

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Floor Debate March 02, 2022

**FOLEY:** Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the thirty-fifth day of the One Hundred Seventh Legislature, Second Session. Our chaplain for today is Senator Moser. Please rise.

**MOSER:** On this Ash Wednesday, as we begin this holy week, our holy season of Lent, almighty and eternal ever-loving God, we ask your blessings upon us as we gather here, as elected representatives of our districts because we come from prairie-covered Sandhills, the wheat fields of southwestern Nebraska, the corn and bean fields of eastern Nebraska and from cities like Omaha, Lincoln, Grand Island and Scottsbluff, as well as small towns like Creighton, Gordon, Glenville and Center, the needs of our constituents may be very different. Send us your spirit of wisdom. Help us listen intently with an effort to understand our constituents. Help us as legislators to listen with respect to one another, even when we disagree with another's views or values. Guide us Lord in our deliberations and may the laws we pass be in accord with your will and be for the best interests of all people living in Nebraska now and in the future. May your will be done in all that we do today. We ask this in Jesus's name. Amen. That was from Father Miksch in Columbus, Nebraska, at St. Isidore Church. Thank you.

**FOLEY:** Thanks, Senator Moser. Senator Bostelman, if you could lead us in the Pledge of Allegiance, please.

**BOSTELMAN:** I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one Nation, under God, indivisible, with liberty and justice for all.

**FOLEY:** Thanks, Senator Bostelman. I call to order the thirty-fifth day of the One Hundred Seventh Legislature, Second Session. Senators, please record your presence. Roll call. Mr. Clerk, please record.

**ASSISTANT CLERK:** There's a quorum present, Mr. President.

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

**ASSISTANT CLERK:** No corrections this morning.

**FOLEY:** Thank you, sir. Are there any messages, reports or announcements?

**ASSISTANT CLERK:** There are, Mr. President. Your Committee on Enrollment and Review reports LB1178, LB691, LB971, LB1148, LB705,

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LB75, LB59, LB91, LB1173, LB1173A and LB1241 all to Select File, some with E&R amendments attached. New A bill. LB804A offered by Senator Hughes. It would appropriate funds to carry out the provisions of LB804. And finally, a communication from the Governor regarding certain appointments and reappointments to the Nebraska Arts Council. That's all I have at this time.

**FOLEY:** Thank you, Mr. Clerk. Senator Moser would like us to recognize Dr. Kip Anderson of Columbus, Nebraska, serving us today as family physician of the day. Dr. Anderson is with us under the north balcony. Doctor, if you could please rise, like to welcome you to the Nebraska Legislature. Thank you for being here. And Senator Erdman has some guests with us today up in the north balcony. We have the King's Academy, the Baron's family from Lincoln, Nebraska. If those guests could please rise, like to welcome you to the Nebraska Legislature. We'll now move to the agenda, General File 2022, Senator priority bill. Mr. Clerk.

**ASSISTANT CLERK:** Mr President, first bill this morning, LB741 offered by Senator DeBoer. It's a bill for an act relating to Child Maternal Death Review Act to define and redefine terms, to provide for the review of stillbirths, harmonize provisions, repeal the original sections. This bill was introduced on January 5 of this year, referred to the Health and Human Services Committee. That committee reports the bill to General File with committee amendments attached.

**FOLEY:** Thank you, Mr. Clerk. Members, you please come to order. Senator DeBoer, you're recognized to open on LB741.

**DeBOER:** Thank you, Mr. President. Good morning, colleagues. Today, I'm proud to bring you LB741, a bill to include collection of data on stillbirths in the current review of maternal and child deaths in Nebraska. The Child Death Review Team was created in 1993, and there were over 300 unexplained child deaths in the state of Nebraska. The team consisted of physicians, forensic pathologists, county attorneys, social workers, law enforcement officials and others. Annually, staff at DHHS review the State of Nebraska Vital Statistics report that are categorized by cause of death information for mothers, infants and older children. Once the deaths are identified, the team will reach out to county attorneys, hospitals and other sources as needed to gather records and conduct the reviews. The deaths are then reviewed and reports are released with recommendations for prevention of future deaths for moms, babies and children in our state. In 2013, the state Child Death Review Team was modified to include maternal deaths, specifically those of women who were pregnant or passed away within a

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year after giving birth. When the 2013 law was passed, it changed the definition of a child, inadvertently omitting stillbirth deaths that are classified as deaths from 20 weeks gestation and forward. This brings us to LB741. LB741 adds the authority for the maternal and Child Death Review Team to gather records related to stillbirth death outcomes and review these cases. You'll note in the language of LB741 that it does not require the state team to conduct the reviews or gather the records. Rather, it grants the authority to the department so that others who derive their authority from the department can actually gather the records. Currently, there is only one group in the state that conducts these reviews, and that is the Fetal and Infant Mortality Review group, or FIMR, housed in the Douglas County Health Department. Prior to the 2013 law change, the FIMR group was conducting stillbirth death reviews as an agent of the state. LB741 clarifies that the state's authority to collect the records still exists and allows the Douglas County FIMR group to do this work. My office worked with several critical stakeholders to ensure that the language of LB741 was appropriate for the work we wanted to do. We had conversations with DHHS who asked for clarity on their authority to gather the records, and that language is housed in AM1683 that Senator Arch will present. There are no politics to studying how to prevent stillbirths, and that's why we had so many groups come together on this issue, including the Nebraska Medical Association, the Catholic Conference, the Nebraska ACLU, March of Dimes, the Douglas County Health Department, DHHS and First Five Nebraska. The pages have handed out a couple of those letters to you if you would like to review them. I would note that there are approximately as many stillbirth deaths annually as there are infant deaths in our state, around 147 at last count. Everyone can agree that stillbirths are tragedies. About one in five may also be preventable. LB741 offers an avenue for trained clinical teams to review these deaths and make recommendations to prevent these heartbreaking outcomes for families. I would like to thank Senator Arch and the HHS Committee for their unanimous vote on LB741 and AM1683, as well as Senator Vargas for placing his priority on LB741 so that we can discuss this important issue on the floor today. I would appreciate your green vote on LB741 and the amendments.

**FOLEY:** Thank you, Senator DeBoer. As the Clerk indicated, there are amendments from the Health and Human Services Committee. Senator Arch, as Chair of the committee, you're recognized to open on the committee amendment.

**ARCH:** Thank you, Mr. President. AM1683 is the committee amendment Senator DeBoer referenced. It now is the white copy for LB741. The Committee amendment makes three changes to LB741. First, it

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incorporates the provisions of LB626 into LB741. LB626 was introduced last session by Senator Vargas, and it separates the state Child and Maternal Death Review Team into two teams, the state Child Death Review Team and the state Maternal Death Review Team. This updates the statute to reflect how the teams are already operating and provides for an additional member on each team. Additionally, the provisions of LB626 required DHHS to provide a team data abstractor to support the teams to facilitate the death reviews. The purpose of the data abstractor is to have an employee of DHHS pulling the relevant deaths, gathering the records from hospitals and providers, and starting to organize the cases and spot trends so that when each team meets, they can focus on reviewing the cases in formulating their analysis and recommendations. Most of the team members are volunteer positions. They only meet four times each year, so the data abstractor is an important piece to facilitate the team's work to really tee up all the information that they can review. Second, the committee amendment amends the definition of stillbirth from the green copy of LB741 to mean a spontaneous fetal death, which occurs at or after the 20th week of gestation and before birth, and resulted in a fetal death certificate pursuant to Section 71-606. This reflects the reality that unless the fetal death certificate was issued, the review team will not be aware of the stillbirth, and the 20-week mark is the point at which our statute requires a stillborn child to be registered with the state. I want to repeat that because I think there's-- I think there's some questions about this 20th week. So the 20th week of gestation is when a death certificate is issued, and that is the way that these, that these maternal, child and the stillbirth review teams would become aware of a stillbirth. So that, it is the death certificate that is, that identifies the child and then, then, then the review team can take a look at that if they choose to do that. That's why the 20-week mark is in there. The third and final change made by the committee amendment clarifies that the changes made by LB741 should not be interpreted to require review of any stillbirth death. They don't review 100 percent. As it was introduced, DHHS interpreted LB741 to require the reviews, and the fiscal note reflected the need for additional resources to complete those reviews, 100 percent review. AM1683 clarifies that these reviews are not required, as the intent here is to actually give the Fetal Infant Mortality Review group, group, FIMR, within the Douglas County Health Department the ability to gather--

**FOLEY:** Excuse me, Senators. Members, we can't hear the speaker. Please come to order. Senator Arch.

**ARCH:** The intent here is to actually give the Fetal Infant Mortality Review group, FIMR, within the Douglas County Health Department the ability to gather stillbirth records and do these reviews. It's my understanding that that this change will eliminate the fiscal note on LB741. For clarity, I would note that LB626 does have a fiscal note associated with the data abstractor so I understand the fiscal note for, for LB626 will essentially become the fiscal note for LB741. The Health and Human Services Committee adopted AM1683 unanimously, unanimously voted to advance LB741. I encourage your support of AM1683 and the underlying bill. Thank you.

**FOLEY:** Thank you, Senator Arch. Debate is now open on LB741 and the pending committee amendment. Senator Jacobson.

**JACOBSON:** This will be my first time at the mike since the introduction, but I can't think of a more important bill to speak in favor of. I think many of you who have heard my initial press conference may have heard my story of my wife and I having a very premature baby boy, 26-weeks along. He lived for five weeks at St. E's in the NICU and passed away on our 10th wedding anniversary. I can tell you that there's nothing worse that can happen to you than to lose a child. And for anyone who has lost a child of any age, I understand what you're going through when very few others can. But I can tell you that this kind of research is critically important. I believe today had John not had to bleed and we had gotten to the hospital sooner and we had the care that's there today, he may be with us today, but I can tell you this is important research. I support the committee amendment. I certainly support the, the bill itself, and I would really encourage you to consider that as you vote yes on the, on the amendment and the bill. Thank you very much.

**FOLEY:** Thanks, Senator Jacobson. Senator Vargas.

**VARGAS:** Thank you very much. And thank you, Senator Jacobson, for sharing that. And we talked briefly right before this and I just appreciate your candor and your story, and I, too, hope that nobody has to go through those to understand the importance of this. Good morning, colleagues. Today I rise in support of LB741. I do want to thank Senator DeBoer for introducing this bill and allowing me to prioritize it. I'd also like to thank Chairman Arch and members of the HHS Committee for voting LB741 out of the committee unanimously. LB741 is a continuation of our work as a Legislature to improve maternal and child health outcomes, birth outcomes, prevent infant deaths and ensure healthy moms and babies across our state. Now, like Senator DeBoer detailed earlier, LB741 would make it possible for the review

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team to gather information on the causes of deaths of stillborn children, those who die in the womb at or after 20 weeks. LB741 also allow for the state's review team and cooperating local health agencies to study the cause of death occurring later in pregnancy and then make recommendations for the prevention in the future. LB741 also includes language from my LB626, which was also voted unanimously out of the committee, put into statute what is already in practice is essentially what this is doing. Now right now, the statute lays out that we have a child and maternal death review team. A couple of years ago, the group split and the Maternal Death Review Team became basically a subcommittee under the umbrella of the Child Death Review Team. LB626 makes this organizational realignment more formal by officially splitting the two committees to ensure that committee members are selected to serve on the subject matter expertise in their areas. What it also does in addition, is it allows the Department of Health Human Services to hire an additional data abstractor which is critical for working and improving the Child and Maternal Death Review Teams because they help analyze and obtain data that's relevant for cases they're reviewing so that we can learn and move forward and make sure many things, including what Senator Jacobson said, don't happen in the future. The second substantive change in LB626 is both teams would be allowed to submit their annual reports directly to us, the Legislature. This submission update will not only speed up the process but provide clarity for both review teams and the Legislature. And when the child review team was established in 1993, it expanded to include maternal death in 2013. The goals are pretty simple. Identify patterns of preventable deaths. Recommend changes in system responses to deaths, refer to law enforcement any newly suspected cases of abuse, malpractice or homicide. Compile findings into reports designed to educate the public and state policymakers about child and maternal deaths. These goals cannot be met without access to timely and accurate data for committee members, and we, as policymakers, can't make informed decisions about potentially necessary changes in public policy if we don't receive annual reports with accurate and updated information. This issue is also personal to me as well. My wife, Lauren, delivered our daughter, Ava, five weeks early. Lauren's labor was very difficult and required multiple blood transfusions. We are incredibly grateful for the resources and quality care that kept Lauren and Ava safe and healthy throughout her pregnancy, delivery and postpartum period. However, without this critical care, I hate to think what our experience would have been like. Maternal and child health is only personal to me, but it's personal to so many across this state. So again, thank you, Senator DeBoer, for introducing LB741

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and for allowing me to prioritize it. This is an important issue that deserves our time and attention. Thank you.

**FOLEY:** Thanks, Senator Vargas. Senator Erdman.

**ERDMAN:** Thank you, Mr. President. Good morning. Listening to the discussion this morning, I believe this is a bill I can get behind, but I have a few questions for Senator DeBoer, if she would yield.

**FOLEY:** Senator DeBoer, would you yield, please?

**DeBOER:** I'd be happy to.

**ERDMAN:** Thank you. So, Senator DeBoer, so if, if a baby is born at 19 weeks, this doesn't apply to that person?

**DeBOER:** Unfortunately, the definition for getting the stillbirth death certificate, which was something we had to have as part of the statute, is already in the statute at 20 weeks.

**ERDMAN:** So to make it eligible to, to babies before 20 weeks, we'd have to change the statute or the description of what a stillbirth is?

**DeBOER:** So the problem is, and I didn't understand this at first, either. The problem is that in order to study something, you have to have some triggering event that tells you to study it. So even under the bill, as written under the amendment, we still won't be getting every stillbirth because in order to do it, they have to apply for a stillbirth death certificate, which not all families do. So it's only then by that application that the state knows, OK, this is something we should be looking at. Otherwise, we don't have the ability to go through all the mother's records throughout the state and find this. So it's this, this sort of official triggering administrative process that will tell us, OK, we should look at these records rather than just, you know, all the women in all the hospitals and all the state and looking at all their records to--

**ERDMAN:** OK.

**DeBOER:** --see if something. So that's kind of the problem.

**ERDMAN:** Wouldn't it be, wouldn't it be advantageous to be concerned about those before 20 weeks as well?

**DeBOER:** I'm sorry, I couldn't hear your question.

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**ERDMAN:** I said, wouldn't it be advantageous for us to be concerned about those before 20 weeks as well?

