

Transcript Prepared by Clerk of the Legislature Transcribers Office

General Affairs Committee March 6, 2023

Rough Draft

LOWE: Welcome to the General Affairs Committee. My name is John Lowe and I am chairman of the-- of this committee. Our hearing today is your public part of the legislative process. This is your opportunity to express your thoughts and your opinions on the proposed legislation before us. Committee members might come and go through the hearing. This is just part of the process. They have bills to introduce in other committees on occasion. The order of the bills has been posted outside the hearing room, with the first bill up today being LB144. I ask you to abide by the following procedures to facilitate today's meeting. Please silence or turn off all cell phones or electronic devices, including watches. I will now make sure mine is silenced. Please move to the reserved chairs in the front row as you prepare to testify. I don't think we're going to have a problem today. The introducing senator will make his introduction remarks followed by the proponents, opponents, and then those in the neutral if they dare. Closing remarks will be reserved for the Introducing senator of the bill. If you are planning to testify today, please pick up one of the green sheets on either side of the room on the tables. Please fill out the sheet ahead of time; and as you sit down to testify, please hand it to the committee clerk on the left side of our table here or your right side. Please make sure to print clearly your name and phone number so we can report accurately who testified today. And this will be the way that the transcribers will contact you if they need it for verification. If you do not wish to testify, but you wish to report that you were here, there are the white sheets on the tables and you can fill out those and it will go officially into the record. And please indicate whether you are a proponent, opponent, or in the neutral. If you have handouts, we ask that you bring ten for the committee and hand them out to one of the pages so they can be distributed to the committee. If you do not have ten copies, please let the pages know and they will try to facilitate the copies. When you come up to testify, please speak clearly into the microphone. We are going-- and please state your name, then spell your whole name first and last. Again, this is so that is recorded correctly. We will be using the light system today. We will be going with, well, let's go with five-minute today. I'm going to splurge. You will be given two minutes with the green light or you'll be given four minutes with the green light, one minute on the yellow light, and when it turns red, we ask you to briefly end your testimony. No displays of support or opposition for the bill, vocal or otherwise, will be allowed. The committee members with us today will introduce themselves, starting with my right with Senator Brewer.

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BREWER: Good afternoon. Good afternoon. Tom Brewer, District 43, which is 11 counties in western Nebraska.

HUGHES: Jana Hughes, District 24: Seward, York, Polk and a little bit of Butler County.

HARDIN: Brian Hardin, District 48: Banner, Kimball, Scotts Bluff Counties.

HOLDCROFT: Rick Holdcroft, District 36, west and south Sarpy County.

LOWE: Senator Hughes is our Vice Chair of the committee. Laurie Holman is our committee counsel, and Ben Earhart is our committee clerk. Our pages today are Aaron [SIC] and Luke, if you would please introduce yourselves to everybody and tell them what you're studying.

LUKE McDERMOTT: I'm Luke. I'm studying political science and economics.

ETHAN DUNN: Hi, I'm Ethan. I'm studying poli sci and philosophy.

LOWE: OK. With that, good afternoon, Senator Brandt, and welcome to our General Affairs Committee.

BRANDT: It's good to be back. Good afternoon, Chairman Lowe and members of the General Affairs Committee. I am Senator Tom Brandt, T-o-m B-r-a-n-d-t. I represent Legislative District 32: Fillmore, Thayer, Jefferson, Saline, and southwestern Lancaster County. Today I'm bringing LB144 on behalf of the Nebraska State Electrical Division. LB144 is a cleanup bill that addresses many updates needed to the Nebraska State Electrical Act. The director of the State Electrical Division will testify behind me, but I would like to give you an overview of the changes made in LB144. Most of the changes will eliminate obsolete provisions, like references to the use of the telegraph, classes of electricians no longer licensed with the division, and redundant licensure requirements. One provision that I am familiar with is on page 13 and it is the text of LB866 from the last session. I introduced LB866, which advanced from this committee on an 8-0 vote but ran out of time on the floor. This provision would increase the penalty for failure to properly file permits for electrical inspection from \$50 to \$250. The intent of the increased penalty is to incentivize electrical contractors and others to properly file permits so that the State Electrical Division is aware of electrical project construction and can properly inspect these projects, ensuring the safety of all involved. This provision does not

increase the cost of doing business for those contractors who are properly following the permitting processes of the State Electrical Division. Over the past few years, the number of late inspection requests has increased, with an overwhelming majority of those requests coming from out-of-state contractors who take jobs from our local electricians, and they have no concern for following the proper electrical permitting process set out by the State Electrical Board. I have filed AM229, which was agreed upon between the State Electrical Division and stakeholders. It takes out the reference to solar installers as that license needs more work before it is ready to go. I would ask the committee to advance LB144 with AM229 to General file, and I would take any questions at this time.

LOWE: Thank you, Senator Brandt. Are there any questions? Seeing none, will you stay to close?

BRANDT: Yes, I will.

LOWE: All right. First proponent. Good afternoon. You can read slowly today.

CRAIG THELEN: OK. Good afternoon, Chairman Lowe and members of the committee. My name is Craig Thelen, C-r-a-i-g T-h-e-l-e-n. I'm the director for the State of Nebraska Electrical Division. The State Electrical Board consists of electricians, engineers, electrical inspectors, and representatives from local utility companies. This bill is merely a cleanup bill to our state act that has not had significant cleanup done since 1993. The cleanup consists of removing old licenses that we no longer use, like the Class B master and the installer license. It also includes clarification of the requirements of an electrical contractor to test for their license, clarification of continuing education requirements for license renewal, clarification on license renewal. It also cleans up old language like telegraph. And this also includes the fee increase for electricians that do not file a permit before they start their work, which is a requirement per state statute. The current fee is \$50 and we are wanting to increase that to \$250. This fee would not apply to electricians that follow the state requirements. And this is primarily out-of-state contractors that are working in Nebraska that are not properly filing the permits through the state. I'll do a quick page-by-page breakdown of the changes to the act. Page 3, eliminate reference to a Class B master electrician. Since we no longer have a Class B master electrician, this should be removed from the act. We just have an electrical contractor. This license used to be required

along with the electrical contractor. And when this license was eliminated, it actually reduced the fees for an electrician to do-- to get licensed by only requiring the electrical contractor license and not both. Page 4 eliminates reference to the installer. This license was also removed in the '90s; and since we don't have that license, it should be removed from the state statutes. Page 5 adds "solar installation" to special licenses. But after speaking with some stakeholders, Senator Brandt filed AM229 to get rid of this language for now. We have some more cleanup to do on that, along with the low voltage requirements, which will be a separate bill down the road. Page 5 also eliminates requirements for the electrical contractor licensing that refers to a five years of experience in the trade, which is basically requirements that we already have that says you have to be a journeyman plus one year as a-- you have to have a-- you have to have a journeyman license, which is four years of experience plus a one year as a journeyman. So it's kind of redundant, redundant language. Page 7 clarifies requirements for apprentice electrician. The continuing ed is not a mandatory requirement since the apprentice is not licensed. They're only a registered-- they're only registered as an apprentice and do not test for their license. But if they do not have their continuing ed, it could add up to six months to their requirements to test for a license. Page 8 eliminates the six training sites for testing as licensure testing is now completed online. We switched to that back in 2019 when COVID hit. Page 9 clarifies that continuing ed is not mandatory for an apprentice. Again, it kind of repeats what page 7 clarified about the requirements to-- for an apprentice. Page 9 also clarifies the deadlines that refer to the timeline for obtaining your continuing ed that's needed to be completed every two years during-- before renewal. Page 11 provides for a fee for the special electrician license, which we've had a special electrician license, but there was never a fee identified in our state act. So this identifies that fee. Page 13 eliminates reference to the telegraph, and it also increases the late fee for filing or failing to file a permit from \$50 to \$250. This is in line with other states and the NERA group. The NERA group is a National Electrical Reciprocal Agreement that Nebraska belongs to, and theirs is very consistent, if not more than that \$250. It's not a fee to do business, but rather a late fee for those who file permits late. That this was LB866 from last session, which was advanced from committee on an 8-0 vote, but just ran out of time to be heard on the floor. The State Electrical Division only knows what projects to inspect when permit is filed prior to construction so that's why it's important to us. The issue is when out-of-state contractors come in and try to do

