund. There's going to be an AM226, but I don't think you have it. Do you? No. It was through the agency, so I thought they had prepared it, so we'll have to get to that in the second round. The bill modifies two provisions related to the driver's safety instruction-- instructors and courses. Section 26 allows the director to approve driver's safety instructions to administer Class O, which is passenger vehicle, vehicle driver's test, allowing more flexibility and convenience for customers. And Section 31 of the bill changes the required time from eight hours to four hours for those attending a driver education training course when they've been revoked due to a 12 point accumulation on their license. The bill makes revisions regarding two different permit types. First, it removes the provisions and fees for the obsolete six-month temporary farm permit. The bill makes no changes to the regular farm permit. Second, it changes the provisions for the restricted commercial driver's license. It will eliminate the necessary-- the necessity for the restricted commercial driver's license holder to annually visit the Department of Motor Vehicle Office and pay a fee to continue to have their valid commercial driver's license if they choose to have the same seasonal period each year. The bill removes a \$100 fee to reinstate the unified carrier registration plan applicant after suspension or revocation of which is not consistent with the other provisions of the statute. Second part of the bill provides a funding mechanism for the modernization of the Department of Motor Vehicle Carrier Services' computer system. The system is used for the issuance of motor carrier registrations and the assessment of the motor carrier fuel tax. The current system is outdated-- is an outdated legacy system built in the 1990s, which has technological limitations and outdated programming. The department has been working in conjunction with the Nebraska Trucking Association to outline plans for the modernization. The executive director of the Nebraska Trucking Association testified at the committee hearing that the association is in full support of the project. To fund the modernization project, the bill changes the base registration fee for commercial carriers, realigns the distribution, and establishes a fund for the modernization of the Motor Carrier Service computer system. A provision outlines when the funds are sufficient to pay for the system modernization fee, the fee will be reduced to an amount to cover the maintenance of the system. I ask for your support of LB113 and urge the advancement to Select File. Thank you, Mr. President.

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HILGERS: Thank you for your opening, Senator Albrecht. Debate is now open on LB1113-- I'm sorry, LB113. Seeing no one in the queue, Senator Albrecht, you're recognized to close. Senator Albrecht waives closing. The question before the body is the advancement of LB113 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Have all those voted who wish to? Record, Mr. Clerk.

ASSISTANT CLERK: 34 ayes, 1 nay on the advancement of the bill.

HILGERS: The bill is advanced. Next bill.

ASSISTANT CLERK: Next bill, Mr. President, LB149, introduced by Senator Albrecht. It's a bill for an act relating to motor vehicles; to redefine terms; to adopt updates to federal law and update certain federal references; provide a requirement to comply with federal law in the definition of low-speed vehicle; to use certain disciplinary or registration actions under the International Registration Plan Act; repeal the original sections. The bill was introduced on January 8 of this year, referred to the Transportation and Telecommunications Committee. That committee placed the bill on General File with no committee amendments.

HILGERS: Thank you, Mr. Clerk. Senator Albrecht, you're recognized to open on LB149.

ALBRECHT: Thank you, Speaker Hilgers. Members of the Legislature, again, I'm pleased to introduce LB149 on behalf of the Nebraska State Patrol and the Department of Motor Vehicles. I'd like to thank the members of the Transportation and Telecommunication for advancing the bill out of committee. This is a joint update bill introduced annually to keep the DMV and the Nebraska State Patrol consistent with federal laws and regulations. LB149 adopts the most recent version of the federal laws and regulations in effect as of January 1, 2021. It strikes January 1, 2020, and inserts January 1, 2021, in references relating to motor carrier safety and, and registrations, low-speed vehicles, handicapped parking permits, commercial driver's license issuance, hazardous materials, seatbelts, and protection of the records. This retains Nebraska's compliance with the Fixing America's Surface Transportation Act and ensures that the Department of Motor Vehicle maintains appropriate standards for informal dispute settlement procedures for the automobile warranties, which is the Lemon Law. LB149 allows action to be taken on a motor carrier registration who has not complied-- compiled with-- complied, sorry, with the safety standards and provisions of the International Registration Plan and the Performance and Registration Information

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Systems Management Program, referred to as PRISM, and are attempting to operate as what is known as the chameleon carrier. The intent is to prevent carriers from reregistering when the business is operated, managed, or otherwise controlled by or affiliated with a person who is ineligible. Maintaining alignment between federal regulations, state statutes, and operational activities ensures Nebraska remains compliant with the federal requirements and the eligible-- and is eligible to receive 100 percent of the allotment of federal highway funds. I ask for your support of LB149 and urge the advancement of the bill to Select. Thank you, Mr. President.