**DeBOER:** I think there are lots of other programs that do that and-- and I agree, we should be concerned about miscarriages as well. But because the triggering event is this certificate that the families can apply for that tells DHHS or the FIMR group in Douglas County that in the event that they should look at as happened otherwise, it doesn't. I understand the concern. I would love to look at all of these, but unless they apply for this particular thing, we don't have the ability to do that.

**ERDMAN:** And so once they apply for that, that doesn't mean that every one of them will be have research done, it will be those that the researchers select?

**DeBOER:** So what happens is once they apply for that, that triggers this records finding. So then the department has the authority they may, according to this statute, they don't have to, look at them or those groups that have their authority derived from DHHS can look at it. It's kind of a difficult--

**ERDMAN:** OK.

**DeBOER:** --kind of organizational structure. But right now, the FIMR group, the only one that does this is Douglas County. Once that's applied for, then they will look at all of those. Then they'll have them to look at once they get those applications.

**ERDMAN:** But, but this won't just apply to Douglas County, right?

**DeBOER:** That's correct. It's a "may". So anybody else who derives their statutory authority for getting the records, because you can't just give the records to anyone, right?

**ERDMAN:** Right.

**DeBOER:** So anyone else who gets their statutory authority from this statute could also, or there's a "may" in there, DHHS could look at it as well.

**ERDMAN:** OK.

**DeBOER:** But they aren't required to, which I think, as Senator Arch pointed out in the fiscal note, they were a little concerned about

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from the green copy language. We made it clear that they, that this is a "may" and not a "shall".

**ERDMAN:** OK. All right. So then a year or so ago, Senator Albrecht had a bill, but I think that was for birth certificates, for, for stillborn babies, is that correct? Do you remember that?

**DeBOER:** I don't remember the specifics. I'm sorry.

**ERDMAN:** I think it-- well, I don't think it was the same. I'll have to ask her off the mike. Thank you.

**DeBOER:** Yes.

**FOLEY:** Thank you, Senators Erdman and DeBoer. Is there any further discussion? Senator Arch, you're recognized to close on the committee moment.

**ARCH:** Thank you, Mr. President. I want to make, I want to make one clarifying statement right, we just had our, our staff attorney check on this. Apparently that the death certificate is an automatic issuance after 20 weeks. So that, that, that information is available for review. Right now, this statute that we're covering here is, is most, is directly applied to FIMR, which is the Douglas County review team that wants access to take a look at stillbirth. The state also has a child and maternal. We did that in a-- we did that in Senator Vargas' bill. The state also has a child and maternal review team, and we split those teams. But they're looking at, they're looking at death after birth. FIMR is looking at stillbirth. So this is enabling legislation that allows FIMR to receive information from the department on stillbirths and it's from the death certificates that are issued for those children who spon-- who have a spontaneous death after 20 weeks when the death certificate is issued. I hope that clarifies that. But with that, I would appreciate your, your green vote on AM1683, on the underlying bill, LB741. Thank you.

**FOLEY:** Thanks, Senator Arch. Members, you've heard the debate on LB741 and the pending committee amendment. The question before the body is the adoption of the committee amendment, AM1683. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

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

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**FOLEY:** AM1683 has been adopted. Any further discussion of the bill as amended? Senator Bostelman.

**BOSTELMAN:** Thank you, Mr. President. I will support the bill going from green-- from General to Select. Senator DeBoer and Chairman Arch and I have had a discussion on maybe a little bit of work changing in this and with that, I would be in full support of the bill, but I think it's worth moving to Select File now. And there's a little bit of language I think we can, we can change in-between to make the bill, answer some of the questions I have. So thank you.

**FOLEY:** Thank you, Senator Bostelman. Any further discussion? I see none. Senator DeBoer, you're recognized to close on the advance of the bill. She waives closing. The question before the body is the advance of LB741 to E&R Initial. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

**ASSISTANT CLERK:** 44 ayes, 0 nays on the motion to advance the bill, Mr. President.

**FOLEY:** LB741 advances. Before proceeding, Senator Bostelman would like us to recognize 35 fourth-graders and two teachers from David City Elementary School, David City, Nebraska. Those guests are with us in the north balcony. Students and teachers if you could please rise, we'd like to welcome you to the Nebraska Legislature. We'll proceed now to the next bill, General File 2022 committee priority bills. Mr. Clerk.

**ASSISTANT CLERK:** Mr. President, LB780 offered by Senator Gragert. It's a bill for an act relating to employment, change provisions relating to child labor; change provisions relating to employment certificate approval and record keeping; change provisions relating to the employment security law and short-term compensation plans; and to repeal the original sections. Bill was introduced on January 5 of this year, referred to the Business and Labor Committee. That committee placed the bill on General File with committee amendments.

**FOLEY:** Senator Gragert, you're recognized to open on LB780.

**GRAGERT:** Thank you, Mr. President. Mr. President and members of the Legislature, LB780, would make changes to two programs administered by the Nebraska Department of Labor, Child Labor and Nebraska's Short-Time Compensation program. The first two changes are to the Nebraska Child Labor Law. Employers are currently required to keep two lists of children under the age of 16 that are working at their place

of businesses. One conspicuously posted near the principle entrance of the building and one on file. LB780 would eliminate the requirement for publicly posting children's names. The employer would still be required to keep on file a list, a list on file in the office where the minor is employed. Publicly posting name-- these names exposes the children to privacy risk. But because the requirement to keep the names on file remains, the Department of Labor still is able to investigate and enforce potential child labor violations. Secondly, LB780 would expand the ability for schools to approve labor certificates for children under the age of 16. Under the current law, only the superintendent of the public school the child resides in can approve employment of the minor. LB780 would allow the principal of the school, of the school that child attends and approve the certificate. The principal is more likely to know the student than the superintendent and therefore is in a better position to determine if the student can appropriately balance the responsibility of school and a job. Finally, LB780 would amend Nebraska's Short-Time Compensation program. This program is a lay-off adersion program. Under the program, instead of laying off part of the workforce, the employer reduces hours of all employees or employees in a particular unit. Employees are then eligible for unemployment based on percentages of hours they are reduced. Under current law to be eligible for STC, contributory employers must be eligible for experience rating, have a positive experience account balance and be current on all reports and obligations to the Nebraska Department of Labor. The pandemic highlighted the need for flexibility within these requirements. An executive order issued by the Governor allowed some new employers that were not eligible for experience rating to participate in the STC program. LB780 would provide a good cause exception that gives the commissioner authority to approve the STC plan for employers that do not meet the requirements of Nebraska Revised Statutes in Section 48-675. Furthermore, under the current law, if an employer's application for participation in the STC program is denied, they cannot apply again. They cannot apply again for at least 45 days. LB780 provides a good-cause exception, allowing employers to resubmit a new plan within that 40-day-- 45-day window. This change is necessary to allow the employer to reapply to STC if the plan is denied because the employer does not meet the existing requirements of the Nebraska Revised Statute 48-675. LB780 was heard before the Business and Labor Committee to-- and advanced on a 7 to 0 vote. The Commissioner of Labor testified in support, as did representatives from the Nebraska Chamber and the National Federation of Independent Businesses. No one testified against LB780, and the bill has no fiscal impact. Prior to hearing-- prior to the hearing, we became aware of a

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need for a technical amendment which is contained in the committee amendments. This is a portion that addresses students that are homeschooled but need someone to approve their employment certificate. We found out the county superintendent is no longer used. Therefore, the amendment reinstates the school superintendent of the district where the child lives as the person to approve these certificates. I urge you to support the committee amendment and to vote to advance LB780 to second stage of debate. Thank you.

**FOLEY:** Thanks, Senator Gragert. As the Clerk indicated, there are amendments from the Business Committee, Senator Ben Hansen, you're recognized to open on AM1645.

**B. HANSEN:** Thank you, Mr. Lieutenant Governor. AM1645 is a simple amendment that corrects the term used in LB780. On page 3, line 14 of LB780, it makes reference to the county superintendent. County superintendents existed years ago when there were several one-room schoolhouses scattered across the state, but as those gave-- but, but as those have gone away, so has the role of a county superintendent and now each district has a superintendent. So AM1645 just makes the correction and changes "county superintendent" to the district superintendent in which the child resides. A geographical definition is necessary to include any students that are homeschooled. With that, I would ask for your green vote on AM1645 and the underlying bill. Thank you.

**FOLEY:** Thanks, Senator Hansen. Debate is now open on LB780, the pending committee amendment. Senator Clements.

**CLEMENTS:** Thank you, Mr. President. Would Senator Gragert yield to a question.

**FOLEY:** Senator Gragert, would you yield, please?

**GRAGERT:** Absolutely.

**CLEMENTS:** Is it possible to-- I see that a child needs to complete 6th grade to be eligible for this employment. Is it possible to hire a child that hasn't completed 6th grade legally?

**GRAGERT:** I am not, I'm not sure of that. I don't, I don't know, but 6th grade, that's pretty young.

**CLEMENTS:** Well, I was just thinking about I delivered the Lincoln Journal in Elmwood on my bicycle, and I don't think I finished 6th grade when I started doing that and the Lincoln Journal paid me

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something, but that's been a while ago. Maybe they've changed-- this law might be changed since then, but is there-- did you see any penalty for employing a child without one of these certificates? Is there any criminal penalty that you know of?

**GRAGERT:** No, I don't know of any criminal case.

**CLEMENTS:** OK.

**GRAGERT:** But I would assume that, yeah, that's why it's age 16 or older--

**CLEMENTS:** Yeah.

**GRAGERT:** --to be able, to be able to work.

**CLEMENTS:** And I've been thinking, you know, I also baled hay for farmers, and I'm not sure if I was 16 or not when I started doing that. And is there any exception for agriculture employment that you're selling this?

**GRAGERT:** Well, I agree with you. I was delivering papers probably from the time I could walk, you know, so delivering papers, that kind of work, summer work, I guess, no, there wouldn't be any exception for ag.

**CLEMENTS:** All right.

**GRAGERT:** If they got-- if they're considered a full-time employee, I guess, or even part-time, I guess.

**CLEMENTS:** Well, OK, that would probably be under contract labor, not really in a wage, W-2 wage--

**GRAGERT:** Yeah.

**CLEMENTS:** --for an employer. Well, those are just some things I thought of when I heard you talking about that, but I do support the amendment and support the bill. I think it is a good idea for a record to be kept and to, for employers to be aware of the fact that if they're hiring young people that they should have to be accountable. Make sure that the child has gone to school, he's completed 6th grade and protection from the children being forced to into labor, especially the refugees that we have coming from other countries probably have experienced more child labor and could be abused. And I'm glad to see this bill. Thank you, Mr. President.

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**FOLEY:** Thanks, Senator Clements. Any further discussion? I see none. Senator Ben Hansen, you're recognized to close on the committee amendment. He waives closing. The question before the body is the adoption of committee amendment, AM1645. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

**ASSISTANT CLERK:** 42 ayes, 0 nays on the adoption of committee amendments.

**FOLEY:** AM1645 has been adopted. Any further discussion on the bill as amended? 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 advance of LB780. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

**ASSISTANT CLERK:** 43 ayes, 0 nays on the advance of the bill.

**FOLEY:** LB780 advances. Before proceeding on the next item on the agenda, we'll take some items for the record, please. Mr. Clerk.

**ASSISTANT CLERK:** Thank you, Mr. President. There are items. New bill. LB917A offered by Senator Wayne. It would appropriate funds to carry out the provisions of LB917. Your Committee on Government, Military and Veterans Affairs reports LR268CA, LB910, LB843, LB709, all to General File with committee amendments attached. In addition, the Government, Military and Veterans Affairs Committee reports favorably on an appointee to the Accountability and Disclosure Commission. Your Committee on Urban Affairs, who's Chairperson is Senator Wayne, reports LB800 and LB842, both to General File with committee amendments attached. And finally, amendment to be printed to LB752 from Senator DeBoer. Returning to General File. LR283CA offered by Senator Bostar is a proposed constitutional amendment to allow political subdivisions operating an airport to encourage regularly scheduled commercial passenger air service. The resolution was introduced on January 20. It was referred to the Revenue Committee, placed on General File by that committee, with no committee amendments attached.

**FOLEY:** Thank you, Mr. Clerk. Senator Bostar, you're recognized to open on LR283CA.

**BOSTAR:** Thank you, Mr. Lieutenant Governor. Good morning, colleagues. LR283CA is a constitutional amendment to provide Nebraska's nine commercial passenger service airports with a tool to allow them to

remain competitive within the modern air travel industry and to provide for future development and expansion of air service critical to the state's economic success. Access to air travel across the country and around the globe is essential for Nebraska to maintain economic viability. One common industry standard practice used nationwide to attract airline service to a community is through the utilization of minimum revenue guarantee contracts. These agreements represent a partnership of mutual benefit between an airport, the community in which the airport is located and an airline. Minimum revenue guarantees offered to airlines during the first months of new or expanded service help to assure an airline that the effort they make in investing in a community is being met with a commitment from the airport in the community it serves. Unfortunately, airports in Nebraska are currently unable to utilize their own revenue for this purpose due to provisions in our state's constitution. In 2019, with the assistance of now Speaker Mike Hilgers, an Attorney General's Opinion was obtained that explained that a Nebraska airport could not offer a minimum revenue guarantee without a change to the state's constitution. AG Opinion 20-001 made clear that if our state is to remain competitive, we have no other option than to let voters consider a constitutional amendment. LR283CA would permit the voters to determine if airports in communities in Nebraska should be equipped with this important tool to compete for air service in our modern market environment. The reality of the air travel industry in 2022 is that airports across the country compete to attract and develop commercial air service. To remain competitive, our communities and small to medium-sized airports will need access to this near universally utilized tool. LR283CA represents a narrowly-tailored solution to the aforementioned problem. It is limited in scope to apply only to the state's nine commercial air service airports. The nine airports referenced are identified on the map that I've distributed, which was sourced from an economic impact report completed by the Nebraska Department of Transportation in 2019. The language of the amendment would allow political subdivisions operating an airport the ability to execute a minimum revenue guarantee agreement in partnership with an airline if necessary, and if they believe it is in the best interest of the community they serve. It's important to note that approval by the Legislature and approval by the voters does not mean that all of the state's commercial service airports will use this tool. Not only does it have to make sense for the airport and the airline, but the minimum revenue guarantees and the services sought need to be expanded or provided must be vetted by the local governing body and Nebraska-- and the Nebraskans they represent. I want to thank Senators Aguilar, Flood, Geist, Linehan and

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Stinner for co-sponsoring this legislation. LR283CA was supported by the Nebraska Chamber of Commerce and Industry, the Lincoln Chamber of Commerce, the Lincoln Independent Business Association, the Lincoln Airport Authority, the city of Lincoln and Lancaster County. It received no opposition at the committee hearing and was advanced to the floor unanimously by the Revenue Committee. Considering the robust, broad support for LR283CA, I am hopeful that you will agree that Nebraska voters deserve the chance to vote for this measure on their ballot in November. LR283CA simply asks the voters to equip Nebraska's airports with what they need to compete for economically essential service for our communities. Thank you for your time and I would encourage you to vote yes for LR283CA.