multiple projects and don't follow our laws. And that's where that late fee typically comes in. In fact, we've had six of them already this year from out-of-state contractors. And, you know, increasing that fee would also "decentivize," "deincentivize" that dangerous behavior. Again, this will not affect our Nebraska contractors as they understand the process. Page 14 eliminates reference to Class B electrician again and clarifies which side of the meter underground conduit may be installed. The state electrical division requests that LB144 be voted out of committee to General File. Thank you for your time. And if you have any questions, I'll take them at this time.

LOWE: All right. Thank you very much. Are there any questions? Yes.

HOLDCROFT: Thank you, Chairman Lowe. I just had a question, just curiosity. How about the homeowner? I mean, I know I rewired my basement and got the permits, got the inspections all done. Does homeowner fall into this anywhere for requirements?

CRAIG THELEN: Typically, it's the homeowners are typically the first ones that are applying for the permits because they obviously want to make sure they're within the requirements of the statutes, because we have it pretty well spelled out on our, our website and the requirements for homeowners to do work. Again, I'd say 90 to 95 percent of this occurs with out-of-state contractors. I mean, the recent ones we've had are dealing with solar, dealing with cell tower companies that are coming in from out of state doing work.

HOLDCROFT: Thank you.

LOWE: Thank you, Senator. Any other questions? So on the journeyman's license, it's still five years or is it a four, just four years?

CRAIG THELEN: Four years, 8,000 hours is a requirement. And so once you have your journeyman license, then you carry that for one year and qualify to take the contractor's test, which is our top tier of our licensing.

LOWE: All right. How are we doing on recruiting journeymen?

CRAIG THELEN: Oh, we're doing better. Our numbers are up. We went through-- we had renewal just finished up and we had over 11,500 licenses that we renewed this past year. And so I think the numbers are coming up. We're doing a lot promoting new apprentices to get into the electrical trade. And we have a couple of things we're looking at doing to get out to the high schools to encourage these kids to take

an interest in the trades. Southeast Community College I know has a program for juniors and seniors where they can get into the program, and that's been very helpful.

LOWE: It's a pretty good living for an electrician, isn't it?

CRAIG THELEN: It is pretty good money. I mean, by the time you get through your third year as an apprentice, that's when they really start making good money. And journeymen are doing pretty good.

LOWE: Good, Good. All right. I don't see any questions. Thank you very much.

CRAIG THELEN: Thank you.

LOWE: Are there any other proponents?

JON NEBEL: Good afternoon. My name is Jon Nebel, J-o-n N-e-b-e-l. I represent the Nebraska State Electrical Council of Electrical Workers, representing over 5,000 electricians and electrical workers and their families. We are a proponent of LB144. I think it's due time to modernize the State Electrical Act. And a couple of points of interest for us were the license requirements. One of the things IBEW always stands on is that education is critical to becoming a skilled trade person. And I think this is a good way to incentivize folks that they can't get to that classroom education side of things. If it's-- if it's going to cost them another six months to get their license, maybe this, this incentivizes their employer to get them in the classroom a lot sooner and, and gets them all the way to the finish line for that skill trade level. The other part we were concerned about was the scope of work on the directional boring for the contractors to have that journeyman supervision. We understand that there's a lot of technology being developed in the boring section of the industry, and not all electrical contractors are into it, but some-- some other irrigation contractors or some [INAUDIBLE] like that don't carry electrician, it's good for them to have that clause in there, to have a supervisor showing them proper depths and maintaining the code through, through that work. And of course AM229, we're a stakeholder that, that sees solar as an up and coming technology and we just want to make sure that before we insert it into the licensing that the license comes with some sort of upward mobility to get to a journeyman's license and clarifies the scope of work that they will be carrying out for that. Any questions, I'll be happy to answer them.

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LOWE: All right. Thank you very much, Mr. Nebel. Any questions? Seeing none,--

JON NEBEL: Thank you.

LOWE: --thank you for coming. Any other proponents? Are there any opponents? Is there anybody in the neutral? Senator Brandt.

BRANDT: This looks like a great candidate for consent calendar.

LOWE: But I'd waive.

BRANDT: With that, we waive.

LOWE: OK. All right. Thank you.

HUGHES: Was there any where there had

BENJAMIN EARHART: been should. There should have been. There's a no.

HUGHES: You ready?

LOWE: Sure.

HUGHES: All right. We will begin our hearing on LB257. Senator Lowe, go ahead.

LOWE: Good afternoon, Vice Chair Hughes and committee members. My name is John Lowe, that's J-o-h-n L-o-w-e, and I represent District 37. I'm here to introduce LB257, a bill to change provisions relating to cemeteries and abandonment of cemetery lots and to create a better process for cities to use to reclaim the lots that remain unused. This bill started as an interim study last year after my office was contacted by the League of Municipalities. Several cities have cemeteries with large sections in which no one has been interred. Many of these lots were sold prior to 1900 and ownership passes to subsequent, subsequent generations who frequently do not live in Nebraska and have no knowledge of the cemetery plots their ancestors purchased many, many years ago. This may come as no surprise to you, but our statutes currently have several different confusing sections on how to deal with this scenario based on the size of the city, who runs the cemetery, and the process that must be followed to declare the lot abandoned, to be able to reclaim it for future use. This is why I'm introducing LB257. LB257 rewrites the Section 12-701 of the cemetery statutes to provide cities, counties, and villages with a

process they can undertake to revest ownership of lots purchased by an individual back to the city. If no one has been buried in the lot for the last 30 years, this bill provides for proper legal notice proceedings that allow the owner of the lot the opportunity to file a valid claim showing they have not abandoned the lot and further allows the governing body of the city to bring an action in district court to restore the cemetery lot to the city if no valid claim is filed by the owner of record within the-- provided for the time period. New language in LB [SIC] 12-702 allows the city, county, or villages that becomes the reversionary owner of the lot after the process of LB or out of 12-701 is followed then to sell the lot and convey title to a new purchaser of the lot, still only for the purpose of interment. No building houses on it. The city, county, or village is then permitted to invest funds acquired from the sale of cemetery lots. So as the investor, the city acts as fiduciary and complies with a prudent investor rule as set forth in Sections 30-3883 to 30-3889 in our statutes. Thank you for your attention. I will try to answer any questions you have, but there are testifiers behind me who work within the technical aspects of this and may be better able to answer any of these questions.