HILGERS: Thank you for your opening, Senator Albrecht. Debate is now open on LB149. Seeing no one in the queue, Senator Albrecht, you're recognized to close. Senator Albrecht waives closing. The question before the body is the advancement of LB149 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Have all those voted who wish to? Record, Mr. Clerk.

ASSISTANT CLERK: 36 ayes, 0 nays on the advancement of the bill, Mr. President.

HILGERS: The bill is advanced. Next bill, Mr. Clerk.

ASSISTANT CLERK: LB174, introduced by Senator Friesen, is a bill for an act relating to transportation; change provisions relating to the state highway system, the Board of Public Roads Classification and Standards, licensure under the County Highway and City Street Superintendents Act, incentive payments, distribution of highway funds, county superintendents, street superintendents, Board of Examiners for County Highway and City Street Superintendents; to redefine terms; change provisions relating to accident reports and the Nebraska Rules of the Road; harmonize provisions; repeal the original sections. The bill was introduced on January 8, referred to the Transportation and Telecommunications Committee. The committee placed the bill on General File with no committee amendments.

HILGERS: Thank you, Mr. Clerk. Senator Friesen, you're recognized to open on LB174.

FRIESEN: Thank you, Mr. President. Good morning, colleagues. LB174 is Nebraska Department of Transportation's annual omnibus bill. It is intended to modernize sections of law that have been outdated, streamline certain department responsibilities, and make it easier for the public to interact with the department. Most of the sections of the bill are simple technical changes, but there are a few substantive

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changes in some sections. The bill updates the County Highway and City Street Superintendent Licensing Program by combining two licenses into one streamline-- one that streamline the program. The bill also removes the requirement for operators to file a crash report if the crash is investigated by a peace officer and increases the threshold for reporting a motor vehicle crash from \$1,000 to \$1,500. This figure hasn't been updated since 2004. The bill had no opposition, was advanced unanimously from committee. I'd appreciate, appreciate your vote on LB106. Thank you, Mr. President.

HILGERS: Thank you, Senator Friesen. Debate is now open on LB174. Seeing no one in the queue, Senator Friesen, you're recognized to close. Senator Friesen waives closing. The question before the body is the advancement of LB174 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Have all those voted who wish to? Record, Mr. Clerk.

ASSISTANT CLERK: 33 ayes, 0 nays on the advancement of the bill, Mr. President.

HILGERS: The bill is advanced. Next bill, Mr. Clerk.

ASSISTANT CLERK: LB302 was introduced by Senator Matt Hansen. It's a bill for an act relating to the Motor Vehicle Operator's License Act; to change provisions relating to the operator's license revocation; repeal original sections. This bill was introduced on January 12, referred to the Transportation and Telecommunications Committee. That committee placed the bill on General File with committee amendments attached.

HILGERS: Thank you, Mr. Clerk. Senator Matt Hansen, you're recognized to open on LB302.

M. HANSEN: Thank you, Mr. President, and good morning, colleagues. I rise today to introduce LB302, which makes a minor, yet important change to laws related to administrative license revocation. Currently, if a person is cited by police and charged with a DUI, then that person's operator's license is confiscated by the police and is temporarily suspended or revoked by the DMV until the criminal case alleging the DUI is resolved. This obviously makes sense, as we don't want people to be able to keep their license to continue to drive while they have a DUI pending. Current law also provides that if the prosecutor declines to file charge of DUI or if the person is charged with the DUI, but is found not guilty or otherwise wins a hearing to dismiss, then that person's driver's license is automatically

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reinstated. However, this process in current law leaves out one possible outcome and thus creates a problem for a number of individuals. Specifically, if the prosecutor files the charge, but then later reconsiders and dismisses the case, the law does not provide for automatic reinstatement, even though that is functionally the same as the prosecutor never filing the charges in the first place. LB302 would correct this apparent oversight. So to summarize, the bill amends Section 60-498.02 to provide if a person is cited by police, is charged with driving under the influence, but is subsequently-- the prosecuting attorney decides to dismiss the charge, then that person could similarly have their license automatically reinstated. I'll note that LB302 was supported by both the Nebraska Criminal Defense Attorneys Association and the Nebraska County Attorneys Association, had no opposition, and was voted out unanimously. So again, both prosecutors and defense attorneys. There's also a committee amendment, which includes a technical clarification for certain cases prosecuted under city code, which was brought at the request of the city of Omaha, which I'd encourage the body to support. With that, I would encourage the body to support the committee amendment and LB302. Thank you, Mr. President.