**FOLEY:** Thanks, Senator Bostar. You've heard the opening on LR283CA. Senator Friesen.

**FRIESEN:** Thank you, Mr. President. I stand in support of LR283CA and Senator Bostar's efforts to help the airport industry. As Chair of Transportation and Telecommunications industry and which now oversees the aeronautics division under the Department of Transportation, we look at this as also as a-- or not, I look at it as a very essential service. We're going to have economic development in the state, and I think it's extremely important to Lincoln here. And if they're going to continue to develop as a manufacturing or even as an IT hub because you need airline service to get people to be able to fly directly into the city. So I think this, overall when we look at the state and we want to have economic development, those cities that do have a robust airport or airport authority have been doing better than those that don't have those services. So I think this is something that needs to be addressed as the airline industry has gone through some struggles with COVID and the pandemic. Airlines now are reluctant to start up new services unless they have some sort of incentive or a guarantee that they can set up with a contract to determine what kind of market share they could get here. So I do think it's essential for Lincoln if they're going to compete, they do need this to pass. So I strongly support this and hope everyone else sees the benefit of this also. Thank you, Mr. President.

**FOLEY:** Thanks, Senator Friesen. Senator Flood.

**FLOOD:** Thank you, Mr. President. Good morning, members. I'm a member of the Revenue Committee. This bill came before our committee. I opted to co-sponsor it. I think this is a proactive approach approved-- once approved by the voters, airports like Lincoln can use this tool to ensure more daily flights in and out of our state's second largest

city. 300,000 people live in the city of Lincoln. By the time you add the folks in Beatrice and Nebraska City and the regions around here, this airport that we have in our Capitol city needs to be a hub so that it can lend itself to recruiting businesses in the state's Capitol city. Senator Bostar brought this proposal to the committee. We heard from airport managers across the state of Nebraska. We heard from the Lincoln Chamber of Commerce and the Lincoln Chamber of Commerce essentially said this bill is at the very top of their list because recruiting businesses to our state's Capitol city gets a lot easier when corporate officials can fly in for more, for more places. You know, ideally, it would be nice to have nonstops from towns like Dallas, obviously, we've got Denver and Chicago. But the more connections that we can make here in the Lincoln area, the more businesses we can bring into Lincoln, Nebraska. We heard from business leaders, we have have heard Chamber leaders, we heard from the airport folks, we heard from citizens and we heard from folks that are involved in aviation across the state. This doesn't just help Lincoln. It makes more flights possible in cities like Grand Island, Kearney, North Platte, Scottsbluff. Interestingly, as you look at the map, there's not a lot of options in northeast Nebraska. That's another reason we need options and flights in our state's two largest cities because you can see a lot of people in the Columbus area, the Fremont area, the Norfolk area, we end up filtering in to the both the Omaha and the Lincoln and the Grand Island airports. Grand Island has a terrific nonstop to Las Vegas through Allegiant Airlines, which has become very popular in the wintertime for a lot of folks in northeast Nebraska. So this is commonsense stuff. This is a bill that I'm-- a Legislative Resolution, I'm going to vote to adopt and I urge you to do the same. Thank you, Mr. President.

**FOLEY:** Thanks, Senator Flood. Speaker Hilgers.

**HILGERS:** Thank you, Mr. President. Good morning, colleagues. I rise in support of LR283CA. I appreciate Senator Bostar bringing it. I was very pleased to make this a Speaker priority this year. As a resident of Lincoln and as a business owner in Lincoln, as someone who's engaged in the business community here in Lincoln, expanding our air service in our-- in this city, I think is a critical part of our growth and opportunity over the next 10 or 20 years. And so this bill, I think, will have a critical impact and an important impact, positive impact on the city of Lincoln's ability to grow. And that's a big reason why I support it. The airport is in my district. It's in District 21. Very proud to represent that area that includes the airport. We have really great leadership. There's-- it's a really struggle for to get air service around the country right now,

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especially for communities like Lincoln. There are a lot of very positive things that are going on around the airport. They're expanding the terminal. They have the Enterprise Park around Air Park that actually generates a lot of revenue. And for this to pass, go to the voters, hopefully the voters see fit to approve it on the ballot. This will enable the, the Lincoln airports use those revenues to help grow their air service, which means so much to the ability for the city to attract businesses, help grow businesses, but also attract people to the state. I've recruited a number of lawyers and families here to Nebraska, and one of the things that they ask for and that they look for are the opportunities to be able to travel, whether it is to see their family or to go take a travel for recreation or something else. And so expanding the airport here in Lincoln, it's going to be a critical part of our success as a community over the next 10 or 20 years. This will play a role in being able to achieve that expansion. And so I strongly support this LR283CA and I would encourage you to vote green. Thank you, Mr. President.

**FOLEY:** Thank you, Mr. Speaker. Senator Jacobson.

**JACOBSON:** Thank you, Mr. President and members of the body. I'm not going to make a habit of getting up here and speaking all the time, but I do feel like I need to speak out in favor of this bill as well. Obviously, I meant I'm from North Platte, the 42nd District. I see as you look at these, we're an essential air service airport along with the other airports that are out west of of Grand Island. Air service and connectivity is critical to any market, no matter where you're at. I've seen the problems here in Lincoln and why it's critically important in Lincoln. But also imagine in North Platte, I'm the immediate past Chair of the North Platte Airport Authority. I spent the last several years trying to attract and we were able to attract SkyWest Airlines to come in on their EAS subsidy. But I can tell you, they continue to struggle with getting enough pilots, keeping pilots, keeping crew. And that's our connectivity to the rest of the world. If you look at my district, we're finding that people will come in to North Platte and fly out of there. Their flight, they will fly from there to Denver. Otherwise, you're driving to Denver. Now let me put that in perspective as to where North Platte in my district lies. We're halfway between Omaha and Denver, halfway. OK. It's a long ways to drive. Connectivity is, is critically important. We need to have all the tools in the toolbox to be able to make sure that cities can make those decisions to help support those airports, to make them-- to keep them viable and to be able to track those commercial businesses. I'm also hopeful that once this body approves helping sustainable beef and a rail park, we're going to be seeing other people wanting to come

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in the North Platte, and that's going to make that airport even more important. So thank you all, and I would encourage your yes vote

**FOLEY:** Thanks, Senator Jacobson. Senator Geist.

**GEIST:** Thank you, Mr. President. I, too, stand in in favor of LR283CA. As everyone has mentioned, it is an economic development tool for the city of Lincoln. Incredibly important that we support our local airport for business, for development, for all the things that the city of Lincoln is attempting to do in its growth. This is an essential part of that and as others have mentioned, it also helps other airports in our state. So I do encourage your green vote and encourage those who are listening on TV or online that as you see this come on the ballot, this is very important. How it's worded on the ballot initiative will be important so that people understand that this is a way to make our airports more, more robust, a way to woo other carriers into our airports. And so if you're watching outside of the Chamber, I encourage you to keep your eyes and ears open for this to come on the ballot. And those of us here to give this a green vote. Thank you, Mr. President.

**FOLEY:** Thanks, Senator Geist. Senator Clements.

**CLEMENTS:** Thank you, Mr. President. Would Senator Bostar yield to a question.

**FOLEY:** Senator Bostar, would you yield, please?

**BOSTAR:** Absolutely.

**CLEMENTS:** Just to clarify this, if this passes, this would allow a city to give a minimum revenue guarantee to an airline. Is that what it's for?

**BOSTAR:** So it would allow an airport or the airports, you know, governing body to engage in, establish a revenue guarantee agreement with an airline, yes.

**CLEMENTS:** And is one reason for this because other states do this, is this a competition situation?

**BOSTAR:** Yes, it is. This is especially for small to medium-sized airports across the country. This is essentially the tool that is used to attract and expand passenger air service. And I know of no other state where this cannot be utilized or isn't being utilized.

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**CLEMENTS:** Thank you, and was there any testimony or indication that the lack of this tool was a factor in Lincoln losing Delta Airlines recently?

**BOSTAR:** Yes, there was, there was absolutely testimony from the city and the airport representatives that talked about how this was a contributing factor for our, our, our decline in service in general and, and what happened with Delta specifically.

**CLEMENTS:** Thank you. I am now, also represent part of the city of Lincoln as the new Lincoln Senator and in all of the airports like north-- well, thank you, Senator Bostar, that's all that I had.

**BOSTAR:** Thank you.

**CLEMENTS:** Anyway. I don't know what provision we had in the Constitution years ago, but it appears that it will help us be more competitive and I live closer to Lincoln Airport than any other airport, so that would be an advantage to me as well and my constituents. So I support LR283CA. Thank you, Mr. President.

**FOLEY:** Thanks, Senator Clements. Senator Pansing Brooks.

**PANSING BROOKS:** Thank you, Mr. Lieutenant Governor. Well, I'm, I'm standing to add to this love fest because of course, I hope you've all been to the Lincoln Airport. It's a great airport. And so I'm so grateful to Senator Bostar for bringing forward this LR283CA and I wholeheartedly support it and have signed on. I'm just-- it's so important to promote these businesses and to, to help our state by expanding services to other communities and states around this country and around the world, so thank you so much.

**FOLEY:** Thank you, Senator Pansing Brooks. Any further discussion? I see none. Senator Bostar, you're recognized to close on the advance of the CA.

**BOSTAR:** Thank you, Mr. Lieutenant Governor, and thank you, colleagues. I certainly appreciate the support and, you know, not just Lincoln, but I think the airports across our state will certainly see the benefit of this if we can succeed in advancing this and then going out and talking to the voters about why this is important. So thank you very much again and I would appreciate your green vote on LR283CA.

**FOLEY:** Thanks, Senator Bostar. Members, you heard the discussion on LR283CA. The question before the body is the advance of the CA. Those

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in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

**ASSISTANT CLERK:** 42 ayes, 1 nay on the motion to advance the resolution.

**FOLEY:** LR283CA advances. Proceeding to the next bill, please.

**ASSISTANT CLERK:** LB998 offered by Senator Wayne. It's a bill for an act relating to Municipal Inland Port Authority Act; change certification provisions; provides for prioritization of inland port authority proposals by the Department of Economic Development; provides for creation of an inland port authority upon application for a nonprofit economic development corporation; provide powers; change provisions relating to inland port districts and rules and regulations relating to inland port authority proposals; to harmonize provisions; repeal original sections and declare an emergency. Bill was introduced on January 12 of this year, referred to the Urban Affairs Committee. That committee placed the bill on General File with committee amendments.

**FOLEY:** Thank you, Mr. Clerk. Senator Wayne, you're recognized to open on LB998.

**WAYNE:** Thank you, Mr. President and members of the Legislature, and thank you, Speaker Hilgers, for making this a Speaker priority. See, put that up front. Last year, the Legislature passed LB156, which adopted the Municipal Inland Port Authority Act. Since the passage of LB156, a number of issues has arised that made-- about the mechanics of the bill from both the Department of DED and the cities and economic development groups looking to establish port authorities. LB998 is designed to be a cleanup bill to address those issues. So I might have to read a little bit. Since it's a cleanup bill, I want to make sure everybody understands what we're cleaning up. First of all, several communities have moved forward fairly aggressive to apply for the port authority design. In some areas, despite economic development groups and landlords wishing to set-- seek the designation, there has been some reluctance by cities or counties to apply. LB988 provides a mechanism for a nonprofit economic development corporation to apply directly to DED for the designation if the city or county has not taken steps to create one. If the DED approves a port authority, the application from the nonprofit Economic Development Corporation, then the city and county, whichever is applicable, would be required to create a port authority and corresponding port district. Second, several groups have been looking to create port authorities have had

problems locating an eligible area of sufficient size in a single location. Under the Act, an inland port district must be greater than 300 acres, with a certain distance of at least two forms-- within a certain distance of at least two forms of existing transportation infrastructure. In some cases, an area meets the infrastructure and location requirement, but a site over 300 acres just cannot be found. LB998 would allow up to 25 percent of an area designated as an inland port to be noncontiguous with the remaining portions of the district. Third, the Department of Economic Development felt that the language in LB156 maybe didn't give them enough flexibility to rank how port authorities or evaluate the applications of port authorities in the event that there are five more-- more than five applicants. LB998 provides clear, clearer language authorizing DED to establish prioritization criteria for the proposed port authority. And fourth, the multiple groups that have been reading that-- there have been multiple groups reading the act that require that the real property located within the boundary of an inland port district must either be owned by the port authority or by the city or county. That was never the intent of the bill, so we've added some language to clarify that private companies can still own, may still own their businesses and their real property. LB998 clarifies that real property within the port district does not have to be publicly owned. Again, I want to thank Speaker Hilgers for designating LB998 as a Speaker priority. I would note that the Department of Economic Development has delayed the promulgation of rules and regs for the Inland Port Authority because of some of these issues that we're trying to work out with this bill. So this bill does have an emergency clause. So this year, those areas who want to be an inland port can get done so this year and quickly. LB998 was advanced by Urban Affairs on a 6-0 vote, with one member being absent. Thank you, Mr. President.

**FOLEY:** Thanks, Senator Wayne. Senator Wayne, if you would like to move right on with the committee amendment, you may do so.

**WAYNE:** Yes, thank you. Again, thank you, Mr. President and members of the Legislature. The committee amendment, AM1939, strikes the provision that was originally included in the green copy. With the possibility that additional dollars might be appropriated this year to the site and building fund development, LB998 provided authority for the port authority to grant funds to any business located within the boundaries of the inland port. After discussions with committee's legal counsel, the committee believed, as written, this language could inadvertently violate Article VIII, Section-- Article X, sorry, Article XIII, Section 3 of the state constitution, which prohibits lending of the credit of the state. AM1939 would simply strike Section

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6 of the bill, which contains these provisions. I would urge a green vote on AM1939. Thank you, Mr. President.

**FOLEY:** Thanks, Senator Wayne. Debate is now open on LB998 and the pending committee amendment. Senator Erdman.

**ERDMAN:** Thank you, Mr. President. Good morning, again, Senator Wayne, this could be a rare day. I may well vote for one of your bills, so but before I do that, I would like to ask you a question or two.