HUGHES: All right. Thank you. Do we have any questions? All right. I don't think there's any questions. Thank you, Senator Lowe. I'm assuming you're staying.

LOWE: I'll try.

HUGHES: OK, great. Proponents, please.

BILL STALTER: Chairman Lowe, Senators, staff, my name is Bill Stalter, B-i-l-l S-t-a-l-t-e-r, and I'm here today to provide comments in support of this bill. I'm an attorney. My office is in Prairie Village, Kansas. I have been representing cemeteries, funeral homes, and death care fiduciary since 1986. My clients include the Catholic cemeteries of Omaha and Forest Lawn. In 1991, I assisted the Missouri Division of Professional Registration in rewriting a portion of the Missouri cemetery law. In 2010, I was appointed to a committee by the Kansas Secretary of State to rewrite a portion of their cemetery law. Since the mortgage crisis of 2008, the rate of cremations have increased dramatically. And when you couple that with the trend of the migration of our younger population from smaller towns, your rural cemeteries are seeing a dramatic decline in burials. Families are not using the family for the grave spaces that they bought decades before. Regardless, the municipalities still have to provide care and

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maintenance to those lots. A common misconception about the purchase of a burial space is that you purchase a fee simple in that piece, little piece of property. But in actuality what you purchased is the right of interment and the right to memorialize that individual, the remains that are buried there. This bill recognizes that those limited rights and provides that if a lot owner does not make a burial to the space within 30 years of the purchase and those rights have been abandoned and the cemetery may take steps to re-vest that property, resell it, and generate revenues to offset the expenses incurred for care and maintenance. Now, the bill has been patterned a bit after the Missouri law, but we've made changes for the Nebraska law. And I'll take any kind of questions you may have.

HUGHES: Thank you. Have questions? Oh, Senator Holdcroft. You need to stay, sorry.

BILL STALTER: Oh, OK.

HOLDCROFT: I have a question.

BILL STALTER: OK.

HOLDCROFT: Thank you, Vice Chair Hughes, the younger.

HUGHES: Yes.

HOLDCROFT: I have a few questions on how this is all going to work. So would this take effect for, retroactively, for, for plots that are more than 30 years old?

BILL STALTER: Yes.

HOLDCROFT: And how did you come up with 30 years?

BILL STALTER: Thirty years, within the industry, there are different states think different periods of time where you go back 50 years. Some are even more aggressive saying ten years. We kind of took the middle course; 30 years seemed to be a more reasonable period of time.

HOLDCROFT: So hypothetically, they buy-- a couple buys two, two lots, and one is buried, actually interred there and 30 years passes by and then you can't find the partner. So then you would-- you would sell that lot at that point.

BILL STALTER: You would. And what you're going to go through is a notice procedure. You know, if you-- if it's a husband and wife, it's probably going to be a little bit more diligent. You may know where the, the spouse lived or at least you have children in the area. It's really going to be more of where they bought a block of spaces 20 or so. And frequently see that where like the grandparents, anticipating that all their children and grandchildren are going to be buried there. And you may have, you know, a handful of burials, the majority of them not being used. So what my clients usually do is, OK, you've got a section over here that we've not had any burials. We're going to go through this procedure to re-vest those, those cases. But you again, if you have any family members in the community, you're going to reach out to them first basically, just informally, are you-- what are your plans? If they're not in the community, you don't have any address, you're going to go through a publication process, give notice. And I'll tell you what some of my cemeteries do is that they'll set up an information desk on Memorial Day when they have people coming through. And this is what, basically, this is what we're planning to do. These are the lots that we're probably going to take action on, and we're just trying to find somebody associated with them. If they plan to use them, we're not going to do anything. But they just, you know, if, if everybody's moved away and we can't find any interest in it, then you go through that process, beginning with publication.

HOLDCROFT: OK. So then magically, five years later, past the deadline, someone shows up and I assume they've put some kind of a deposit or something on this, on this plot.

BILL STALTER: When you say, the original purchasers?

HOLDCROFT: Yes.

BILL STALTER: Well, so that they've paid for a lot.

HOLDCROFT: Yes.

BILL STALTER: And if they've come back and again, you're going to be kind of careful about what-- if you got family members buried there. But if it's just a matter of where it was, you know, no one else buried there, the cemetery can go and re-deed them another space.

HOLDCROFT: OK. Thank you very much.

BILL STALTER: Yeah.

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HUGHES: Any other questions? I have one quick question. So if the-- you come to me and this lot, it's my family's lot or whatever, and all I have to do is say, yep, I know about it. I'm still thinking about it.

BILL STALTER: That's right.

HUGHES: Then I'm good.

BILL STALTER: Yeah.

HUGHES: OK, perfect. Thank you. Thank you for your time. Other proponents.

DESIRAE SOLOMON: Good afternoon.

HUGHES: Thank you.

DESIRAE SOLOMON: My name is Desirae Solomon. Desirae is spelled D-e-s-i-r-a-e, Solomon is S as in Sam-o-l-o-m-o-n. I am proud to serve as the city attorney for Blair, Nebraska, one of the first-class cities that does own a cemetery and run that cemetery. I contacted the League of Municipalities in the fall because the city of Blair is involved in almost a crisis mode involving cemetery plots. To give a little bit of background, some of the plots that are in question, grandma and grandpa bought six. They had mom and dad and they had four children and everybody was going to be buried there so they have that block. Times have changed. So what has happened is there's four burial plots that nobody has been buried in. Oftentimes, as the city attorney, I get the very angry phone call. And it's not from a son or a daughter. It's from a nephew or a niece and the aunt. So some other party wants to be buried in that plot. And it is a very fragile time because there has been a death and this person is mourning. But I have to tell them, I understand that there's four empty lots, but I cannot allow you to bury your aunt in that plot because those are owned by somebody else. Well, we don't know where those people are at, and I don't know where those people are at either. So I would go and I looked at our statute that's currently in the books. And as an attorney who also gets to have a private practice in estate law, it says that I have to go look. And I'm thinking, well, this is probably what the Legislature had in mind what I have to do with estates, try to find all the heirs. So I might say to this person, well, who are those people? Well, I don't know, because they want that \$300 lot. They want to be able to use it. So I'm trying to look at records. I'm

trying to look at Google. I'm not finding anything in the state of Nebraska. And this has just become a mess. So under the old law, I had to publish. Well, then I wait a year and then I'm not quite sure as to your attorney reading the statute what I'm supposed to do at that point. Do I take that to the county court? Do I take that to the district court? What exactly happens after that year? And the publication requirements, if I'm publishing here in Blair, Nebraska, in the Enterprise, which is our local newspaper, I publish one time. Well, that's a pretty specific newspaper. And that's going to take a lot of luck. And with all due respect, it's mostly lawyers that [INAUDIBLE] legal notices page. So it is concerning to me as a city attorney, and I would hate for that year to go by. I don't have a court order. I don't know what the judge would do if I filed something and probably would be looking at me saying, well, Ms. Solomon, if you take title to that back in the city of Blair, and then you sell that \$300 plot to somebody else and somebody else is buried there, am I going to have some third party come forward and say, remove the body? And then that's where I really panic, because that seems to me to be very difficult for all the public involved. So I like this new bill. I like this new bill because it gives me, as the Blair City attorney, clear guidance on what I'm supposed to do. I can look in the public records here in the state of Nebraska to determine if there has been an estate filed. I can look and see if there are relatives. We have a Blair Library. We have a genealogy department. It allows me to know what I'm doing and what I need to do if I can locate somebody in Washington County. And that gives me a lot of peace of mind. And if I can't find that person, then I have a judicial process that I need to go through. There's a clear timeline. We're not waiting for 100 years to go by. We're waiting for that 30 years. And so I do think ten years would be too short of a time. With all due respect, Senator, I would not be a proponent of that. But I think this is a good way to help cities manage the issue of abandoned plots and getting these plots back to sell to other individuals so that that cemetery and that public use can continue to be used. And I would answer any questions that the senators may have.