HILGERS: Thank, thank you for your opening, Senator Hansen. As the Clerk mentioned, there is an amendment from the Transportation and Telecommunications Committee. Senator Friesen, you're recognized to open on the amendment.

FRIESEN: Thank you, Mr. President. This amendment is just a, a technical change and helping that-- Douglas County and the city of Omaha and make sure that the way they prosecute these cases is uniform. So it's merely a technical kind of amendment to make sure that Douglas County and the city of Omaha follows the same statutes. Thank you, Mr. President.

HILGERS: Thank you, Senator Friesen. Debate is now open on AM49. Seeing no one in the queue, Senator Friesen, you're recognized to close. Senator Friesen waives closing. The question before the body is the adoption of AM49. All those in favor vote aye; all those opposed vote nay. Have all those voted who wish to? Record, Mr. Clerk.

ASSISTANT CLERK: 35 ayes; 0 nays on the adoption of the committee amendments.

HILGERS: The amendment is adopted. Continuing, continuing debate on LB302. Seeing no one in the queue, Senator Hansen, you're recognized to close. Senator Hansen waives closing. The question before the body

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is the advancement of LB302 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Have all those voted who wish to? Record, Mr. Clerk.

ASSISTANT CLERK: 40 ayes, 0 nays on the advancement of the bill.

HILGERS: The bill is advanced. Next bill.

ASSISTANT CLERK: LB148 was introduced by Senator Bostelman. It's a bill for an act relating to public health and welfare; to adopt the Environmental Safety Act; to transfer powers and duties from the Department of Health and Human Services to the Department of Environment and Energy; define and redefine terms; change provisions relating to testing of water samples, issuance of license and permits, fees, water well contractors, recreation camps, swimming pools, mobile home parks, drinking water; provide powers and duties regarding conflicts of interest and expenses of Water Well Standards and Contractors' Licensing Board; create funds; to harmonize provisions; repeal the original sections; declare an emergency. The bill was introduced on January 8, referred to the Natural Resources Committee. That committee placed the bill on General File with committee amendments.

HILGERS: Thank you, Mr. Clerk. Senator Bostelman, you're recognized to open on LB4-- LB148.

BOSTELMAN: Thank you, Mr. Speaker, and good morning, colleagues and Nebraska. LB148 transfers statutory powers, duties, responsibilities, obligations, employees, and funds for environmental programs relating to swimming pools, recreation camps, mobile home parks, private water supply, and private sewage home loan inspections from the Department of Health and Human Services to the newly created Environmental Safety Act, which will be managed by the Department of Environment and Energy. The bill will also-- the bill also creates two new cash funds, the Environmental Safety Cash Fund and the Engineering Review Cash Fund, which will be used operationally to carry out the duties of the Environmental Safety Act. LB148 also transfers the Nebraska Safe Drinking Water Act from DHHS to DEE and places the Water Well Standards and Contractors' Practice Board under the Water Well Standards and Contractors' Practice Act. I introduced this bill at, at the request of the Department of Environment and Energy. Since 2017, DEE and the Department of Health and Human Services have been operating under a set of memorandums of agreement, which granted DEE the operational responsibilities and duties of the programs being transferred in this bill. In essence, the Department of Environment

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and Energy is already managing these programs and LB148 will officially transfer these powers under Nebraska statute. There was no opposition to LB148 and the bill was voted out of committee with an 8-0 vote. I therefore ask for your green vote on LB148 and its advancement to Select File.

HILGERS: Thank you, Senator Bostelman. As the Clerk noted, there are amendments from the Natural Resources Committee. You're recognized to open on the committee amendment.

BOSTELMAN: The, the amendment is strictly technical in nature. The-- it strictly adds the word "both" after the word "water" insert "and wastewater" and it's strictly clarifying language only.

HILGERS: Thank you, Senator Bostelman. Debate is now open on AM28. Seeing no one in the queue, Senator Bostelman, you're recognized to close. Senator Bostelman waives closing. The question before the body is the adoption of AM28. All those in favor vote aye; all those opposed vote nay. Have all those voted who wish to? Record, Mr. Clerk.