**FOLEY:** Senator Wayne, would you yield, please?

**WAYNE:** Yes.

**ERDMAN:** Senator Wayne, do you think we're moving too fast?

**WAYNE:** We're a little bit, but we're-- we'll be all right.

**ERDMAN:** OK. OK. Do you plan on slowing it down?

**WAYNE:** A little bit. There are some other bills that we're going to talk on, so I think we'll be OK.

**ERDMAN:** OK. Let's get to the subject here. You mentioned in your opening, this land doesn't have to be contiguous. So what does that mean? It can be five miles away or what is, what is the description there? Is it close, close proximity or what's, what's the description?

**WAYNE:** There isn't a mile marker description. It was just when people started looking, particularly in rural Nebraska areas, there is just some areas that they couldn't find contiguous land. So we just said 25 percent could be out of there, out of the contiguous area.

**ERDMAN:** And so did you say it's like 300 acres, is that what you said?

**WAYNE:** Yes, it's 300, over 300 acres.

**ERDMAN:** OK, so, so 25 percent. OK. So then they, they would have to be, meet all the qualifications. That area would have to meet all the qualifications, the other majority of the land qualifies for in port authority?

**WAYNE:** Correct.

**ERDMAN:** Inland authority. OK. So it has to-- does it have to be in the same county?

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**WAYNE:** No, but they would have to get an interlocal agreement or the-- both counties would have to sign off on it.

**ERDMAN:** OK, so in other words, if you were, if you were near the county line and you started in one county, you could have that in the other county if you had an interlocal agreement?

**WAYNE:** Correct. But both counties would have to be willing to designate that.

**ERDMAN:** OK. All right. Thank you.

**FOLEY:** Thank you, Senator Erdman and Senator Wayne. Speaker Hilgers.

**HILGERS:** Thank you, Mr. President. Good morning, colleagues. I rise in support of both the AM1939 and LB998. I just want to just say a note on the inland port, generally. Senator Wayne, I appreciate his efforts on this and those in Urban Affairs Committee and his team. You know, he brought this concept. I think it was last year when he initially brought it. And I know I've heard from a number of members of the business community that who are grateful for the fact that we passed that last year. And I just, I just appreciate the forward-thinking big picture approach as well as the follow-on fixes. And I just, I think I want to commend Senator Wayne and his team on the Urban Affairs Committee. I think this is going to be one of those things we'll look back on in 5 or 10 years and be very grateful that this Legislature had the foresight to create this concept in the first place. I think it will have a significant impact on the economy in Nebraska. I would urge your support of the amendment and this bill, and I was, I was very pleased to be able to make this a Speaker priority as well. Thank you, Mr. President.

**FOLEY:** Thank you, Mr. Speaker. Any further discussion of the bill or the committee amendment? I see none. Senator Wayne waives closing on the committee amendment. Question before the body is the adoption of AM1939. Those in favor of vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

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

**FOLEY:** The committee amendment has been adopted. Any further discussion of the bill as amended? I see none. Senator Wayne waives closing. 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.

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

**FOLEY:** LB998 advances. Next Speaker priority bill, please.

**ASSISTANT CLERK:** LB769 offered by Senator Halloran. It's a bill for an act relating to state employees, to require certain state employees to submit to fingerprinting and criminal history record checks. The bill was introduced on January 5 of this year, referred to the Government, Military and Veterans Affairs Committee, placed on General File with no committee amendments.

**FOLEY:** Thank you, Mr. Clerk. Senator Halloran, you're recognized to open on LB769.

**HALLORAN:** Thank you, Mr. Lieutenant Governor. Good morning, colleagues. Good morning, Nebraska. LB769 is a technical bill to bring Nebraska's statute in line with federal regulations. Per federal regulations passed in 2016, access to federal tax information is limited to staff of state agencies that have completed the required background investigation. Nebraska currently has no such authority regarding fingerprinting of state employees for purposes of access to federal tax information. Fortunately, since 2016, our agencies have been able to operate without federal penalty, but time is running out for our agencies to comply. Without complying, state employees who administer critical programs for all our constituents will no longer be able to complete the requisite background checks. For example, DHHS workers need to access the IRS Income Eligibility Verification System to support programs for child support enforcement, Supplemental Nutrition Assistance Program, SNAP, and Aid to Dependent Children, ADC, also known as Temporary Assistance to Needy Families. Additionally, for the Department of Labor, one of the requirements for funding the state's unemployment insurance program is to pursue certain unemployment debts through the Treasury Offset Program. This program requires the department to submit certain unemployment debts for offset against individuals' federal tax refunds. Because these programs involve federal tax information, the department must require all employees with access to federal tax information to pass a federal background check. So why, why is this a priority? This is a federal requirement. Without putting the fingerprint law in statute, Nebraska risks its ability to access the IRS database needed to help the families and children of Nebraska. Our state could face federal sanctions or lose federal funds unless we have all employees who need access to this database. Why should, why should people support this? This would allow Nebraska state agencies to comply with federal regulations and have the ability to access the information they need

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to do their jobs. Which agencies would be affected? If passed, this bill would most significantly impact the Nebraska State Patrol, Department of Health and Human Services, Department of Revenue, Department of Labor and the Department of Banking and Finance. Who developed this legislation? I'm bringing this on behalf of the state agencies listed in the bill. This language was developed by our state agencies and approved by the FBI. The FBI's approval prior to introduction is required for Nebraska to implement this law as the Nebraska State Patrol will need to submit agency employee fingerprints to the FBI. Does everyone in the, in these agencies get fingerprinted? No. Only the employees that have access to federal or state tax information to perform their duties. Who will pay for the fingerprinting? The state agencies that need to have these background checks completed will absorb these costs into their current budgets. In short, LB769 seeks to comply with federal requirements regarding access to these databases in order to help the children and families of Nebraska receive the help they need. LB769 advanced from Government, Military and Veterans Affairs 8-0. I would like to thank Speaker Hilgers for making this a Speaker priority and ask that you please support LB769.

**FOLEY:** Thanks, Senator Halloran. Debate is now open on the bill. Speaker Hilgers.

**HILGERS:** Thank you, Mr. President. Good morning, colleagues. I do support LB769. I made it a Speaker priority. I do want to make a comment just about the schedule today and yesterday, Senator Halloran, if you don't mind me taking a minute on your bill. You do mind. So I'll-- [LAUGHTER]. I just wanted-- so last, I just want to remind everyone, last week when I-- actually taking a step back. One of the principles I think is very important as Speaker is providing as much notice and to the body as to what we're, is that we're going to do and try not to have last second surprises. I've said that since last year. It's really important to convey that when I convey what, where we are headed in a given week that it's something that the body can rely on. Last week, if you may recall at the end of the week, I indicated to the body that this week what I was going to do on Tuesday and Wednesday was schedule bills that, in my estimation, were not controversial and that would not actually spur a lot of debate. And that is what I've tried to do and try to meet that commitment that I made to you last week. And so we go through bills to schedule, yesterday and today. There's quite a few. We are going through them fast. I think in that regard, we've been very successful. The bills have, have had wide level of support and have not had a lot of debate. But it also means we got done yesterday, or yesterday a little

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earlier. We may in fact today get done a little earlier as well. And the other option, though, was to put maybe some more controversial bills and that would break my commitment to you to provide fair notice. And so that's why we-- I don't know if we're going to get done earlier this morning. We very well might. It looks like it's possible, certainly. But that is why, that is why the schedule is what it is and we will have gotten through, if we get through all of today's agenda, about 17 priority bills between yesterday and today. So we should be very proud of the work. To the extent we do have some extra time today, I will tell you that probably will not happen again, and I would also ask all the committees to make sure they can use some of that time for Exec sessions because we do have our consent agenda deadlines right around the corner and as much as possible if people can get-- committees can get priority bills to the floor, it will help with my scheduling. So with that, I do support LB769. I appreciate the courtesy, Senator Halloran. Thank you, Mr. President.

**FOLEY:** Thank you, Mr. Speaker. Any further discussion? Senator Halloran, you're recognized to close on the advance of the bill.

**HALLORAN:** Thank you, Mr. Lieutenant Governor, and thank you again, Speaker Hilgers, for making this a Speaker priority and for your substantive support and response on the mike on this bill. Thank you.

**FOLEY:** Members, you've heard the discussion of LB769. The question before the body is the advance of the bill. Those in favor vote aye; opposed vote nay. Have you all voted who care to? Record, please.

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

**FOLEY:** LB769 advances. Items the record, please.

**ASSISTANT CLERK:** Thank you, Mr. President. Your Committee on Enrollment and Review reports LB567, LB704, LB749, LB767A, LB786, LB791, and LB847 all placed on Final Reading. Enrollment and Review reports LB1236 to E&R with amendment-- to Select File with amendments, and LB1099 to Select File. Amendments to be printed: Senator Albrecht to LB750, Senator McKinney to LB1112. New resolutions: LR313 offered by Senator Day, congratulates the Gretna High School Cheer Team; LR314 by Senator Murman, congratulates Melanie Knight for being the TeamMates mentor of the year. In addition to that, communication from the Speaker regarding reference of LR307 as well as the report by the Reference Committee, and also for certain Gubernatorial appointments to General Affairs Committee. That's all I have at this time.

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**FOLEY:** Thank you, Mr. Clerk. Next Speaker bill, please.

**ASSISTANT CLERK:** LB864, offered by Senator Gragert. It's a bill for an act relating to the Nebraska Educational Savings Plan Trust, to define and redefine terms, to authorize qualified education loan payments as prescribed, harmonize provisions and repeal the original sections. Bill was introduced on January 7 of this year, referred to the Revenue Committee. That committee placed the bill on General File with no committee amendments.

**FOLEY:** Senator Gragert, you're recognized to open on LB864.

**GRAGERT:** Thank you, Mr. President. Mr. President, members of the Legislature, LB864 updates our college savings plan to bring it in line with the recent federal changes. I want to thank Speaker, the Speaker for designating this bill as a Speaker priority. The Nebraska Educational Savings Plan administered by the State Treasurer, can be used for qualified higher education expenses at eligible educational institutions. LB864 expands the definition of qualified higher education expenses to allow the funds to be used for education loan payments for the beneficiary or a sibling of a beneficiary not to exceed \$10,000 per person. You may wonder why anyone would want to use a 529 plan to repay student loans, since the best use of 529 plan money is to spend it up front to avoid the need to take out student loans at all. However, despite all the planning, sometimes families have leftover 529 funds as well as student loans, and want to use the leftover money to repay the student loan debt. On December 20, 2019, President Trump signed the Secure Act. Two provisions affecting the 529 plans were included in this legislation, that being the expansion of qualified distribution at the federal tax level to apprenticeships and student loans. First, the expansion to student loans includes interest and/or principal on any qualified education loan for the 529 beneficiary or a sibling of a 529 beneficiary. There is a \$10,000 lifetime cap per person. Second was the expansion of the definition of qualified higher education expenses to include apprenticeship programs. This portion was dealt with last year in legislation introduced by Senator Mike McDonnell. LB564 was amended into LB432, a Revenue Committee priority bill and passed by the Legislature in May of 2021. Thirty-seven states have enabling legislation to allow student loans and apprenticeship withdrawals. Two other states, besides Nebraska, allow apprenticeship withdrawals. Three states do not allow either, and in eight states, legislation is pending or the status is not clear. I became interested in this issue when a constituent wrote me last summer. She had a 529 plan for her son. She counseled him to take some federally subsidized loans, pay the rest of

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his college bill using 529 funds, and then use up to \$10,000 to pay off those loans, only to find out that this was not allowed in Nebraska. Until Nebraska's Legislature adopts legislation such as LB864, the use of 529 account, accounts for repaying student loans would trigger recapture of amounts previously deducted by the account owner and any earnings portions of the withdrawals may be subject to Nebraska state income tax. I contacted the State Treasurer and he supported changing our law to mirror the federal law, thus allowing 529 monies to be used for loan payments. I want to thank his office for working with me on the draft of this bill. I believe that LB864 will increase the appeal and flexibility of 529 plans to encourage more families across a broader spectrum of household incomes to save for higher education. Student loan debts continue to increase with almost 70 percent of students taking out loans. The average student loan debt is approximately \$37,000. The public hearing for LB864 was held before the Revenue Committee. The vote to advance LB864, on a 8-0 vote. The State Treasurer testified in support, as did a representative, a representative of the Union Bank and my constituent. No one testified against the bill, and it has no fiscal impact. We would all agree that we want to encourage more students to attend college and we want them to avoid debt to the greatest extent possible, which is the goal of the college savings plan. Expanding what constitutes a qualified withdrawal under the 529 plan will give families more flexibility in spending the money that they have worked so hard to save over the years. Therefore, I ask for your support in advancing LB864 to the second stage of debate. And again, thank you, Speaker, for designating this a priority. Thank you.

**FOLEY:** Thanks, Senator Gragert. Debate is now open on the bill.  
Senator Vargas.

**VARGAS:** Thank you very much. Colleagues, I, so I'm reading, I'm reading the bill. I, I think I generally rise in support. I, I know this is a little bit of an education in terms of the 529 plans and that we should be encouraging and I appreciate the State Treasurer's Office and all the colleagues that worked on the 529 plans to try to make sure that we are encouraging people to save and utilize these plans. I mentioned this on the mike in the past. I have 529 plans for my, for my two children. And, and I want to encourage as many people out there listening that this is a good investment. The only concern I have, and it's not with necessarily the bill and the underlying reason is, student debt is rising and this is going to be an allowable use, which I do support. I think we need to look deeper at how we address student debt, and I do bring this up because we debated this probably about a two years ago. I brought a bill that would require FAFSA to be

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a requirement for all students across Nebraska in our public schools, and that requiring FAFSA would have also an easy opt-out provision if you did not want to apply for the, the FAFSA. And FAFSA is our federal student aid. The reason why this was so important, and I want to make this clear is, this what we're doing is expanding the use to be able to pay for student loans debt for a sibling. And I will tell you right now across the country, in the high school class of 2021, we have left an estimated \$3.75 billion in Pell Grants for our highest need, lowest-income families that, that are given a Pell Grant to be able to pay for college, higher education, trade schools and we have left \$3.75 billion just last year on the floor, unused, because people haven't applied for the FAFSA application. I think we need to take a good look at making sure that we are doing things like this, but that we're also trying to expand programs and make them better and improved and accessible, doing things like this opt-out provision that was passed in Texas and Illinois, in Louisiana, bipartisan. Our efforts that are going to make sure we're utilizing existing grant programs that are in the budget federally to get out to Nebraskans so they can use in Nebraska state colleges, community colleges, higher education, trade and apprenticeship programs. But right now we are looking at just in Nebraska, hundreds of millions of dollars that's left on the floor because we are not-- left on the side because we're not encouraging, we're not having a unique way to make sure that families are applying for this, these funds and they can use it. I hope we take that bill up and we hope we take this provision up in some way, shape or form because-- and it right now is on General File, it came 8-0 from the Education Committee. I bring it up because we can solve a lot more problems where they wouldn't have to dip into these 529 plans to be able to pay debt for those families that are highest need if they applied for FAFSA and saw this grant money is available for them and is already budgeted for by taxpayers at the federal level and is a program that we know works. The reason I say that is I was a Pell Grant recipient. It is what helped me and afford it along with work study I worked my way through college. It's programs like these that are lifelines for people. I'm even looking at some of our own pages who may or may not also have been utilizing a Pell Grant. It is an opportunity for us to offset the cost to make sure we don't even have to do things like this. I support this. But we should be more nimble--

**FOLEY:** One minute.

**VARGAS:** --when trying to make sure that we are encouraging people to apply for FAFSA and utilize that Pell Grant for good so that they can get further education. Thank you very much.