HUGHES: Very good. Thanks for coming in, Ms. Solomon.

DESIRAE SOLOMON: Thank you very much.

HUGHES: Questions? Not from the attorney over there? [INAUDIBLE] All right. You get off the hook. Thank you.

DESIRAE SOLOMON: Thank you.

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HUGHES: Next proponent. Thank you.

CHRISTY ABRAHAM: Hi, Senator Hughes and members of the General Affairs Committee. My name is Christy Abraham, C-h-r-i-s-t-y A-b-r-a-h-a-m, representing the League of Nebraska Municipalities. And I first want to thank Senator Lowe for introducing this bill. He did a great opening. As he mentioned, the League contacted the General Affairs Committee a couple of years ago because we were having municipalities reach out to us about some concerns they were having about cemeteries. And specifically we had a concern about the city of Imperial. And you are being distributed a letter from the city of Imperial that sort of outlines what their concern is. They have a cemetery in Imperial, excuse me, that dates back and the plots are from the late 1800s, early 1900s. And they're in a situation where they have never assessed a fee for anyone-- for anyone on those plots. And so what you have in Section 17-938 and this seems to be only for cities of the second class and villages, we couldn't find that it applies to any other municipalities. It says you can declare something abandoned if they haven't been paying their assessment fees for three years. And Imperial was sort of like, whoa, we've never assessed any fees. So they were struggling with whether they could ever declare something to be abandoned. And I think it's interesting, in Imperial, they apparently have lots of folks who would like to be buried in what they call the old part of the cemetery. Maybe it has nicer trees, the location's better, but they have requests for burials in that section. But unfortunately, all those plots have been purchased, you know, in the late 1800s. And they don't-- they can't figure out a way to get those plots declared abandoned and so that they could be able to resell them. So as Senator Lowe mentioned, the statutes are really all over the board about when to declare a plot abandoned, what the process is, things have been very inconsistent and confusing. We really think this bill is a great help. As Ms. Solomon just testified, it really does provide clarity not only for cities, but cities' attorneys to understand what the process is, to get a plot to be revested with the city. So I'm happy to take any questions that you might have. And I just want to end by saying two things. First, a huge thank you to your legal counsel without whom this would not have happened. We've been on many, many Zoom calls, and I'm so grateful for her time. The other thing I want to mention, which was something that I think we were all concerned about, is this doesn't apply to lots that have perpetual care contracts. I, of course, was thinking about my own parents. They bought two plots and maybe it's going to be more than 30 years before they're going to use those plots, but they have

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that perpetual care contract that they're using, and this doesn't apply in those situations. So that's helpful. Anyway, I'm happy to answer any questions, Senator Hughes. Thank you.

HUGHES: Thanks for coming in, Ms. Abraham. Questions? You got off easy as well.

CHRISTY ABRAHAM: Great. Thank you so much.

HUGHES: Thank you for your time. Other proponents? OK. Are there any opponents? Sorry. Yeah, opponents? Any neutral? OK. And I-- we don't have any online comments, so, Senator Lowe.

LOWE: Waive.

HUGHES: Waive and he's waving. This will be really good for the consent thing then, right? Yeah. All right. We are going to move on to the next bill. All right. Oh, now I can see, LB542. Pages turned. All right, Senator Lowe, LB542, please.

LOWE: Good afternoon, Vice Chair Hughes and committee members. My name is John Lowe, that's J-o-h-n L-o-w-e, and I represent District 37. I'm here today to introduce LB542. I originally introduced this shell bill because it was suggested by the Speaker that we do something like this, and it turned out to be a good recommendation. My office was approached by the Nebraska Horsemen who asked us to amend some language relating to employees working within the sports-- sports wagering areas of the casinos. The casinos and racetracks exist together within the licensed racetrack enclosure, but each entity is licensed separately. Currently, the racetrack employs-- employs people to take pari-mutuel wagers on horse races. When sports wagering becomes operational, individuals will be employed under the casino operator's license to take sports wagers. This bill is intended to make it clear in statute that an employee hired by either licensed entity can take either form of wager as both sports wagers and pari-mutuel wagers can be made in the sports wagering area within the casino. Thank you for your attention and I'm happy to answer any questions.

HUGHES: All right. Thank you, Senator Lowe. Questions? Nothing. All right. Thank you. I'm assuming you're staying.

LOWE: I will stay.

HUGHES: OK, great. Proponents for this. Oh, Ms. McNally. I figured you'd have to be here. I didn't see you back there.

LYNNE McNALLY: Good afternoon, Vice Chair Hughes and members of the committee. Lynne McNally, L-y-n-n-e M-c-N-a-l-l-y, representing the Nebraska Horsemen's Benevolent and Protective Association. Thank you to Chairman Lowe for amending this bill. I really appreciate it. You know, this is something that probably only the horsemen care about, but it's very important. As far as I can tell, that this part of the statute was written in 1935. And, you know, I can-- I can see why it makes sense to not want to subcontract out any services under those conditions. When you're operating a racetrack, you want to have the person that has the license be responsible. However, in this case, our simulcast employees, because of the new gaming laws, have been required to be-- to be licensed by the Gaming Commission as well. So they are just like me. They have a racing license and they have a gaming license both. So they already have a license under those statutes. This would allow us to share services. So, for example, WarHorse is running the sports betting because it's the gaming part of it. So it's under their license, not ours. But if we want our mutuel tellers to be able to take sports bets, it becomes sort of problematic. You know, how do you allocate the cost of that employee for sports betting versus simulcasting and that kind of thing? So what we would like to do is we would like to hire a manager in that department that manages sports betting and horse simulcasting as well. And we can't do that unless we change this portion of the statute. There were some suggestions made to me about how we could get around this part of the statute. If you'll notice, the existing statute says a violation will result in shall revoke a license. I mean, there's-- it doesn't appear to me as if there's even any wiggle room on it. So I did not want to violate this statute if we could make some changes and be able to streamline our operations so.

HUGHES: All right.

LYNNE McNALLY: That is all. I will answer any questions. Thank you.

HUGHES: All right. Thanks for coming in, Ms. McNally.

LYNNE McNALLY: Thank you.

HUGHES: Yay, we got a question. Senator Cavanaugh.

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J. CAVANAUGH: Thank you, Vice Chair Hughes. Thank you for being here, Ms. McNally. I, I only ask questions that really need to be asked. And, you know, I don't want to drag everybody--

LYNNE McNALLY: I can't believe I have a question. I'm so excited.