ASSISTANT CLERK: 35 ayes, 0 nays on the adoption of committee amendments.

HILGERS: The committee amendments are adopted. Continuing debate on LB148. Seeing no one in the queue, Senator Bostelman, you're recognized to close. Senator Bostelman waives closing. The question before the body is the advancement of LB148 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Have all those voted who wish to? Record, Mr. Clerk.

ASSISTANT CLERK: 40 ayes, 0 nays on the advancement of the bill.

HILGERS: The bill is advanced. Next bill, Mr. Clerk.

ASSISTANT CLERK: LB253, introduced by Senator Williams. It's a bill for an act relating to series limited liability companies; to change series limited liability company provisions relating to filing fees and limitation of powers; provide an operative date; repeal the original sections; declare an emergency. The bill was introduced on January 11, referred to the Banking, Commerce and Insurance Committee. That committee placed the bill on General File. There are no committee amendments.

HILGERS: Thank you, Mr. Clerk. Senator Williams, you're recognized to open on LB253.

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WILLIAMS: Thank you, Mr. President, and welcome back to Banking. LB253 is a bill I introduced at the request of the Secretary of State. The bill first would fix two oversights in the Nebraska Uniform Limited Liability Company Act and second, would make one clarification in the Uniform Protected Series Act. All of the changes are focused on what we call protected series. Our LLC act was first enacted in 2010 and then our series LLC act came along by way of bills passed in 2018 and 2019, the latter of those being my LB78. All series LLC changes had a January 2021 operative date. An LLC that wishes to establish protected series must file a protected series designation with the Secretary of State, then that LLC can act as a series LLC and create a protected series. The Protected Series Act provides a comprehensive framework for the formation of an operation of series LLC. A series LLC has horizontal-- horizontal liability shields as well as standard vertical liability shields. The horizontal shields protect each protected series and its assets from liability for the debts of the series LLC and for the debts of any other protected series of that series LLC. The Uniform Protected Series Act was drafted as what the uniform commissioners call a module to be inserted into the enact-- enacting state's existing LLC act. Nebraska followed that scheme. One aspect of that scheme is that the Protected Series Act, as a model-- module in the LLC act, does not have to have its own separate fee schedule section. In the process of creating our Protected Series Act, provisions regarding protected series filings were added to the fee schedule of the LLC act, but there were two oversights. Therefore, the bill would add provisions referencing a filing fee for filing a statement of designation when filed as part of a merger. Next, the bill would add provisions referencing a filing fee for filing a statement of designation change to amend a protected series designation. These are the two fixes of the oversights. Finally, the bill would make an explicit-- make explicit something that was generally been understood to be the case. The bill would amend the series LLC act to make clear that a protected series may not render professional services. This relates only to a protected series. An LLC can still render professional service just like always. Again, the change would apply only to a protected series. Those are the fix-up and clarification changes from the Secretary of State. At the hearing, the bill was supported by the Office of the Secretary of State. There were no opponents. The bill advanced from the Banking, Commerce and Insurance Committee on an 8-0 vote and I would encourage the advancement of the bill. Thank you, Mr. President.

HILGERS: Thank you, Senator Williams. Debate is now open on LB253. Seeing no one in the queue, Senator Williams, you're recognized to

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close. Senator Williams waives closing. The question before the body is the advancement of LB253 to E&R Initial. All those in favor of aye, all those opposed vote nay. Have all those voted who wish to? Record, Mr. Clerk.

ASSISTANT CLERK: 42 ayes, 0 nays on the advancement of the bill.

HILGERS: The bill is advanced. Next bill.

ASSISTANT CLERK: LB503, introduced by Senator Flood. It's a bill for an act relating to the Nebraska Trust Deeds Act; to authorize attorney's fees to be paid from trustee's sale proceeds for certain actions and judgments; harmonize provisions; repeal the original sections. The bill was introduced on January 19 of this year, referred to the Banking, Commerce and Insurance Committee. That committee placed the bill on General File. There are no committee amendments.

HILGERS: Thank you, Mr. Clerk. Senator Flood, you're recognized to open on LB503.