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**FOLEY:** Thanks, Senator Vargas. Senator Machaela Cavanaugh.

**M. CAVANAUGH:** Thank you, Mr. Lieutenant Governor. I'd ask if Senator Gragert would yield to a question.

**FOLEY:** Senator Gragert, would you yield, please?

**GRAGERT:** Absolutely.

**M. CAVANAUGH:** Thank you, Senator Gragert. So we just talked about this, but this applies, this is for college student loans, correct?

**GRAGERT:** That's correct. This is just the account that you put your monies away in a 529 for your children to go to, go to college.

**M. CAVANAUGH:** So I have three children and I have three 529 accounts, so if my oldest or my two oldest don't use all of the money, this would enable me to use, like roll it over to my third child?

**GRAGERT:** That's absolutely correct.

**M. CAVANAUGH:** OK, thank you. That's very helpful. Thank you. And I yield the remainder of my time to the Chair.

**FOLEY:** Thanks, Senator Cavanaugh. Senator Pansing Brooks,

**PANSING BROOKS:** Thank you, Mr. President. So I'm standing to clarify for the record that I'm hearing an expansion of 529s and it concerns me a lot. So I just want to ask Senator Gragert a couple of questions.

**FOLEY:** Senator Gragert, would you yield, please?

**GRAGERT:** Absolutely.

**PANSING BROOKS:** So, Senator Gragert, oops. Are you all right? Just shocking. I just want to make sure that you're talking about expansion of 529s. Does this mean that, that there will be income tax credits to people, that it will expand the 529 so that those, those income taxes can go to private schools?

**GRAGERT:** No. The intent of this bill is only to be able to use the 529 monies left in that account. If an individual took out a loan to go to college, it has to be higher education. Then this monies can be used to pay off that college loan.

**PANSING BROOKS:** So you're not changing any of the work we've done previously on 529s and making sure that no, no public dollars are going to private institutions. Is that correct?

**GRAGERT:** That's correct. We're not changing any of that.

**PANSING BROOKS:** OK. And I just want to make sure that we have it on the record because we've-- we know that while those private institutions provide great benefits to our state, it's also the fact that our Constitution requires payment for the common good, for the common student and the common schools, which means public schools. So I just want to make sure that this isn't some, an attempt to get public dollars to those private schools. As important as they are, we are not a wealthy enough state to pay for every single option and opportunity. So you agree with that, Senator Gragert?

**GRAGERT:** Yeah, I agree with all said. And again, what this, what this bill is about is just to be able to use those 529 funds that may be left over. You know, I thought it was a good idea with so many, you know, we got billions of dollars in student loans that we're just giving them another way to use their money to pay off those student loans.

**PANSING BROOKS:** OK. As you know, I'm highly concerned about the 529s at times, so I think that I'll probably be not voting on this. Talk to you some more between now and Select just to make sure that we're, that we're all understanding what this is for and that it's consistent with what we've done in the past. Thank you, Senator Gragert.

**GRAGERT:** Yeah, thank you.

**FOLEY:** Thank you, Senator Pansing Brooks. Senator Hunt.

**HUNT:** Thank you, Mr. Lieutenant Governor. Colleagues, I rise in strong support of LB864. I received a request over the interim from a grandparent in my district who had set up 529 accounts for his grandkids and wanted to start using them, but Nebraska hadn't updated its law to conform with federal standards. These new federal changes that allow people to use the plans to pay off student loans or K-12 tuition, and this was federally authorized with the Secure Act of 2019, but Nebraska has yet to update its law to take advantage of that. So I told that constituent I would be interested in helping him and introducing a bill around that. I did introduce a bill to tackle the tuition part for college education and Senator Gragert introduced basically the same bill. So I think this is a wonderful idea. I think

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it's very important. I ended up withdrawing my bill so we could move Senator Gragert's bill forward instead, because with this body, you know, I didn't want it to seem like socialist Megan Hunt was trying to get everyone's student loans forgiven or something like that, which sounds great to me, but that's not what this bill does. And Senator Gragert has a really good idea and a really good policy here with this bill. The State Treasurer put out a report on this saying that Nebraska statutes currently limit the use of NEST 529 College Savings Plan accounts only to qualified higher education expenses. Until the Nebraska Legislature adopts new legislation, the use of 529 accounts for costs associated with apprenticeship programs or to repay student loans would trigger recapture of amounts previously deducted by the account owner, so it wouldn't be allowed in Nebraska unless we pass this type of legislation. Colleagues, this is a great way to alleviate a little bit of student loan debt burden on Nebraskans, and it seems like good sense to me that if you can use 529 accounts to pay for tuition, then you should also be able to use 529 accounts to pay for past tuition, which is student loans. So I encourage you all to vote green on LB864. I think it's wonderful and I will be happy to see this policy make it across the finish line. Thank you, Mr. Lieutenant Governor.

**FOLEY:** Thanks, Senator Hunt. Senator Pahls.

**PAHLS:** Thank you, Mr. President. This is really interesting. Several weeks ago, I had one of my constituents call about this issue. He had several grandchildren that he had been putting money away for, and he found out a couple of them are, are pretty darn smart, so they're not going to need any help. So he wanted to help his other grandchildren, and he was told in the state of Nebraska he couldn't do it. But if he would remove his money from 529 to Iowa, he could do that to pay the tuition of his grandchildren. And I think they were going to a private school is my understanding. They just had to move the money from Nebraska to Iowa, and they-- he told me that he was told that he would get what he needed and he thanked the department and the state for helping him do that. Thank you.

**FOLEY:** Thanks, Senator Pahls. Senator Morfeld.

**MORFELD:** Thank you, Mr. President. Colleagues, I just want to rise in support of this legislation. Obviously, make sure that it does everything and doesn't have any unintended consequences, but you know, college affordability is an issue that's really tough to tackle. I remember as, as a senator, as many of you guys know, as, as the senator that represents the University of Nebraska-Lincoln area and

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district, I came into the Legislature wanting to do some serious things with higher education affordability and things like that, and I found that, quite frankly, a lot of that is out of our control. There are some interesting dynamics, particularly with that high availability of federal student loans, which is, on one hand, a really good thing and allows people like me who are essentially first generation college students to be able to go to college. But on the other hand, it doesn't create a ton of incentives for a lot of institutions to keep their costs low as well. So they're a little bit of a double-edged sword, and it's quite frankly an issue that's oftentimes out of our control for many different other reasons. And I think this is one small way, quite frankly, that we can provide more flexibility and more ability for people to pay off their student loans and then stay out of debt. And I think overall, that's a really good thing for Nebraskans. And I want to thank Senator Gragert and Senator Hunt on her work on her bill on this, and I stand in strong support. Thank you, Mr. President.

**FOLEY:** Thanks, Senator Morfeld. Any further discussion? I see none. Senator Gragert, you're recognized to close. He waives closing on the advance of the bill. The question before the body is the advance of LB864 to E&R Initial. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

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

**FOLEY:** LB864 advances. Next Speaker priority bill, please.

**ASSISTANT CLERK:** Mr. President, LB1065 offered by Senator Wayne. It's a bill for an act relating to the Community Development Law, change provisions relating to redevelopment plans receiving an expedited review, to harmonize provisions, and repeal the original sections. Bill was introduced on January 18 of this year, referred to the Urban Affairs Committee. The committee placed the bill on General File with committee amendments.

**FOLEY:** Thank you, Mr. Clerk. Senator Wayne, you're recognized to open on LB1065.

**WAYNE:** No, no. Thank you, Mr. President. Members of the Legislature, in 2020 this Legislature passed LB1021, which created an expedited review process for certain redevelopment projects underneath the Community Development Law that utilized tax increment financing, better known as TIF. This is, this bill was commonly referred to as Micro-TIF, an expedient review process that allows municipalities

located within a county with a population of less than 100,000 to elect to allow the expedient review of redevelopment plans that involved the repair, rehabilitation and replacement of existing structures located within the existing substandard and blighted area that is at least 60 years old. LB1065 was designated as a cleanup bill to address the issues that came up since the passage of Micro-TIF in 2020. I offered to assume primary response-- sponsorship of LB1065 to ensure the cleanup changes were done as North Platte and a couple of areas in rural Nebraska really brought this to our attention to make sure that these fixes were done. At the hearing, six municipalities have authorized Micro-TIF, including the city of North Platte, which actually approved its first Micro-TIF project. So I'll tell you what this cleanup does. First, LB1065 provides for a division of taxes for the expedited TIF project may not exceed 15 years after the effective date of the project, as opposed to the current maximum time period of 10 years. Since 15 years is the repayment period for most TIF projects, the 10-year period for Micro-TIF was a bit confusing. Second, the bill requires the existing structures must have-- must be within the corporate limits of the city of municipal limits for at least 60-years in order to be eligible for the expedited review. There was concern that some developers might attempt to use Micro-TIF for development out on the outskirts of the city when the original tent-- tint-- intent was for Micro-TIF to rehab old houses and those things in the city core. Third, the bill allows redevelopment of vacant lots that have been platted within the corporate limits of the city for at least 60 years. Finally, the bill increases the maximum assessed value of property of eligible Micro-TIF. Again, I want to thank Speaker Hilgers for designating LB1065 as a Speaker priority. It was advanced 7-0 out of the committee. Thank you, Mr. President.

**FOLEY:** Thanks, Senator Wayne. You may move into the committee amendment now if you care to.

**WAYNE:** Again, thank you, Mr. President. The committee amendment, AM1964, makes two primary changes to the bill. First, the amendment scales back the proposed increases for maximum assessed value to property eligible for Micro-TIF. The amendment strikes the, the increase for historic properties entirely, and it reduces the increase for multifamily residential structures or commercial structures to \$1.5 million. The amendment-- the primary change would be increasing the maximum assessed value of a single family home from \$250,000 to \$350,000. Second, the amendment addresses the issues brought at the hearing. In the city of North Pratte, there have been some property owners who would like to utilize a Micro-TIF but are unable to because their area has not been declared substandard and blighted. The city

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has actually studied the area in recent years and found it to be eligible, but did not declare it due to concerns that the city would actually bump up against the maximum percentage of TIF that could be declared as a-- as blighted. Sorry. Rather than changing the caps, AM1964 would clarify that a municipal may declare a portion of the area as substandard and blighted following the substandard and blighted study or analysis. Again, I would ask you vote green on AM1964 and the underlying bill.

**FOLEY:** Thanks, Senator Wayne. Debate is now open on the bill and the amendment. Senator Jacobson.

**JACOBSON:** Thank you, Mr. President, and thank you, Senator Wayne, for picking up this bill and moving it forward. I do plan to sign on as a co-sponsor of this bill and as Senator Wayne articulated, North Platte has used Micro-TIF. We're interested in continuing to develop Micro-TIF. I want to add a couple of comments to what Senator Wayne's done in his eloquent explanation of how this bill works and what it would do. Keep in mind a couple of things, I guess. I served as the Chairman of the North Platte CRA since its inception for 23 years ago. And of course, after taking office here, I've resigned from that, from that role. But I have lived TIF all those years. I can tell you there's a couple of significant changes here that I think are important. Number one, we have housing problems throughout the state. It's a huge economic development headwind. And when you start looking at what the cost structures are today to build houses and rehab houses, this is critically important. Keep in mind that on regular TIF, what the typical TIF project, year after-- there are some expenses to get it ready. So it moves the MAC, the minimum level that you need to do a-- move an increment before it makes economic sense to do it. Micro-TIF fixes that. I would also tell you that Micro-TIF provides for the ability to finance vertical infrastructure remodel, which regular TIF would not. It would simply be there for public infrastructure and other infrastructure, but nothing vertical unless you use workforce housing, which would deal with the vertical structure and can help there. I think this is important. There are some other changes that I would like to make in the future on, on Micro-TIF to make it even more effective and Senator Wayne and I have discussed that. But I think what the changes are sufficient this year to move this forward, let's keep the momentum going in being able to help with our housing crisis that's, that's throughout the state and particularly out in my district and other parts in the western part of Nebraska. So I would urge your green vote on the amendment and on the underlying bill. Thank you.

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**FOLEY:** Thanks, Senator Jacobson. Senator Erdman.

**ERDMAN:** Thank you, Mr. President, and good morning. I was wondering if Senator Wayne would yield to a question or two.

**FOLEY:** Senator Wayne, would you yield, please?

**WAYNE:** Yes.

**ERDMAN:** Senator Wayne, this could be the rarest of all days. I may vote twice for one of your bills on the same day, but I have some questions about this. You're going to increase the number of years the property has to be in the, in the city limits from what was it, 40 to 60?

**WAYNE:** No, it was already 60. We didn't increase the number of years. We just made sure that it was already within the substandard, blighted area within the city limits.

**ERDMAN:** OK. In your, in your opening, I believe you said it was confusing that the Micro-TIF was only 10 years and the other TIF projects were 15, is that correct?

**WAYNE:** Correct. So about the length of the payback period, we did increase it from 10 years to 15 years to match current existing.

**ERDMAN:** Why would that be confusing?

**WAYNE:** Because when people read statutes, they tend to read, because this is two different statutes in the same area. And so when people see 10 for TIF and then 15 for TIF, they get confused. I don't, I mean, I guess that's the answer I got. I don't know.

**ERDMAN:** OK.

**WAYNE:** I think if you read the statute, it's clear. But to clear up what people were complaining about, we just made it consistent.

**ERDMAN:** OK. And in your amendment, AM1964, on page 2, line 1, it says the new language is declare such an area or any portion of such area to be substandard and a blighted area. That's not currently in the Micro-TIF description?