J. CAVANAUGH: OK. I know you said only the sportsmen really care about this, but anybody can operate one of these facilities.

LYNNE McNALLY: I would-- I would think-- I would think Columbus would care. I would think Grand Island would care. I, I don't think they've gotten along this far in the process yet. Grand Island has said in the newspaper they're not going to be offering sports betting. So this is probably not going to come up for them. Caesars doesn't even have their permanent license yet, so I'm sure they haven't considered it so.

J. CAVANAUGH: And so if I remember right, sports wagering has to be done in the sports wagering section of a casino, not just anywhere in the casino.

LYNNE McNALLY: Yeah. And can be in the-- in the-- in the simulcast area as well.

J. CAVANAUGH: It can be, OK.

LYNNE McNALLY: Um-hum.

J. CAVANAUGH: That was kind of my questions. This doesn't necessarily, wouldn't expand where sports betting would be available.

LYNNE McNALLY: No it still has to be inside the building and the racetrack enclosure. So our long-term plans include sports betting and simulcasting at both Lincoln and Omaha are going to be in the same footprint. So you'll be able to go to the turf room and do sports betting or anywhere in the simulcast area. So this issue is going to come up long term for us.

J. CAVANAUGH: And so if we didn't adopt this, you would have in theory, you would just have to have two lines or something like that.

LYNNE McNALLY: You'd have two lines, you'd have two tellers in that same exact space, and then you would have a customer come to the window and you would say, I want to bet \$10 that the Steelers are going to win. And then I also want to bet the third race at Aqueduct.

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So that teller would have to help you with that part and then they would have to get out of the way and then have this teller come over and help you with the football bet.

J. CAVANAUGH: And so when you talk about the manager, but this also would apply to that teller.

LYNNE McNALLY: Any, any tellers, any employees. It's been, I mean, it's worked out OK. But there are some challenges with having two different organizations with two different sets of employees in the exact same footprint. There have been some challenges there. And so I had been talking to Lance about, you know, could we just bring all the employees under WarHorse and then you guys can reimburse us for your-- for the cost of doing the simulcast bets. And it makes sense, but according to the statute, we can't.

J. CAVANAUGH: Thank you.

LYNNE McNALLY: Yeah.

HUGHES: Other questions? All right. Thank you.

LYNNE McNALLY: Thank you.

HUGHES: Other proponents. OK, seeing none, would like opponents. Come on up.

LORETTA FAIRCHILD: I am Loretta Fairchild, L-o-r-e-t-t-a F-a-i-r-c-h-i-l-d, Ph.D. economist, raised in the Panhandle, and my heart is with rural Nebraska. Thank you, Senators, for choosing to value regulation enough to fund enforcement. What is missing from this cleanup? Funding for staff who will do the actual enforcement of all the regulations. When enforcement is left just to frontline staff, it is only putting lipstick on a pig. I apologize for not having a joke to put in here, but only the casino owners are laughing about the bait and switch going on when regulations are written but never get enforced. In the regulations that were brought in from the national gambling industry for regulating the new to us casinos, there is no example of a state where age limits are actually enforced. Why not? When the richest old man regular walks in with a sweet young thing on his arm and announces her as his granddaughter, who is going to ask for her state ID and exclude her because she is only 18 or 15? It doesn't happen. At a previous hearing at this committee, we heard from a racing industry official about how awful it is for the staff to get screamed at over something as simple as not getting to place the kind

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of bet they want. Workers are generally powerless. So when will the Legislature get laser focused on creating a range of enforcer positions and paying them adequately for the difficult and dangerous work they will need to do? Second, why is the timing on the rollout of regulations around sports betting being so rushed? As the creation of casinos has made clear, what we know at the start of setup is only a small part of what we need to know for each step. Who has presented you with a national template on the best ways to keep scammers out of sports betting? Is the Legislature fully committed to enforcing regulations around sports betting? What harm could it do to just delay the sports betting details for just one little year to get it right? I'll quit here. But I'd appreciate questions on the issues related to staffing for the Racing and Gaming Commission itself and on potential conflicts of interest. Thank you.

HUGHES: All right. Thank you for your testimony, Ms. Fairchild. Questions? Senator Hardin.

HARDIN: Tell us about potential conflicts of interest.

LORETTA FAIRCHILD: I'd like to know, too. Will there be any? This-- you all know about the way power works way better than I do and the forces involved. So where-- this one-- the, the whole thing on sports betting has never had the winners identified in terms of who will be impacted by this one year's delay. Where's the harm and who's pushing? This has been pushed for, for a very long time, but we have no idea who it is that really is going to benefit by this law coming into effect. So you all have to get reelected. You know, that's the problem on the position you're in. And so those are issues. Same way with the Racing Commission. So my-- I am bringing a question about conflict of interest. Has anybody ever asked? Has anybody ever paid any attention? Why? Why don't we have a statement about conflict of interest here for all of you and senators in general?

HARDIN: Thank you.

LORETTA FAIRCHILD: Yeah.

HUGHES: Other questions. All right. Seeing none, thank you for--

LORETTA FAIRCHILD: I hope you'll want to pay attention to staffing for the Racing and Gaming Commission. When you added what we have added, the state of Nebraska has, how has the staff changed relative to when it was only horse racing? How many staff were added when the casinos,

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brick and mortar casinos were added? And how many staff are going to be added to do enforcement for making sports betting--

HUGHES: Riding on the sports betting.

LORETTA FAIRCHILD: --fully regulated? Could that be added to the Website of the Racing and Gambling Commission, a list of staff positions in place and filled or not yet filled?

HUGHES: All right. Thank you. Those are good points. Thank you. Other opponents to LB542. OK. Seeing none, any neutral? All right. Seeing none, and LB542, we do not have any online comments. So, Senator Lowe, you may finish.

LOWE: I'd like to waive, but I'd like to thank both testifiers for coming in.

HUGHES: All right. Thank you. That ends our hearing on LB542. I think we're going to LB543. We are. All right. Let's-- let's begin. Senator Lowe, LB543.

LOWE: Thank you, Vice Chair Hughes and fellow members of the General Affairs Committee. My name is John Lowe. That's J-o-h-n L-o-w-e, and I represent the 37th District, which is Gibbon, Shelton, and Kearney. Sit back and relax and listen to my testimony. This is a shell bill, LB543. I don't plan on it going anywhere at this time. It's just here and that ends my testimony.

HUGHES: That is the quickest one yet. All right. Questions for Senator Lowe? All right, none. Do we have any proponents? And none. Any opponents? And none. And neutral? OK. No, but the funny thing is, we have an online comet, so it is one. And they came in at neutral. So I think we all need to read what that meant.

HOLDCROFT: I was going to ask, how did you choose which words to strike?

HUGHES: And he's waiving closing so we are done. That was like, I think like a minute, quickest bill yet.

HOLDCROFT: I think that's [INAUDIBLE]

HUGHES: Yeah, that's about right.

HOLDCROFT: And we should stick with [INAUDIBLE]

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LOWE: Jana.

HUGHES: Did you hear that? Thank you, Senator Holdcroft, appreciate that. All right. I just think this is fun, right? [INAUDIBLE]

LOWE: We're going to be on hold here for a minute or two until Senator Conrad comes in.