FLOOD: Thank you, Mr. President. Good morning, members. LB503 allows a lien holder to obtain an award of reasonable attorney's fees and court costs interpleader actions resulting from an objection or-- two, or uncertainty of the proposed payment of proceeds of a trustee sale if the objection is found by a trial judge to be without good faith or reason. It's, it's a seemingly complicated bill on its face, but here's the practical application. Let's say I'm a borrower and I am buying a house and I go to a bank owned by Senator Pahls to get my first loan and then I get a secondary loan from Senator Lindstrom and I default on my loan. In that situation, obviously, the trustee under the deed of trust initiates an action to sell the home that I bought on this loaned money. And let's say that after the proceeds, the loan-- or after the proceeds of the sale are finished, there's \$10,000 left over for the junior lien holder. In my example, that would be Senator Lindstrom. So Senator Pahls's is paid back, but Senator Lindstrom's bank is still owed money and there's \$10,000 left over and the deed of trust operated the way it should. The trustee sold my house. Well, let's say I have no good reason to object about the junior lien holder getting the \$10,000 that's left over from the proceeds of the sale and I go to court and I get to court and the trial judge finds that I had no reason to object, I had frivolous grounds, and that it doesn't make sense that we're even there. Well, if we go to court, that action is called an interpleader action. That's where the, the trustee-- the deed-- the trustee of-- under the deed of trust says the only way to settle this objection from the

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borrower is to go to court and let the judge decide. Well, that's expensive and Senator Lindstrom's bank is probably out more than \$10,000 and now they've got to pay to go to court. And this basically says to the borrower, if you're going to claim something that has no merit and you're going to fight and object to the process, then you have to be prepared to pay the reasonable attorney's fees. And the reason I agreed to carry this is that in my prior service, I had introduced a bill similar for people on child support liens. Essentially, what would happen, people get divorced. It's no surprise. Sometimes they don't get along very well after the divorce and let's say mom and dad are out there. Dad decides he's going to get a new house with his new girlfriend. That doesn't go over very well with his ex spouse. Well, in order to buy that house, he has to sell his, which requires the child support lien to be released by the mother of his child, his ex-wife, and sometimes in those cases, the, the spouse that has to release the lien would say no. And so I passed a law about ten years ago that says if you have no basis to say no and they're clear on child support, then the lien is released and the, and the judge agrees, you have to pay their attorney's fees. So this is the same concept. We're just doing it in a situation where we're talking about borrowing some money and we're-- and there's a deed of trust involved and there's a trustee involved. That action that we're talking about in this case is an interpleader action in the court system. So I would urge your adoption of this. The Banking Committee advanced it unanimously and I would be happy to answer any questions if anybody here has any. Thank you, Mr. President.

HILGERS: Thank you for opening, Senator Flood. Debate is now open on LB503. Senator Machaela Cavanaugh, you are recognized.

M. CAVANAUGH: Thank you, Speaker Hilgers. Good morning, colleagues. I'm just trying to catch up as quickly as I can on this. It seems like it's dealing with court fees. I wonder if Senator Flood would yield to a question?

HILGERS: Senator Flood, would you yield?

FLOOD: Yes.

M. CAVANAUGH: Thank you. So is this dealing with court fees? Is that correct?

FLOOD: No, this is dealing with interpleader actions where the trustee under a deed of trust has an objection between where the proceeds of sale under the deed of trust goes, whether it go to the junior lien

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holder, for instance, or to the borrower based on the borrower's objection or mutual objections and basically says you have to have a good faith reason if you are going to object and force the interpleader action into the court system.

M. CAVANAUGH: And does it define what a good faith reason is?

FLOOD: I believe it does.

M. CAVANAUGH: OK, so-- but if you take somebody to court and you don't have a good faith reason, then you have to pay the court fees?

FLOOD: You have to pay the costs, the reasonable cost of attorney's fees for the party that incurs them that is-- that prevails at the-- in court.

M. CAVANAUGH: So what if the people that are making the, the objection are not necessarily well informed?

FLOOD: Well, I think that we all have to take personal responsibility and if you have a legitimate reason, you'd have to plead that in front of the court or tell the court what your reason is. If you decide to do it just to do it, I don't think that's a fair process to a lien holder that is probably not going to be made whole because of your default and so--

M. CAVANAUGH: So--

FLOOD: --there are consequences to defaulting on a loan.

M. CAVANAUGH: So if somebody were to take somebody to court over the-- this, would they have to have a lawyer?

FLOOD: No.

M. CAVANAUGH: So an individual could take somebody to court without a lawyer and perhaps not understand that their reason didn't have grounding?