**WAYNE:** No. So the issue is, and this actually happened in Fremont with extremely blighted is, we have caps for different classes of city of what they can, the areas that can be designated as substandard and

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blighted. So although there were some areas in North Platte that are substandard and blighted, they haven't been declared that because they didn't want to bump up to the, to the maximum percentage in which the city could have substandard and blighted.

**ERDMAN:** OK.

**WAYNE:** So this gives them a little flexibility to maybe TIF a block.

**ERDMAN:** Right. So years past, I had done a bit of research on the TIF projects in the state of Nebraska, and at that time there were like 780. And when they were going to do an audit on them, they only audited about 30 because that was the only 30 that had enough information, enough recordkeeping that could even prove whether they followed the statutes or not. So with TIF, there really is no penalty for violating the statute. Would that be a correct statement?

**WAYNE:** No, that's not true. There's actually a report now that's generated on TIF or that's sent to our office. I can get you the latest report of what cities are doing. In that particular audit, the only, they did a sample, they didn't, it wasn't because other cities didn't have enough. They just did a sample study. But there is, I mean, any taxpayer can sue on taxpayer standing if they feel like TIF is being abused and you've got to remember, they're still, it has to be approved. It has to go through the local council for main TIF projects to be voted on through the city ordinances. So there are plenty of times for the public to engage. But there's always a lawsuit option as a taxpayer if you feel that the state or the city is spending taxes incorrectly.

**ERDMAN:** Well, as busy as people are working to pay the high taxes we have in this state, they're probably not, not astute to what they can do legally. But it is quite obvious that there is no penalty and people have in the past, I don't know if it's now or not, but they've abused TIF. And so I'll give you this. I have a solution for all these TIF projects, and it's called the consumption tax, and all TIF projects go away and everybody gets to play on the same level playing field. So that's just a little sidebar there, but I'll probably vote for your bill. It'll be the second time today. Thank you.

**FOLEY:** Thank you, Senator Erdman. Senator Briese.

**BRIESE:** Thank you, Mr. President. Good morning, colleagues. If I make a couple of comments about this and want to ask Senator Wayne a question or two on the mike.

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**FOLEY:** Senator Wayne, would you yield, please?

**BRIESE:** Not, not just yet. Micro-TIF is found in 18-2155. And in 18-2155 we exempt from the typical, we exempt these Micro-TIF projects from the requirements found in 18-2116, and 18-2116 is part of the normal community development law relative to other TIF projects and 18-2116 is the, what we term the but-for probation. 18-2116 1(b) requires a finding by the governing body that the redevelopment project in the plan would not be economically feasible without the use of tax increment financing and that would not occur in the community redevelopment area without the use of TIF. And again, that's what we consider the but-for clause and if Senator Wayne would yield to a question now.

**FOLEY:** Senator Wayne.

**WAYNE:** Yes.

**BRIESE:** Thank you, Senator Wayne. As far as you know, is there a but-for requirement in Micro-TIF?

**WAYNE:** You just brought that to my attention and so, I don't think there is. And so what I'm proposing on the mike is that we change the application procedure and add a but-for language to make sure that the applicant underneath the penalties of perjury have to meet the but-for test. So I think we can do that from General to Select by working with your office.

**BRIESE:** OK, very good. And the but-for tests that you would be willing to put in here, would that be the but-for tests that we currently have in 18-2116?

**WAYNE:** Yes. If people get confused on 10 to 15 years, we should probably keep TIF consistent as far as the but-for.

**BRIESE:** Would you be interested in trying to tighten up those provisions pursuant to a bill that I introduced this year in Urban Affairs?

**WAYNE:** Well, you have a bill in Urban Affairs. I will tell you Urban Affairs is going to take a long look at TIF over the interim. So I don't think we should do it here of that drastic of a change. As you know, your bill had opposition and the problem that I have is this is a Speaker priority, so I can't add too many substantial changes to this bill. So I want to thank the Speaker for putting those guidelines on here.

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**BRIESE:** OK, thank you. Fair enough. And I don't disagree with that. That's, this probably isn't the place to try to make some of those changes. Thank you, Chairman Wayne. But we have to remember TIF really isn't an abatement of property taxes and who's making up for that abatement of property taxes is other property taxpayers. And so if we don't have a but-for provision in there in a meaningful but-for provision, we really risk this tool being used to force other property taxpayers to subsidize projects that were going to happen anyway. And so we really do need to get a but-for provision in here and I thank Senator Wayne for his willingness to look on, look at that next round. Thank you, Mr. President.

**FOLEY:** Thank you, Senator Briese. Senator Friesen.

**FRIESEN:** Thank you, Mr. President. I'm going to take this opportunity to talk about TIF in general. I don't know where I stand yet on this, but I do want people to understand just what we are doing. We are taking homeowners now who have not upgraded their housing, they have not replaced their windows, they've now put on new siding, they've let the home deteriorate either whether they didn't have enough money to do it or for any numerous other reasons. Maybe they have paid too much property taxes, they can't afford to upgrade that home. But what we're allowing them to do now is to TIF a home and so they'll still be paying property taxes like they usually do, but they're going to get a rebate back to help them pay for fixing up this, their home. And that money comes from our schools. And so when you do a TIF project in a city with an equalized school district, you just get more state aid. That makes up that difference. But if we're going to utilize this in rural Nebraska where none of the schools are equalized, when that TIF financing happens in that community, the other taxpayers just pick up the burden. And so again, this isn't what I look at as a fair way of doing it without putting the but-for clause in there as if a person absolutely can't afford to fix up that home and this would allow them to put the new shingles on, put new windows on to make sure that that house is as habitable in the future, I think that's where we were headed with this. But when I look at some of the numbers, I mean, in the state of Nebraska, right now in cities, we have \$4,568,936,000 that are in excess value of TIF, which means schools don't get any of that revenue. And so when you look at where that's at, I think the city of Omaha has \$2 billion in TIF properties already. And I think there has been abuse in declaring areas blighted and substandard and I think those are the things that some places need to be tightened up. And again, it goes back to whether or not your community is an equalized school districts or not or whether they're not. So when we have these communities out in rural Nebraska and we do TIF projects

out there in order to help bring in a business or even bring in more housing, which I'm always been strongly opposed to using TIF for housing, because now you're bringing kids into a school district and you're not going to provide them any revenue for the next 20 years. And so you are going to have a kid be born and graduated from high school and that home has not contributed one cent to help that school district. And yet there's no equalization aid to help make up that, so it's picked up by the other property taxpayers in those districts. And so when we look at the values of TIF, there's tremendous amounts of values. And when I hear Omaha talking about doing new building and a streetcar and TIFing those properties to the tune of \$300 million to help build that, that comes from the state of Nebraska in excess equalization aid to OPS. We pick up the tab. It has an impact on our budget. And so I think we need to look at these projects carefully and we need to look at them in the perspective of when TIF was first designed, it was to help redevelop truly blighted areas. When Senator Wayne talks about north Omaha, those are the areas where TIF should be used. And yet now we are blighting cornfields, putting up new buildings and using TIF financing and saying that, well, but-for TIF, they wouldn't have located here. I think it's pretty hard to look someone in the eye and say that you needed to blight that cornfield to get a new building there.

**FOLEY:** One minute.

**FRIESEN:** They were coming regardless, now you're just giving some revenue. So I think we need to be careful and look hard at any of these TIF bills that come forward. I do think things need to be tightened up. And I'm not saying that I will or won't support this bill, but I think it needs to be looked at long and hard because what it does in some areas in nonequalized school districts versus equalized, it has an impact on the other property taxpayers. Thank you, Mr. President.

**FOLEY:** Thanks, Senator Friesen. Senator Jacobson.

**JACOBSON:** Thank you, Mr. President. A couple of things. I certainly hear what Senator Friesen is saying, and I know when you're not an equali-- when you're an equalized school district this, you really have to look long and hard about TIF projects. I would suggest a couple of things. First of all, remember, as Senator Wayne pointed out, authorizing TIF and getting a TIF project approved are two different things. Your local CRA, their job is to go out and encourage these projects to bring in new development and, and they are also looking at the cost benefit analysis, making sure that there's not

going to be a net negative impact on the community and in the school district and others. And then they're going to move that forward through the planning commission to make sure it fits all of the-- everything from a zoning and planning and zoning standpoint, and then it ultimately moves to the city council who has to vote in favor of it. So your safeguard still is your local elected city council who ultimately makes those decisions. One of the concerns that I do have with, with Micro-TIF when it was first introduced and as it sits today and certainly an amendment that I would certainly welcome is, there really was no approval. It was pretty much you apply and you get it. I don't think that makes sense. There should be an if not, but-for test on any TIF project for the very reasons that Senator Wayne, or Senator Friesen has pointed out. So that's a concern of mine. I would also tell you that I think we need to, the way this is crafted, tax increment financing as an, as the initials, would apply, the acronym would apply, is taxes, property tax; I for the increment, the increment increase created as a result of this project being proposed and done; and F is the funding-- our financing, tax increment financing. The funding, the financing piece typically is bonds that are issued that are funded by the developer and then ultimately the developer repays from those incremental taxes. There is no funding mechanism upfront on Micro-TIF. OK. What's happening here is it is truly tax abatement, where as these future incremental property taxes are paid, that gets rebated back to the property owner at the time that the taxes are paid. So that's coming through to the city treasurer, who then has to figure out who the owner of the property is at that time. So one of the thing, I think one of the many changes that I see that need to be done to fix this over time is, we need to hold the city harmless to, if they send the check to the wrong party because they're not going to go out and ask an abstracting company to come in and do a title search to find out who the record owner is at the time that that payment needs to be made. So that's another cleanup that we need to look at. In the future, I'd be looking at trying to fix the funding piece to where we can eliminate a lot of the work by the city treasurer, but I do empathize with that concern. I would tell you in North Platte, I've been the CRA chairman for 23 years. We did 16 projects as I understand, give or take one, and they've all made a significant difference. We're not an equalized school district, so we are getting TEEOSA formula dollars. And so the school districts looking for students, they want students. Obviously, they're going to bring money with them through TEEOSA and that's why the public schools have always been in favor of it. But I do empathize with the smaller communities where the public school isn't there. There has to be an if not, but-for. If you don't, if you're-- if this project is going to

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happen regardless and I can assure you, I've turned down many a project as a community, as a CRA Chair and said there's no way. This project's going to happen regardless. We're not going to hear-- we're not going to take your TIF app. It's just not going to happen. And I think the same thing needs to happen with Micro-TIF to some degree. So I agree with that. So thank you.

**FOLEY:** Thanks, Senator Jacobson. Senator Matt Hansen.

**M. HANSEN:** Thank you, Mr. President and good morning, colleagues. Colleagues, I do rise in support of Senator Wayne's bill and the Urban Affairs Committee amendment. I do think this Micro-TIF program, as we've been calling it, has some great potential and certainly I'm supportive of the efforts to move it forward and doing things, some of the initial discussion of including a clearer but-for test in it, do make sense. I did want to rise and kind of talk about TIF broadly. I know it's been brought up a couple of times on this floor throughout this year. I don't know if I've had a chance to discuss on it. You've kind of over my tenure of these eight years in Urban Affairs, I've generally been supportive in the sense that it has been one of the few real economic development tools that cities can have. And I think some cities use it well and use it well in a very transparent process. I do think we run into issues where some cities kind of push the boundaries or don't do it in a transparent process. And that's where I've always come from. And being a difficult spot, we're seeing some people use the program well in a transparent way, kind of, and getting some good community projects done. How do you keep those moving forward when the tool is being used well and the tool is being used accurately without harming or while kind of reining in some of maybe the bad actors or at least, you know, less transparent and less accountable actors. And that's always been the tough split. Obviously, I won't be here to work on this in future years, but I, at least for my remaining time in Urban Affairs, I'm happy to keep looking at it and providing some oversight. You know, already this year, we had a hearing in Urban Affairs talking about Omaha, including some of the issues related to the streetcar and the skyscrapers we've mentioned. And I could say just putting on the record, I asked basically what was the but-for test in terms of that streetcar, skyscraper combination and it was explained to me, and I don't know if I even understood what they were explaining the but-for to be or how they got that to work and more specifically, how they got that to work under current TIF regulations. I know that project is probably moving ahead regardless of anything we do in the Legislature, but that's probably a good example of what to look at because as I understand it, that project is there saying the streetcar, but-for the streetcar, the skyscraper would be shorter

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because of parking was kind of the explanation of the but-for test in that particular instance, and to me, that doesn't necessarily seem what we've structured TIF for. I've always been supportive of TIF. We've seen it used in my, my neighborhoods, my communities, you know, because I represent parts of town that are over 100 years old. I have a house on my block that's over 100 years old. And seeing sometimes there's a vacant lot, there's an old storefront that can be rehabilitated, reuse, kind of or reinvest in the community. I want to protect that, but at the same time, it's hard for me to be able to defend that one. You know, cities are tearing down libraries and TIF in cornfields. So that's where I'm standing, at least in my last 26 days in TIF, and any sort of oversight I can do over the interim this fall. Thank you, Mr. President.

**FOLEY:** Thanks, Senator Hansen. Before proceeding, Senator Clements would like to recognize 47 fourth graders, two teachers and three spouses from Louisville Elementary School, Louisville, Nebraska. Those students are with us in the north balcony. Students please rise. Like to welcome you to the Nebraska Legislature. Continuing debate, Senator Erdman.

**ERDMAN:** Thank you, Mr. President. I listened to Senator Jacobson explain TIF and the way that it works there. I don't believe the city treasurer collects any taxes. I believe the taxes go to the county treasurer and then they're distributed from there. So that's the issue. The other issue we have with TIF is the but-for TIF, this project wouldn't happen. I know of communities that the people with the wherewithal to do whatever they need to do without TIF were asked, If you don't get TIF, are you going to build this project? And the answer was no. When in fact they had all the ability and the finances to do it. And so the committee said, we have cleared the hurdle on what-for question because they said if they don't get TIF, they're not going to build it. Well, that's not what that statute means. That means they don't have the money to build it without TIF. There are many projects that I've seen that have used TIF that are, as Senator Friesen described, a cornfield that was annexed in a town. I don't know how that is substandard or blighted, but that's what they've done. I know of projects that were nearly complete and applied for TIF and got TIF financing. And so there has been an abuse of TIF irregardless of what others may say about the restrictions and the provisions for approval. There is no penalty. So TIF has been abused and TIF is there for one reason, and it's because our taxes are too high. So we figured that out a long time ago. Instead of fixing the broken tax system we have, we've decided to put a Band-Aid on the amputation and offer TIF, and then we offer tax incentive financing

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and we offer that and we offer incentives, tax incentives, income tax incentives for businesses to come here and start a business. And the reason we do that is because taxes are too high. It's pretty simple. And so what Senator Friesen described to you is exactly what happens. So they write a check for their property tax to this, to the county, the county subtracts one percent for collecting the taxes and then they write a check back to the bondholder with that tax amount minus the one percent plus interest. That's how it works, 15 years. So currently it's 10 years. And Senator Wayne wants to change that to 15 years. So I'm not so sure after giving it more thought, that this is something we need to approve. I thought 10 years was sufficient, at least maybe if there was a child born when they first bought the house, by the time they got to be in high school, there'd be taxes paid. So just remember there is no free lunch, OK. So those people aren't paying taxes, as Senator Friesen described, somebody else is paying more. Thank you.