HUGHES: What are we on, LB544.

[BREAK]

LOWE: All right. Welcome back to the General Affairs Committee. We will now hear Senator Conrad and LB544.

CONRAD: Thank you. Good afternoon, Chairman Lowe, members of the committee. My name is Danielle Conrad, D-a-n-i-e-l-l-e, Conrad, C-o-n-r-a-d. I'm here today representing north Lincoln's "Fighting" 46th Legislative District. And I'm proud to introduce LB544. LB544 was brought to me by a constituent who has a business in our district in north Lincoln, and who identified a need to modernize state law to allow for new technologies to be utilized in the game of bingo. In fact, as I was learning more about this issue and this piece of legislation, Mr. Frink let me know that in a very short period of time, probably most likely over the next couple two or three years or so, that their business will not be able to get machinery for the parts that they're currently utilizing. And that state law does not allow for the embrace and utilization of new technologies that have become kind of pattern practice in the bingo industry. So LB544 changes the definitions of both bingo and bingo card monitoring devices so that numbers can be entered automatically and manually. It allows bingo card monitoring devices to be communicated with the host system. This is a technical update to existing law to reflect current use and technology for bingo games. It does not have a fiscal impact. And following me is Mr. Jody Frink, who reached out to me after the election to put this issue on my radar screen. He is a first and foremost expert on these technical matters regarding the utilization of this technology in his bingo businesses in north Lincoln and beyond. So I would be happy to defer to his wisdom and expertise and would encourage the committee to do the same and admit fully right out of the gate that I am not a technical expert when it comes to these matters. But I thought it was a legitimate issue that a constituent brought forward and wanted to be helpful in bringing that to the

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legislative body. But I am happy to try to answer questions if the committee has them.

LOWE: Wonderful. Thank you, Senator Conrad. B 8, do I hear B 8? Are there any questions for Senator Conrad?

CONRAD: Or D 46 or C 46.

LOWE: Seeing none, will you stay for close?

CONRAD: I will. Yes. Well, I'll, I'll listen. Thank you.

LOWE: Proponents. Welcome.

JODY FRINK: Thank you. Thank you for having me, Senators and legal counsel and committee clerk. It's-- it's great to be here. Our industry is governed by the Department of Revenue and we can't seem to get things done through them. We have to go this route so it's not easy. My name is Jody Frink. It's J-o-d-y F-r-i-n-k. I'm a small-- I'm a small business owner of a company called Bingotronix. I've been in the charitable gaming business for 30 years. The last 23 I have focused on electronic bingo. It kept me in the business. So I'm here today to support LB544 that hopefully changes the current language in the Nebraska Bingo Act of Section 924 [SIC] that will help us catch up with current technology used in America today. The Department of Revenue who govern us, they're aware of the-- of the needs that are-- of our needs that are change-- the changes that we are needed. And they are good with the language in-- the new language in the bill. I want to describe to you our handheld machines so you know what I'm talking about. It's about ten inches long. It's five inches wide. It's got a handle. It's got a top and a bottom. So you open up the top and along the top there's bingo cards in color. On the bottom, we've got a ten-number pad with a [INAUDIBLE] button and then we have command buttons on the other side. So bingo players can do whatever they want. When 15 is called, they hit 1, 5, enter. It marks all the cards in the machine. When 2,6 is entered, it does the same. There's other commands that will do bingo shapes, whatever they want to mark the card in, or just a simple color. And so you guys understand, we also program to follow-- we program our system, like, game number one is a single bingo. So we program all the winning patterns in there so it knows what to look for. So then on the bingo card side, the cards are in there. They each have their own number and that number, the same 24 numbers that are on the card are exactly the same in every card. So it knows how to find that pattern when the numbers are card. We've been

using this for-- since day one and it works perfectly. So that's, that's the machine. So since day one in Nebraska, we've had to use what is called a physical connection to load our handheld machines and they're called a traveler. So we use what's called a crate load. We have a point of sale, and then we have a DB9 cable that goes to the crate. A DB9 cable is a nine-pin cable that you hook to both of-- each one of them, and then they have ala carte on the POS, and then they, they load that up and then they hit download sell and it feeds the, it feeds our machine with the cards of what they ordered. This is a slow process. It takes about 15 or 30 seconds to do it. The rest of America right now are using Wi-Fi. That takes two seconds. Nebraska and South Carolina are the only two states that have to have a physical load. So I would say, yeah, we are behind the times. Wi-Fi would take care of this. And each hall that we had this in, there'd be a Wi-Fi cell that only dealt with this system and nothing else. Nothing else would be able to get into it. My other problem that I'm having, just like Danielle said, is I'm told two years, maybe two years and a half, we are not going to have parts for the current machines that we have. There's nothing been done in the last 15 years with the machines that we have. So what we're doing is, is we're taking the old inventory of machines, the ones that don't work very well at all we can't use but have good parts. We're taking those parts off and we're adding them to the machines that are good enough to work that just have a part that's bad so we can find these parts and put them here. Then they're coming back to us and we're using them. Well, that life is coming to an end. And so this is why I'm here and hopefully, hopefully here to be able to change the way we do business so we can keep the Nebraska charities providing bingo for the sweet ladies that come and play bingo and the men, the gentlemen come and play. But it's a great social event. And that's basically all I've got really for you but. Thank you. Thanks to Danielle Conrad for introducing the bill. And thank you guys for listening, and I'll answer any questions you have.

LOWE: All right. Thank you, Mr. Frink. Senator Brewer.

BREWER: Thank you, Mr. Chairman. OK. Now you kind of left me hanging here. I got the Wi-Fi.

JODY FRINK: OK.

BREWER: Got the old machines.

JODY FRINK: OK.

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BREWER: What's this new machine gonna look like?

JODY FRINK: Its-- we can use the same one. It'll just run through Wi-Fi. It has the technology in there.

BREWER: OK, so we're talking broken parts. The Wi-Fi fixes broken parts?

JODY FRINK: No. What we'll do is there's other machines that will be introduced, and they will be passed-- they'll, they'll have to be tested through TLI testing like everything does in Nebraska before we can use them. So we'll have to be tested before we actually use it so it passes the guidelines.

BREWER: So--

JODY FRINK: We would just follow probably just some of the states.

BREWER: The bill will authorize these new machines.

JODY FRINK: We can use, again, we can use the machines that we have, but we also can use other machines that they have that are available. So we can use two or we can switch to the newer ones, but we have to get TLI-- TLI tested before they'll let us use them. And Nebraska will have a set of regulations that-- requirements that will need to be met.

BREWER: And the bill has the right verbiage so everybody's--

JODY FRINK: Yes.

BREWER: --good with what this will [INAUDIBLE].

JODY FRINK: Yes. Very careful about that. Yeah.

BREWER: All right. Thank you.

JODY FRINK: I know the people at Department of Revenue well, so.

LOWE: Vice Chair Hughes.

HUGHES: Thank you, Chair Lowe. OK. So now this is not really relevant to this bill, but I'm really curious now. I, when I play bingo, I'm old school. You've got like paper cards, like a little dobber or a little like a little disk or whatever you put on it.

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JODY FRINK: Yeah.