FLOOD: Well, it's possible that they could not understand that, but it would be the consequence of-- the bigger problem is they defaulted on a loan.

M. CAVANAUGH: OK and how often does this happen?

FLOOD: Very rare.

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M. CAVANAUGH: What's rare?

FLOOD: Two or three times a year--

M. CAVANAUGH: OK.

FLOOD: --is what I was told and I haven't independently verified that.

M. CAVANAUGH: OK, thank you. I yield the remainder of my time to the Chair.

HILGERS: Thank you, Senator Flood and Senator Cavanaugh. Senator Wayne, you're recognized.

WAYNE: Colleagues, I'm not going to hold this up. I probably will have a longer conversation on Select File. My, my concern is, is-- and I'm an attorney and so typically attorney fees are awarded if there is frivolous action. Typically the standard of good faith really isn't defined throughout statute and it's left to a judge, but what's clear typically is if it's frivolous. If it's frivolous underneath Nebraska statutes, you can ask a judge to award attorney fees. I'm not sure, as I'm not on Banking-- and again, part of it is the transcripts aren't up and we're early in the process and I'm reading through the bill. I-- one, good faith is not defined in the bill. There is another section of law that deals with good faith. And there's some arguments around case law that deal with good faith in negotiating, particularly with property owners and things like that. But when it comes to raising the bar from frivolous, which is a pretty high standard-- if you have a frivolous lawsuit, there's, there's no basis-- good faith concerns me and what concerns me right now has nothing to do with this really deed, but it's the ability-- what I see happening in Douglas County around evictions and people going in and talking and they're often represented by themselves. And then when I look at what happened to bring Senator Williams to bring a bill last year regarding notices of people who are getting filed liens and you have million-dollar estates who are being taken from widowers who don't know what's really going on because of notices and we dealt with that issue last year. I'm not sure what good faith means and so I'm just raising some concerns. I won't vote on this going to Select File. I'll work with Senator Flood to figure out a little bit more about how this works in court, but it does concern me being on the opposite end. Now if I'm collecting the fee, it's always good, but on the opposite end of good faith versus a frivolous lawsuit or a frivolous action is typically where I see damages of attorney fees awarded. So it does concern me, but not enough for me to hold it up and ask a dialog because--

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primarily is I need to do more research on it before I can vote one way or another. Thank you, Mr. President.

HILGERS: Thank you, Senator Wayne. Senator Machaela Cavanaugh, you are recognized.

M. CAVANAUGH: Thank you, Mr. Speaker, and I will be brief. I just wanted to follow up with some of my thoughts on this. I also will be-- I will be present, not voting on this at this point in time. I'd be interested to see how this bill develops between General and Select if it does move forward. My concern is that we are limiting people's ability to seek the judicial process that is available to them by putting other restrictions up. And so I am interested to learn more about this bill. At this time, I won't be supporting it, but I appreciate Senator Flood for bringing the bill and for talking about it and I yield the remainder of my time. Thank you.

HILGERS: Thank you, Senator Cavanaugh. Senator Clements, you are recognized.

CLEMENTS: Thank you, Mr. President. I stand in support of this bill. As a small-town banker, I have had the opportunity to be in deed of trust arguments, but I haven't ever had this particular event happening. It was asked as to how often does this happen? I don't think in 40 years I've had this particular challenge, but I just wanted to comment that with a deed of trust, this has been-- this has gone through the foreclosure process. The borrower has had several months, at least three months of warning of defaults. And there have been quite a bit of process up to the point where we're talking about distributing after the sale of the property. And if somebody had a challenge to whether the second mortgage, second deed of trust was really valid, I don't think that would be frivolous if they found that you didn't get your paperwork filed correctly, if they think it would be proper to challenge the distribution of the proceeds. But in the event that all the filings have been done properly by the second lien holder, I don't think there is any reason to have another longer, drawn-out period. It's-- it looks like it could be just a borrower trying to delay the payment to the lender and kind of to punish them because they're upset with how the transaction went. So I am in support of this and I think it's a reasonable request. Thank you, Mr. President.

HILGERS: Thank you, Senator Clements. Senator Wayne, you are recognized.