**FOLEY:** Thanks, Senator Erdman. Senator Friesen.

**FRIESEN:** Thank you, Mr. President. Would Senator Wayne yield to a few questions.

**FOLEY:** Senator Wayne, would you yield, please?

**WAYNE:** Yes.

**FRIESEN:** Well, Senator Wayne, I looked-- again, walk me through, I guess, the process here of a homeowner who wants to put in new windows, new siding, insulation in the home, so he goes, he goes to a bank or somewhere and you take out a loan, is that the process that goes forward here?

**WAYNE:** I mean, if the homeowner could take out a loan and can finance it himself, then it wouldn't follow the but-for test that we're going to add on to Select. So they wouldn't necessarily have to do this Micro-TIF.

**FRIESEN:** OK. Why would a banker just not say, well, hey, you know, you don't, you don't qualify for a loan, apply for this TIF and now there's no risk, so to speak, to that loan if, if you're going to get TIF financing to pay for it. So wouldn't a banker be encouraged to say, well, yeah, yeah, we're not going to give you a loan without TIF financing.

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**WAYNE:** I mean, I guess they theoretically could. It would just be like any other debt. They would have to pay it off when they get, over time.

**FRIESEN:** So if, if again, if, if a loan was taken out and this TIF financing, that check, does it come back to the homeowner or does it go back to make sure that the loan is paid off?

**WAYNE:** It will go back to the homeowner, but there's still a risk. Let's say that there's a perceived, let's say they perceive the amount of increase in value is going to be equivalent to \$10,000. And after they fix up their home, it's only equivalent to \$8,000, they're still going to have to figure out that \$2,000 gap just like any other TIF financing.

**FRIESEN:** And so what if, what if that homeowner fails to make his loan payments even though he's gotten the check, he--

**WAYNE:** It would be a--

**FRIESEN:** --on a vacation.

**WAYNE:** Then that, I mean, he would still own that debt. I mean, there's, it's a regular debt. If they take it out on a loan on a bank, they would follow the same.

**FRIESEN:** So eventually they have a lien on and they'd foreclose on the home.

**WAYNE:** Probably.

**FRIESEN:** Take the home. OK. Thank you, Senator Wayne. Well, in rural Nebraska, I mean, there are communities who sparingly used TIF, but they have been used. And if you look through the TIF financial report, you'll see that there are small communities out there who have 40 or 50 percent of their whole value, TIFed. And if you look at that community and dig a little further, you'll find out it's either an ethanol plant or some manufacturing plant that decided to locate there and so they financed, they financed that property, and therefore it was a huge part of their value. Now there's other communities out there who sparingly use TIF. You'll find very few projects in those communities because they don't believe that it should be used. They're not rehabbing parts of downtown or anything, they're just adding new developments on the outside so they don't use TIF. In Grand Island, for instance, after talking about property tax system for so long, they finally, I got them to participate in the city council meetings

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where they were starting to TIF residential development. And it actually led to some pressure, some developers saying, OK, we'll, we'll take TIF financing on half the development and on the other half we won't because it does impact funding going to schools. And so again, in rural areas, TIF financing is sometimes the only economic development tool they have. So it's not as I am totally opposed to it, but I just think people need to realize that in some areas I do feel it's being abused. I've seen situations in the larger communities where they're really good at doing this and they have the staff and they understand the process. And you'll find that sometimes the city will buy certain lots, or maybe a city block. They will, in return, clear it, take care of all the environmental issues there and then sell it to a developer. And it'll have basically the cost of the lot as the base value, so all of the rest of the value that's added to it now is the excess value that can be applied to TIF. Whereas, if it would have been sold strictly to a developer, would have started with a base value that was much higher than what it was when the city took it over and basically could value it what a lot is worth. So I think, I just think this is one of those things that in the future and I won't be here long enough, I'm leaving, but I hope this body takes a hard look at TIF and makes sure that it's not being abused. And again, as we create more opportunities for them to use that, I think the abuse just grows and it really does need to focus on redeveloping those blighted areas that are in north Omaha. I'm sure there's areas in Grand Island and numerous communities where it is needed, but I think we have expanded the use of it too far and the impact it has on other property taxpayers is too great. Thank you, Mr. President.

**FOLEY:** Thanks, Senator Friesen. Senator Jacobson, you're recognized, your third opportunity.

**JACOBSON:** Thank you, Mr. President. Let me, let me try to address a couple of questions that were raised. First of all, by Senator Erdman and also by Senator Friesen. And Senator Erdman, you're correct that the county treasurer collects the taxes, but then they, they, they divide it and then they send those dollars to the city treasurer and the city treasurer then is responsible for distributing it to over the whoever the property owner is at the time for Micro-TIF. And that's the rub that I have is we're requiring the city treasurer now to be responsible for distributing it to the rightful owner, rightful person who should own that, that TIF revenue and they're going to go figure out who owns the property because if you have a TIF bond, they need to send it to the, to the bondholder. But now that could be moving around as that property might sell. I'd also tell you the question's been raised about a blighting a field. How can a field be blighted? Well,

here's how it can be blighted. A field can be, a cornfield can be blighted because there is zero infrastructure there. There are no streets. There's no sewer. There's no water. OK, so if I'm a housing developer and I want to build a development and I don't have any place in town to build, where am I going to build it? I have to go on the outskirts. The city annex is that property into the city and then somebody's got to put in the infrastructure, incredibly expensive if you don't have it. And so what do they do? They're going to go where they can build cheaper. So it's incredibly important to be able to have that ability to be able to put the infrastructure and help finance that infrastructure. And when you look at regular TIF, it primarily goes just to infrastructure, public infrastructure. It doesn't finance any of the vertical. And I look at the case of, of WalMart food distribution center. WalMart food distribution employs over 350 people with great paying jobs, great benefits in North Platte, but they wanted \$1.5 million in land value upfront, paid by the city, or they weren't coming here, they were going to go to a town in Colorado. So I would also tell you the if-not, but-for test is not about whether the developer can afford it or not, because we all know that WalMart could afford to build wherever they wanted to build. It has to do frankly with the fact is, would the project, if you read the statutes, would the project be feasible or otherwise built without TIF? That's the if-not, but-for. Has nothing to do with whether they can afford to pay it. It has to do whether it's feasible and would be built in a blighted and substandard area without the use of TIF. The 10 to 15 years, that's simply harmonizing Micro-TIF with regular TIF. I would also tell you that Hobby Lobby is another case. Hobby Lobby was a project that we TIFed in North Platte. Hobby Lobby can build wherever they want to build. They've got a line of places all over the place. Towns that would love to have Hobby Lobby there. Hobby Lobby's deal was real simple. They went to the owner of the land and said, we'll locate in North Platte, but we want to be at this location, which, which was blighted, and we'll pay \$6 a foot for a brand new building. Now today, I would tell you back at that time, when you look at construction costs, \$6 a foot, you're not going to make any money at \$6 a foot. Today, you're really upside down if you're going to try to build a new building and own the land and lease it for \$6 a foot. But we TIFed it. Hobby Lobby came, and I can tell you we're bringing people in from the region now, and we're offering something in the retail side that otherwise wasn't there. And as we all look at online sales today, any new retailer that we can bring into a regional trade center helps our entire region. And so again, you have to make your case for why you would want to do, why you need TIF. The CRA will study that to determine whether or not it is feasible and then

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ultimately that elected body, your city council, is going to have to approve it. So I believe pretty strongly in local control. And I think if we can put the tools in the hands of these communities and let those community, elected community leaders decide whether it's the right thing for their community because it's not right for all the communities. And if you want to look at Omaha and Lincoln, are there are abuses? Absolutely. I'd be the first one to tell you that, but I can justify every project we did in North Platte because we're looking at that if-not, but-for test and saying, would this really happen or not? There were a number of projects that came to me and I said, you're going to build this project regardless. We're not going to TIF it and they build it. So again, as we get back to Micro-TIF, it's really cleaning up some things and there's more cleanup to be done, but I'd like to see this bill move forward this year so that we can help spur this housing renovation that's going on downtown right now. We've got, we've got a project that's been the first one approved that would actually remodel on the upstairs of the old area downtown, which has electrical issues, fire code issues, all of those things that need to be funded. They wouldn't be doing it if they didn't, weren't able to get some kind of subsidy. So that's why it's being done and if it wouldn't be done--

**FOLEY:** That's time, Senator.

**JACOBSON:** --you can't remove from the tax rolls--

**FOLEY:** That's time.

**JACOBSON:** --what isn't there. If the project isn't going to be built--

**FOLEY:** Senator Jacobson, that's time.

**JACOBSON:** Thank you.

**FOLEY:** Thank you, sir. Senator Erdman, third opportunity.

**ERDMAN:** Thank you, Mr. President. So I listened to Senator Jacobson's comments. He may have misunderstood what my statement was. My statement was, and I'm not disputing what the statute says about the qualifications, what I was saying was that the community, the city, declared the but-for what for issue by asking them if they would build it or not. That's the point I was trying to make. The other issue that I thought I made clearly, but I'll do that again, is there are several projects that I know of that were completed or nearly completed before they ever thought of asking for TIF. And that is a violation of the statute. And the statute currently says at least one half of the

property has to be in the city limits for 40 years. At least that's what it used to say. And they annex a cornfield or an alfalfa field a mile from town, they call it slighted or blighted. Those are the issues that I've seen happen with TIF. Now maybe in Senator Jacobson's case in North Platte, those people are more astute to following the statutes, but in my district, I've seen this happen time and time again. And as I said earlier, there were over 700 TIF projects, and the state auditor was going to audit them, audit those projects, and only about 30 of them had enough information for them to even audit and there's no penalty. There's no penalty for those people annexing a cornfield and calling it slighted or blighted. None. So if you want to fix TIF, if you do want to fix it, then put some stipulations or restrictions on what happens if you violate those statutes, you can't get TIF, well, you got to pay the money back, something. But just to allow them to continue to do whatever they want seemed to be kind of peculiar. And the more I think about going from 10 to 15 years, I think 10 years was sufficient. The whole problem we have with our tax system in the state of Nebraska, it is broken. I don't think there's a person in this room or listening to me today that wouldn't agree, we have a broken tax system. And that tax, that tax system works like this. Someone, some agency, some local unit of government tells you how much of your money to give the state or the local unit of government and when to do that. Taking not into consideration whether you can pay it, they just tell you to pay it. So the government goes shopping and sends you the bill. So until we fix the system where you get to be the one who decides how much money you're going to give the government, we will never have a fair tax system. And so this is treating the symptom. This is not fixing the cause. And so Senator Friesen was correct. I'll say that again, if you go 15 years, a young person can be born and completely through school by the time that house makes one contribution to the school. So maybe we need to rethink how we do all these things. Thank you.

**FOLEY:** Thanks, Senator Erdman. Senator Moser.

**MOSER:** Thank you, Mr. President. The appeal of tax increment financing is that it seemingly generates money out of nothing. I mean, you, the local city or whoever's offering this incentive doesn't have to put a lot of money out in order to approve tax increment financing and the sale-- the property tax that's accumulated over the years is supposed to pay off the bonds, or it goes directly to the developer in some cases. But the people who would have collected those taxes and now are not going to get them are actually financing the project and I think in a lot of cases, the TIF projects are, I don't want to say, unfairly offered, but I would question whether some of them are really going to

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be built or wouldn't-- that they wouldn't be built if they didn't get TIF financing. You know, if you TIFed a building for a construction company in a town and there's another construction company there, then you're giving one an advantage over the other. Or if you TIF a building for an insurance company and there are other insurance companies in the same city, you know, are you showing favor for one insurer over another? It, to me, it's a little similar to the temptation of tax credits. It's not really giving money away, you're giving them credit toward future taxes owed. But in the end, those chickens come home to roost and you are losing revenue and in the case of TIF financing, the schools aren't getting money, the counties aren't getting money. That money's going to pay off the TIF bonds, so I think it needs to be done really judiciously. And I was involved in TIF projects, so I don't want to sound like I think they're all bad or that there is something wrong with TIF financing in general, but just watching how it unfolds, I think some people are stretching the, the eligibility a little far. Thank you.

**FOLEY:** Thanks, Senator Moser. Any further discussion? I see none. Senator Wayne, you're recognized to close on the committee amendment

**WAYNE:** Thank, thank you, Mr. President. First, I want to remind everybody, no good deed goes unpunished. I assume this bill and I want to thank everybody for taking this opportunity to get their frustrations generally about TIF out. So part of being a Chair when the city of Omaha made their big announcement is there was a lot of reaction. So part of being a Chair is, you have to think judicious, judiciously and logically about putting a bill on the floor around areas that are very contentious and not knowing where the body is and knowing where people are. So when it comes to TIF, I walked in this body became Chair. We spent two years on LB874 and that was fixing what was in the audit report, making sure we tightened up how TIF worked. Making sure you couldn't do revolving loans. Making sure some of the areas that people got on this floor and complained about for those two years were addressed. And it was actually one of the biggest TIF rewrites, probably since it was passed in 1976 by a constitutional amendment. What's interesting is we want to put limits and do things about TIF in general, but it's in our Constitution. And it gives cities the right to do it. So what we're just kind of nibbling around the edges, trying to put some guideposts on there, but my point is, it takes a while. We spent two years after 2018 working on extremely blighted, making sure it worked, and now we found some mistakes there this year we saw. And so my point is Micro-TIF was a two-year process. TIF is not. We don't necessarily have TIFs, Senator Erdman, because of high property taxes. We have TIF because in our Constitution, there

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are only really two ways cities can do economic development, which is TIF and the LB840 funds, and both of those are in the Constitution. We just don't have any other tool. I'm the first one, and I've argued against TIF for a long time, but we have to do it in a way that makes, that works for Omaha, but works for North Platte. That works for Ord, that works for everybody. So this year, you could ask committee members, I made a conscious decision to not put a TIF bill out, and the only reason we put this TIF bill out is because there are some immediate fixes that the communities who have opted in for this Micro-TIF-- let me explain. They have to first opt in and it doesn't apply to any county over a 100,000, so it doesn't apply to Omaha, doesn't apply to Lincoln. This is truly a rural bill. And so we're doing this to fix a couple of things that have to happen. There are some issues that Senator Jacobson brought up that we have to address, that Senator Briese brought up that we will address in minor ways. But if you don't pass it, there's going to be at least two or three communities who are going to be hurt by it, who are using this. But rest assured, this summer we're going to take another deep dive in a tax increment financing and extremely blighted to come with another bill next year that will help address the issues that people continue to talk about. But I do want to talk briefly about big TIF. They still pay taxes. It is a baseline, so if they're paying \$100 today and they have a TIF project on their property, they continue to pay that same \$100 for the next 15 to 20, 30 longer years that \$100 gets paid. But after TIF is over the 15, 20, 12, most projects are only 11 years, that's when the incremental value, the increased value gets returned. So they're still paying taxes. So I just want to make sure people are clear that if a project is TIF, they still pay their current taxes, they're just not currently paying that incremental value that is increased--

**FOLEY:** One minute.

**WAYNE:** --from the project being done, that's going to pay off a loan. Make sure everybody understood that. I still have one more close after this, right?