HUGHES: And part of the challenge of playing bingo is to pay attention so you're not missing the B 12 number or whatever. So what you're saying is, if I came-- I think we need a field trip for one. But we go in there--

LAURIE HOLMAN: Bingo field trip.

HUGHES: Right, it'd be really fun. We're going to go play bingo. You get a machine. How many cards can I have up on the machine?

JODY FRINK: OK, so the beauty of this and it's a great question. Thank you. The beauty of this is the machine, you can put it on a table and it will play itself. The Wi-Fi will play it.

HUGHES: So what's [INAUDIBLE] anything?

JODY FRINK: You play bingo. People play bingo paper and they play bingo machines. They play them [INAUDIBLE]

HUGHES: Oh, you have both.

JODY FRINK: Yeah, we have both, yeah.

HUGHES: On my "laptoppy" thing up here--

JODY FRINK: I'm only [INAUDIBLE]

HUGHES: --with--

JODY FRINK: Yeah.

HUGHES: And how many cards are on that?

JODY FRINK: People-- some people play 24 on paper.

HUGHES: 24 at one time.

JODY FRINK: Yep. And then in the machine we can sell up to 72.

HUGHES: 72 cards--

JODY FRINK: Yes.

HUGHES: --at one time.

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JODY FRINK: Some places around the country sell 400. In Nebraska, we limit to 72. You can only play one machine and 72 cards.

HUGHES: Does-- that's fascinating to me. Yes, no, crazy. But then I can't lose because if it's on the machine, unless I type in
[INAUDIBLE]

JODY FRINK: You're playing against anywhere from-- we've had crowds in Omaha lately over 300 a couple of nights. In Lincoln, there's probably 120. In Omaha, there's probably on average right now 200, which is a big crowd. I mean, these are bigger. These are the biggest crowds we've had since the casinos opened.

HUGHES: But like to me, if you're doing it on a machine, what is-- there's no skill, like, I'm not responsible really for anything.

JODY FRINK: They're gamblers. You're playing 72 cards, so you have a better chance to win

HUGHES: OK.

JODY FRINK: We're paying out \$4,000 a night. So the jackpot, there's \$800 jackpot. There's a \$1,000 jackpot.

HUGHES: So if I come in and play one card, my chances are--

JODY FRINK: The only-- you have to-- you have to play a special game. I mean, normally you got to play at least six cards. On a machine, you got to play at least 24.

HUGHES: Really?

JODY FRINK: Um-hum. We've had-- there's been a lot of people playing bingo lately. We've had some nights \$10,000 nights.

HUGHES: OK.

JODY FRINK: But yeah, yeah.

HUGHES: OK, well, thank you. Sorry. [INAUDIBLE]

JODY FRINK: No, there used to be 30 charities when I got in the business playing bingo, maybe more. Now there's five in Omaha and Lincoln.

HUGHES: OK, very good.

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JODY FRINK: Yeah.

HUGHES: Appreciate your time.

JODY FRINK: Yeah.

LOWE: Senator Cavanaugh.

J. CAVANAUGH: Thank you, Chairman. Thank you for being here, Mr. Frink. This is interesting. You learn a lot in this committee. OK, so you just said you had five in Omaha, like.

JODY FRINK: No, five total, sorry. Three in Om-- three charities in Omaha, two in Lincoln. To survive in Omaha, two of the charities share a bingo hall. And now in Lincoln, they share to split expenses of rent and utilities.

J. CAVANAUGH: So that was going to be my next question. So I'm imagining, I mean, I remember church basements that have the bingo thing up on the wall.

JODY FRINK: Um-hum. It's not that far from it.

J. CAVANAUGH: Yeah. And so these are permanent establishments that play bingo.

JODY FRINK: Yes.

J. CAVANAUGH: And do different charities then come in and operate on different nights? Is that what you're talking about?

JODY FRINK: Yes. Yeah. In Lincoln one charity operates Friday, Saturday; the other one operates Wednesday, Sunday. It's kind of the same in Omaha, one of them. And then I do have a church bingo on 50th and Harrison in Omaha. They play Monday morning or Tuesday night and then they use it for weddings and whatever activities they have going on in the church.

J. CAVANAUGH: An actual bingo hall you're talking about. And so this doesn't change. They still have the hopper with the ball.

JODY FRINK: Absolutely. All that is done. It's all a game of chance, really, you know. And the thing about, like, your, your question, the more cards you play, the better the chance you have to win. So and that's what-- that's what these machines have done. We were probably

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going out of business when it was just bingo paper. So when we added the machine because when you-- when you're playing bingo and you have 18 seconds between balls, you can, some of us can do 8 cards, 12, 20. Some can do 36. But if somebody is playing 24 cards, we're getting \$30 out of a person. Well now, people can come and spend \$100 if they want so between the machine and the paper. And my average on a machine in Lincoln is probably over \$50. In Omaha, we [INAUDIBLE] \$48. So every person that's playing is spending \$48. And if you go to the bingo four nights a week, you're going to see a lot of the same people there. And they have kitchens. They have different meals every night. They have Facebook pages. I mean, it's, it's--

HUGHES: [INAUDIBLE]

JODY FRINK: Yeah. Our, our big one in Omaha, it's very high tech. We have, oh, probably about eight, eight TVs that are in high def and they have video flash boards on them. Yeah. And then on other TVs, they-- they show Husker games. They show Creighton basketball games or yeah. It's entertainment. Yeah. Yeah.

J. CAVANAUGH: So aside from Omaha and Lincoln, what-- I mean I assume it's being played across the state as well.

JODY FRINK: The Class II, I think there might be one in Grand Island. I used to do business with them. I don't anymore.

J. CAVANAUGH: All right. But there's other bingo businesses besides yours.

JODY FRINK: There's another distributor. I do the electronic part and the other distributor which is Ayers in Omaha, they-- they provide pickle tickets, bingo pay for bingo dollars. So I do one. They do the other. And we're friends and we all get along.

J. CAVANAUGH: And so your position is that if we don't make this update, then essentially it's going to choke off the industry [INAUDIBLE].

JODY FRINK: I'll be back here next year begging you. Yeah.

J. CAVANAUGH: We think [INAUDIBLE]. Thank you.

JODY FRINK: Yep.

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LOWE: Thank you, Senator Cavanaugh. Any other questions? I guess I didn't know it went electronic.

JODY FRINK: Yeah.

HUGHES: [INAUDIBLE] old school.

LOWE: But yeah, I go out to the vets home and they play with just paper and crayons, so. All right. Thank you very much.

JODY FRINK: Thank you. Thank you.

LOWE: Are there any other proponents? Are there any opponents? Are there any in the neutral? Bingo Conrad, would you like to come up and? She snaps closing. There were no letters for the opponents or proponents, and there was one in the neutral.

HUGHES: Let's hand out bingo cards on the floor one day.

LOWE: Thank you, Senator Conrad.

HUGHES: I'm in.

BREWER: It was going so well then John showed up.

J. CAVANAUGH: Everything goes smoother when I'm here.

LOWE: And now we get to ask Senator Cavanaugh questions.

J. CAVANAUGH: Yeah.

LOWE: Welcome, Senator Cavanaugh, to your General Affairs Committee.