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WAYNE: Thank you, Mr. President. I, I am going to stay focused this year and not go everywhere so-- Senator Groene earlier tried to get me going on public power and I didn't fall for it this time, but Senator Clements raises a point. If this is a non-issue, why are we passing a bill? And that's the skepticism behind where I'm coming from. When I see the bankers supporting a bill for attorney fees, it raises an issue or a concern for me and if this is such a non-issue, then why are we passing it? I often hear the phrase that I don't always agree with, a solution in search of a problem, and that's what I see this bill is now. If, if a, if a community banker over 40 years has never experienced it, the bill introducer says maybe once or twice, but we're unclear, then we got to question the motive about why we are moving the right for an attorney to collect fees. Well, my thought is if you have a small farmer who took a loan out from a cousin or a relative and somehow gets tied up in this and you have a big law firm from Omaha who comes in who's going to do \$10,000 to \$15,000, as Speaker Flood-- Former Speaker Flood already said on the mike that it could raise \$10,000, then maybe that small farmer doesn't have the ability to go hire an attorney and fight that \$10,000 knowing that this could be not in good faith because we don't define it. So this is about people taking people's properties-- let's keep it clear on that-- and then not having the ability to hire an attorney with the backdrop of maybe having to pay the-- somebody else's attorney fees. I think we should have a broader discussion and I think we probably will on Select, as I dig a little deeper into this. And it may be a non-issue, but I don't think we're doing the service to the state. There's been a couple other bills that we've already passed through dealing with access to courts and rights that we don't actually debate it. We don't actually debate it because we don't have people here who are reading every single bill and looking for these basic things about fee increases or the ability to charge an attorney or attorney to charge \$10,000 in fees to a bank and the bank pass that on. I just got some concerns about it, so thank you, Mr. President, and I yield the remainder of my time.

HILGERS: Thank you, Senator Wayne. Senator Williams, you're recognized.

WILLIAMS: Thank you, Mr. President, and I stand as Chairman of the Banking Committee. This bill was referenced, as you, as you see, to the Banking Committee, but I wanted to talk just very briefly about the process and how this process is supposed to work in this body. None of us can look at all the bills. The bills are referenced to certain committees that have expertise in those areas. The Banking Committee takes pride in its work and what it does. Please take note

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that this was advanced out of the Banking Committee on a unanimous vote, 8-0. There was no opposition testimony. So those people that had concerns about these bills-- that this is their industry, that they watch it, had every opportunity to come to this public hearing and, and raise the concerns that have been raised on the floor today. I'd like to also say that I think those of us that are in this body have to trust these committee statements. We've seen an example already on the floor today where a bill was advanced out of committee unanimously and then several members of that committee chose to not vote for that bill on the floor. I don't understand that. I think that destroys the confidence and trust that we have in each other in watching these matters move forward and I would caution all of us in this body when you conduct yourselves in that manner. So I would again suggest this bill needs to move forward. It was advanced unanimously out of the Banking Committee. Thank you, Mr. President.

HILGERS: Thank you, Senator Williams. Seeing no one else in the queue, Senator Flood, you are recognized to close.

FLOOD: Thank you, Mr. President. Members, I appreciate the conversation on this and I will look forward to working with Senator Wayne and Senator Machaela Cavanaugh as we proceed to Select File and, and make sure they understand where I'm coming from and, and better understand what we can do to abate any concerns. I think it's important to remind folks that, you know, the banking system works in America, in this country, because we are regulated and we make sure that if you promise to pay, there's enough security to keep the bank on the right side of the ledger and to protect everyone's interests because at the end of the day, it's everyone's money in the bank. And this is a process in Nebraska that is not often used, but I can, on Select File, bring you some credible evidence, I think, of a situation in Nebraska where this would have made a lot of sense. As for the good faith standard, I essentially copied the same language and intent that came from the child support lien statutes that I was involved in before and I applied the same approach in this, in this bill. So I understand if you're present, not voting. I understand if, if you vote no at this point, but I would ask for you to advance it knowing that I will work with both Senator Wayne and Senator Machaela Cavanaugh between now and Select. Thank you, Mr. President.

HILGERS: Thank you, Senator Flood. The question before the body is the advancement of LB503 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Have all those voted who wish to? Record, Mr. Clerk.

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ASSISTANT CLERK: 38 ayes, 0 nays on the advancement of the bill, Mr. President.

HILGERS: The bill is advanced. Next bill.