**FOLEY:** You will.

**WAYNE:** OK, thank you, Mr. President.

**FOLEY:** As you heard the debate and close on the committee amendment, the question before the body is the adoption of the committee amendment. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

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**ASSISTANT CLERK:** 40 ayes, 1 nay on the adoption of committee amendments.

**FOLEY:** The committee amendments has been adopted. Continued discussion on the bill as amended. Senator Pansing Brooks. She waives that opportunity. Is there any further discussion on the bill? Senator Pahls.

**PAHLS:** Senator Wayne, I need one more answer from you. You said that the taxes are still paid. Would you, would you repeat that? Because I keep hearing that we're losing all the taxes on a property. I just think it's important that you repeat so people really understand what you mean.

**FOLEY:** Senator Wayne, would you yield, please?

**WAYNE:** Yes. So the assessed value of the project typically is, let's just hypothetically is \$100 is what they pay. That is their current, current payment, property tax. They get assessed to say after your project is done, you can now pay \$200. That's what you're going to have-- that's your final assessment after your project. So there's an increased value of \$100, but you continue to pay your property taxes as is, which is \$100. You just don't have to pay the additional hundred because you're using that additional hundred to pay your loan so you still pay your \$100.

**PAHLS:** OK. OK, so the school district is still receiving part of that \$100.

**WAYNE:** Yeah, they are receiving the whole hundred dollars that you--

**PAHLS:** For--

**WAYNE:** --for the, well, part of the \$100 because it's divided up in property taxes, so they still get the same amount they would normally get prior to the TIF project.

**PAHLS:** Till the TIF runs out, well, most times 15?

**WAYNE:** Correct. And then they get the increased value after that.

**PAHLS:** OK.

**WAYNE:** So they don't stop paying taxes, they continue to pay taxes the entire time of that project.

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**PAHLS:** Well, I want to thank you because I keep hearing that taxes are going away and they are not. Thank you, Senator.

**FOLEY:** Thanks, Senator Pahls. Senator Wayne, you may close on the advance of the bill.

**WAYNE:** Yes, again, this is a very narrow bill for rural Nebraska, and I just wanted to remind everybody in 2020, this bill passed 49-0 because there was a need for Micro-TIF in some of these smaller communities. And there still is that same need today and we're just trying to remove a few obstacles that came up over the last years. Thank you, Mr. President.

**FOLEY:** Thanks, Senator Wayne. The question before the body is the advance of LB1065 to E&R Initial. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

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

**FOLEY:** LB1065 advances. And the final Speaker priority bill. Mr. Clerk.

**ASSISTANT CLERK:** Mr. President, LB1246 introduced by Senator Pansing Brooks. It's a bill for an act relating to the criminal procedure; to provide for confidentiality of victims of sexual assault and sex trafficking prior to the filing of criminal charges; define terms; change provisions relating to public records; harmonize provisions; repeal the original sections. The bill was introduced on January 20 of this year, referred to the Judiciary Committee, placed on General File with committee amendments.

**FOLEY:** Thank you, Mr. Clerk. Senator Pansing Brooks, you're recognized to open on LB10-- excuse me, LB1246.

**PANSING BROOKS:** Thank you, Mr. Lieutenant Governor. Good morning, members of the body. LB1246 will enhance safety for victims of sex trafficking and sexual assault in the period immediately after a crime is reported. LB1246 will help both minors and adults who are victims of sex trafficking and sexual assault by maintaining the confidentiality of their identity and by withholding identifying information from public record until criminal charges are filed. This bill also ensures that this information may be shared with criminal justice agencies, attorneys and victim advocacy agencies as necessary to carry out their duties prior to filing charges. When identifying information of victims in these cases is available to the public, it can leave them vulnerable to intimidation, threats or harm. There have

been instances in Nebraska where victims of trafficking have been physically harmed or received death threats from their traffickers after reporting to law enforcement. Due to the-- due to the fact these investigations, especially trafficking investigations, are often intense and time consuming, it is not uncommon for an incident report to be made before the arrest can take place. This means that the victim's name is public before their trafficker is in custody. Many victims know the information, that their information will not be confidential, and so they do not feel as though reporting or participating in an investigation is a viable or safe option. In a report from the Department of Justice, the most frequent reason provided by victims-- victims as to why they did not report sexual violence crimes was due to fear of retaliation. This bill will help us to provide personal safety for victims considering making a report. Identifying information in public record can also lead to unwanted contact from the media. It is not uncommon for trafficking and sexual assault victims to have media reaching out to them or showing up at their doorstep less than 24 hours after making a report. Sexual assault and trafficking are traumatic experiences, which can be difficult to recount and process, especially immediately after the event. Excuse me. For this reason, law enforcement typically waits for several days to do full interviews in order to conduct a more trauma-informed investigation. When the media questions victims immediately following an incident, the situation becomes an even, even more traumatic. Best practices nationally work to protect the victim from additional trauma. Multiple contacts from the media negatively impacts the well-being of the victim and compromises the integrity of the law enforcement investigation and any resulting prosecution. Additionally, I have worked with Senator Slama to bring forth AM1978, which would add language from her bill of last year, LB204, which amends the Sex Offender Registration Act by prospectively adding the crimes of sex trafficking and sex trafficking of a minor. While some controversy remains about our current Sex Offender Registration Act, that is a different bill for a different time. These additions strengthen our stance against sex trafficking in this state, further aligning our laws regarding sexual assault and sex trafficking. Taken as a whole, LB1246 enhances the safety for victims of sex trafficking and sexual assault and makes Nebraska's laws consistent with these crimes. That's why I ask you to vote green on LB1246 and its amendment. Thank you.

**FOLEY:** Thanks, Senator Pansing Brooks. Senator Lathrop, you're recognized to open on the committee amendment.

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**LATHROP:** Thank you, Mr. President and colleagues, good morning. LB1246 was heard by the Judiciary Committee on February 3rd of this year. The committee voted 8-0 to amend the bill with AM1842, and advanced the bill to the General File. AM1842 would add an additional exception to the confidentiality requirements found in LB1246 to allow criminal justice agencies to share information about a victim with educational entities for supportive measures, reporting purposes or related to Title IX. Educational entities include school districts, private denominational or parochial schools, educational service units, community colleges, state colleges, the University of Nebraska and nonprofit private postsecondary education institutions. I think it's an appropriate amendment to LB1246. I would encourage your support of AM1842 as well as LB1246.

**FOLEY:** Thanks, Senator Lathrop. Debate is now open on the bill and the pending committee amendment. Senator Bostelman.

**BOSTELMAN:** Thank you, Mr. President. Would Senator Lathrop yield to a question?

**FOLEY:** Senator Lathrop, would you yield, please?

**LATHROP:** Yes.

**BOSTELMAN:** Just for clarification on this, especially in our schools, when we talk about providing that information, there is protected information because sometimes we see there are people that are employed by the schools that are involved in these unfortunate situations, so how does this get reported to the schools?

**LATHROP:** So think about it this way, or the rationale for this exception, is that school districts are under Title IX and also, for other reasons, have a responsibility to the victim. And if they don't know who the victim is of a sexual assault, then they can't take the precautions and do the things Title IX requires of, of a school district. When a student says I've been sexually assaulted by another student, they have to make accommodations and they can't get into that process unless they know who the victim is.

**BOSTELMAN:** So it's typically probably to a superintendent at that school, or is there a point of contact that--

**LATHROP:** They, the who is, I would think it would, I think it would be more up, up the food chain because it's, it's got to be somebody high enough up to make that accommodation to the victim, to make sure, for

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example, that the, that the alleged perpetrator isn't sitting behind the victim in a class or even in the same classroom.

**BOSTELMAN:** And I appreciate that and I don't disagree with that, and I understand. I just wanted to make sure I understood or it could be an employee, could be a teacher.

**LATHROP:** Could be as high as--

**BOSTELMAN:** Could be anyone there, but I mean, that's kind of the gist of the question is, is that it's brought to the school, to the appropriate authority or individual in that school administratively to properly address the concerns.

**LATHROP:** Yeah.

**BOSTELMAN:** Or that, or that there are that juvenile, that child that's in that school.

**LATHROP:** It could be a juvenile, could be a student at UNL.

**BOSTELMAN:** Sure.

**LATHROP:** But they do have certain responsibilities to that student under Title IX that I'm familiar with a little bit. I'm not an expert on the topic, but I do know the university, for example, if I said I was a victim of a sexual assault, they have some responsibility to keep that other person clear and make some accommodation.

**BOSTELMAN:** OK, thank you. Thank you, Mr. President.

**FOLEY:** Thanks, Senator Bostelman. Any further discussion? I see none. Senator Lathrop, you're recognized to close on the committee amendment. He waives closing. The question before the body is the adoption of AM1842, committee amendment. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

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

**FOLEY:** AM1842 has been adopted. Mr. Clerk.

**ASSISTANT CLERK:** Mr. President, Senator Slama would move to amend with AM1978.

**FOLEY:** Senator Slama, you're recognized to open on your amendment.

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**SLAMA:** Thank you, Mr. President and good morning, colleagues. I rise today to thank Senator Brooks both for her leadership in our state's fight against human trafficking, but also for allowing me to amend my bill, LB204 to LB1246 with AM1978, and for the Speaker for greenlining this amendment on a Speaker priority. LB204 addresses the sex offender registry in Nebraska by requiring convicted sex traffickers to register as sex offenders. Sex trafficking is a sex crime, plain and simple, and with this bill we would be harmonizing our statutes in treating it as such. LB204 was advanced from committee last session on a 7-0 vote. I ask for your green vote on AM1978 and the underlying bill. Thank you.

**FOLEY:** Thanks, Senator Slama. Any discussion on the amendment? I see none. Senator Slama waives closing. The question before the body is the adoption of AM1978. 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 adoption of the amendment.

**FOLEY:** The amendment has been adopted. Any further discussion on the bill as amended? Senator Bostelman.

**BOSTELMAN:** Thank you, Mr. President. Just take a couple of minutes, and I appreciate Senator Pansing Brooks and Senator Slama, the Judiciary Committee for passing this bill out because it's very much needed and thank you for doing that. I just wanted to take a couple of minutes. I do sit on and sit in with human trafficking task force in my district. So this is real, folks, and this is mostly for those of you watching on TV. This does happen. Both sex trafficking and labor trafficking is going on in our state. It has happened in my district. If you see that, if you think you see that, if you think there's someone out there that's in trouble or needs help, there's a number to call. It's 888-373-7888. That's 888-373-7888. Let somebody know because that person doesn't always have the opportunity to be able to say, hey, I need help. Something's happened, that is very important. I would rather have someone look into something and ask some questions than not. I want to again appreciate what Senator Pansing Brooks or Slama has done. The other information if you go out to the Attorney General's website and look at combating human trafficking will give you more information. Get involved. Don't sit and see something happen that you say, what's going on here? Ask the question. Make the phone call. Thank you, Mr. President.

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**FOLEY:** Thanks, Senator Bostelman. Any further discussion? I see none. Senator Pansing Brooks, you're recognized to close and advance the bill.

**PANSING BROOKS:** Thank you. I just want to say a couple of things. Number one, I want to thank Senator Slama for her continued work on this, and it's been a wonderful partnership on sex trafficking, and I really appreciate that. I appreciate the work of the Attorney General on a number of these things. Since we got into this Legislature 8 years ago, at that point Nebraska was ranked an F on human trafficking, and thanks to this body and your support of all the bills that we've worked on together, we have moved to an A. And that doesn't mean the work is over, it doesn't mean the work is done, but I want to thank you for the ability to work across the aisle, the importance of this body to be able to get important things done for our young Nebraskans who are most vulnerable. So thank you for that. I want to thank the Speaker for his kindness in making this one of his priorities. And with that, I hope you'll vote green on LB1246. Thank you.

**FOLEY:** Thank you, Senator Pansing Brooks. You've heard the debate on LB1246. The question before the body is the advance of the bill. Those in favor vote aye; those opposed vote nay. Have you all voted? Record, please.

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

**FOLEY:** LB1246 advances. Items for the record, please.

**ASSISTANT CLERK:** Thank you, Mr. President. New A bill. LB698A offered by Senator Kolterman. It's a bill an act relating to appropriations, to appropriate funds to carry out the provisions of LB698. Amendments to be printed: Senator Morfeld to LB773, Senator Dorn to LB1091, Senator Ben Hansen to LB990, Senator Machaela Cavanaugh to LB773. Your Committee on Education reports LB872 to General File with amendments, as well as LB852. Committee on Enrollment and Review reports LB964, LB804, LB887, LB698, LB820, LB840, LB888, and LB436, all to E&R, some with E&R amendments. New resolution. LR315 by Senator Lowe. Recognizes March of 2022 as Unclaimed Property Month Act in Nebraska. Name adds: Senator Murman to LB721, Senator Jacobson to LB661, LB741, and LB914. An announcement. The Government Committee will hold an Executive Session today immediately following the hearing in Room 1507. And finally, a priority motion. Senator Lathrop would move to adjourn until Thursday, March 3, 2022, at 9:00 a.m.

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**FOLEY:** Members, you've heard the motion to adjourn. Those in favor aye. Those opposed say nay. We are adjourned.