ASSISTANT CLERK: LB532 was introduced by Senator Lowe. It's a bill for an act relating to property; to rename a property fund; change provisions relating to the Uniform Disposition of Unclaimed Property Act and the School Employees Retirement Act; changes security deposit provision of the Uniform Residential Landlord Tenant Act; harmonize provisions; and repeal the original sections. This bill was introduced on January 19, referred to the Banking, Commerce and Insurance Committee, placed on a General File with no committee amendments.

HILGERS: Thank you, Mr. Clerk. Senator Lowe, you're recognized to open.

LOWE: Thank you, Mr. Speaker. LB532 is a bill brought to me by the unclaimed property division of the State Treasurer's Office. This bill is a cleanup bill that makes a few changes. First, it renames the Unclaimed Property Escheat Trust Fund to the Unclaimed Property Trust Fund by striking the word "escheat." This term means that the state receives control of something. That is not technically what happens with the Unclaimed Property Trust Fund, so it makes sense to remove the word. Second, it allows the Treasurer's Office some discretion which items to maintain in a safe deposit box. Items with no commercial value may be destroyed by the Treasurer's Office. Examples of this would be them throwing away an envelope or an empty money sleeve. Next, the bill receive-- bill removes the aggregate reporting limit. Holders reporting unclaimed property may remit smaller items as one lump sum with no breakdown of the proper ownership. Companies would be required to include name, address, and amount for all of these items reported. This change will make it easier to return more funds to their rightful owners. Fourth, it allows for the deferral of reporting the amounts under \$50. A company would hold the funds until the first year they have at least \$50 to report. Next, the bill adds authorization for the Treasurer to donate unclaimed property to a nonprofit when the claimant elects for that option. Lastly, it changes the reporting requirement of landlords from remittance after 60 days to remittance to the Treasurer's Office once annually after the security deposit refund remains outstanding for one year. The 60-day time period has caused issues for landlords and the tenants and the Treasurer's Office. Making the length of time longer will benefit all of these actors. This bill made out-- made it out of Banking Committee on a 7-0 vote, with one senator being present, not voting. There were

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three proponents and no opponents. Colleagues, I would urge you to vote to advance this bill to Select File. Thank you.

HILGERS: Thank you, Senator Lowe, for your opening. Senator Matt Hansen, you are recognized.

M. HANSEN: Thank you, Mr. President. I rise in support of this bill. I just wanted to add a quick comment. The section on security deposit refer-- returns amends my priority bill from a couple of years ago, LB433. I'd like to appreciate the State Treasurer and State Claims Division. I think this change does, in fact, streamline and clarify the process and so that's a good change to that particular section. Not as familiar with the rest of the bill, but I appreciate the cleanup bill and support Senator Lowe in his efforts. Thank you, Mr. President.

HILGERS: Thank you, Senator Hansen. Seeing no one else in the queue, Senator Lowe, you're recognized to close. Senator Lowe waives closing. The question before the body is the advancement of LB532 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Have all those voted who wish to? Record, Mr. Clerk.

ASSISTANT CLERK: 37 ayes, 0 nays on the advancement of the bill.

HILGERS: The bill is advanced. Mr. Clerk for items.

ASSISTANT CLERK: Thank you, Mr. President. Your Committee on Government, Military and Veterans Affairs reports LB83 to General File with committee amendments attached. New resolution: LR42 by Senator Hilkemann congratulates Phyllis Hegstrom for her career at Home Instead Senior Care. An amendment from Senator Albrecht to LB113. Announcement that Senator Matt Hansen has been selected as Vice Chair of the Government, Military and Veterans Affairs Committee and Senator Lowe has been elected Vice Chair of the Building Maintenance Committee. A series of name adds, Mr. President, Senator Geist to LB4, Senator Wayne to LB4, Senator Day to LB4, as well as Senator John Cavanaugh, Senator Stinner, and Senator Kolterman. Senator Morfeld has added his name to LB12, Senator Matt Hansen to LB83, Senator Albrecht to LB250, Senator Matt Hansen to LB414, and Senator Morfeld to LB575. The Urban Affairs Committee will hold an Executive Session today at 12:45 p.m. in Room 1510. Banking, Commerce and Insurance will hold an Executive Session this afternoon following the hearing and the Education Committee will hold an Executive Session following the afternoon hearings in Room 1525. Finally, Mr. President, a priority

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motion. Senator DeBoer would move to adjourn until Wednesday, February 17, 2021, and 9:00 a.m.

HILGERS: Colleagues, you've heard the motion. All those in favor say aye. Opposed say nay. We are adjourned.