J. CAVANAUGH: Thank you, Chairman Lowe. Good afternoon, fellow members of the General Affairs Committee. I'm John Cavanaugh, J-o-h-n C-a-v-a-n-a-u-g-h, and I represent the 9th Legislative District in midtown Omaha, "the Sunshine District," which I think is appropriate for this year. I brought LB716 on behalf of the State Electrical Division to give the State Electrical Board the ability to set fees for licensure and permitting. The State Electric Division is a noncode agency, which means that their funding solely comes from the fees they collect on licenses and permits for electrical inspection, with no funding coming from state dollars. The money is only used for administration of the division-- of the division. Currently, the State Electrical Division must come to the state Legislature to change the amount of fees for licensure or permits for inspection should

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something unexpected happen during the year. Nebraska is no stranger to floods, fires or tornadoes, which require overtime work on the part of our electrical inspectors. As you all know, it takes time for even minor legislation to be approved through the legislative process. LB716 would require the division to go through a hearing process for state agency rule and regulation changes and would have to report to the Attorney General's Office and the Legislative Fiscal Office of the leg-- of the Legislature. I have amendment AM271 I would submit and request that the amendment be included should the committee advance LB716 to General File. The amendment requires a unanimous vote of the Electrical Board to change the fee schedule. I'd ask the committee to move LB716 to General File. The director of the State Electrical Division will testify behind me, but I would be happy to take any questions. Thank you.

LOWE: Thank you, Senator Cavanaugh. Are there any questions? Seeing none, you did a good job.

J. CAVANAUGH: Thank you.

LOWE: First testifier. How come we didn't put you all together?

HUGHES: That's what we were talking about when we came in.

LOWE: That must have been my fault. Like to keep you around.

HUGHES: You wouldn't have heard about bingo otherwise.

CRAIG THELEN: Thank you, Chairman Lowe and members of the General Affairs Committee. My name is Craig Thelen, C-r-a-i-g T-h-e-l-e-n. I'm the director for the Nebraska State Electrical Division. The State Electrical Board consists of electricians, engineers, electrical inspectors and representatives, representatives from local utility companies and requests the committee move LB47 [SIC] LB716 to General File. As Senator Cavanaugh has stated, the State Electrical Division is a noncode agency. We get our revenue through licensure fees and permits for electrical inspection and not through state General Funds. LB716 would help make our budgeting a more predictable and fiscally responsible process. The majority of our licenses, which amounts to about 11,500 licenses, are renewed at the end of every even year, and this is done every two years. Our revenue flow has a high peak at the beginning of the odd number year, and then the division must hope that there's enough permits and new licenses filed to keep through-- keep funding throughout the next two years. We only need enough funds to

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run the division, do not take on any surplus. In fact, we have reduced our license fees in 2017-18 and we've also in the past, we've given funds back to the General Funds when we had a surplus. We work closely with the Budget Office and the Fiscal Office on our budget, and I recently testified in front of the Appropriations Committee as for our budget for the next biennium. LB716 would allowed-- would allow the division to run with a more predictably and in a more fiscally responsible manner by allowing needed changes to our fee structure to happen within a shorter time period rather than asking the Legislature to increase or decrease these fees. We would still go through the rules and regulation processes through the Administrative Procedure Act, all told approximately a 90-day process that includes notice of public hearing, holding a public hearing and receiving input, then working with the Attorney General's Office for final approval. We would also be required to file an annual report with the Legislature's Fiscal Analysts Office and the Attorney General's Office. The shorter time period would better help us address issues that may come up midyear. For instance, when gas prices last year skyrocketed, we had 16 inspectors out there in vehicles doing inspections. So there was some concern about funds. We also had the floods of 2019 where we had a high volume of overtime that we required to get to all the properties for inspection so it has to get everyone up and running. In drafting LB716, we worked with former Governor Ricketts' staff in crafting the language to mirror that of other agencies that go through the state rules and regulation process and changing their fee schedule. The Barbers Board is another noncode agency; the Department of Agriculture's Plant Protection and Plant Pest Act; Nebraska Commercial Fertilizer and Soil Conditioner Act; and the Commercial Feed Act all use the rules and regulation process to enact fees rather than coming in front of the Legislature. We feel it is the responsibility of the division under the purview of the State Electrical Board to make these decisions in fee schedules and should not be something that the Legislature should have to manage. Senator Cavanaugh also spoke of an amendment that we support. In working with stakeholders, we agree that a unanimous vote of the Electrical Board be required in order to change these fees and structure the fee structure. This gives another level of checks and balances over the division prior to making any fee schedule changes. The State Electrical Division requests this committee move LB716 to the General File. With-- with that, I'll take any questions.

LOWE: Thank you, Director Thelen. Vice-Chair Hughes.

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HUGHES: Thank you, Chair Lowe. Thanks for coming in, Mr. Thelen. Can you name the three or I think it was three different other organ-- groups that do their fee structure similar to this that don't have to get it legislated every time?

CRAIG THELEN: Yes. So the Barbers Board--

HUGHES: The Commercial Feed Act.

CRAIG THELEN: The Barbers Board is one of them.

HUGHES: Barbers Board?

CRAIG THELEN: Yep.

HUGHES: OK.

CRAIG THELEN: The Department of Agriculture's Plant Protection and Plant Pest Act.

HUGHES: OK.

CRAIG THELEN: The Nebraska Commercial Fertilizer and Soil Conditioner Act and the Commercial Feed Act.

HUGHES: OK. Thank you. I think anything that eliminate having to come back and redo is beneficial so appreciate it.

LOWE: Thank you, Senator Hughes. You might be the only one with inspectors it sounds like. I don't think.

CRAIG THELEN: Yeah, for noncode agency. The Fire Marshal's Office has inspectors as well, but they're under the-- they're not-- they're a code agency.

LOWE: And how many inspectors do you have?

CRAIG THELEN: We have 16 total.

LOWE: OK. And other employees?

CRAIG THELEN: There's 20 total employees.

LOWE: And you think this will work fine?

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CRAIG THELEN: I think, yeah, I think it'll help kind of take out the spikes in our budget because we hit a huge spike on renewal, and then we just kind of write that down for the next two years. I mean, we get money from permits, but the permit structure is so low that it's-- we lose money on permits because sometimes those permits you'll take four or five trips out to one job site. And so, you know, with gas prices and vehicles, the cost of vehicles, it's a losing proposition. So we literally just trying to even out those spikes a little bit so we can kind of have a more streamlined budget that we can count on and that would be easier to manage.

LOWE: I think I saw in your first bill the fees are due on odd-number years, is that correct?

CRAIG THELEN: The-- they renew their licenses every two years so we just finished renewal. So we've got through 2022 and they had until December 31 to renew licenses. Yes. And so that will ride us out until 2024--

LOWE: OK.

CRAIG THELEN: --for licensing. We do get new licenses, applications come in, stuff like that. But that, that happens throughout the year, but the renewal is every two years.

LOWE: OK. Thank you. Senator Hughes.

HUGHES: All right. Thanks for what you asked. Then the unanimous vote of the board, who makes like, what are the members of your board?

CRAIG THELEN: So we have-- we have licensed electricians. We have engineer, an engineer on the board. We have two utility companies on the board, and we have a inspector, a municipal inspector on the board. There are seven total board members.

HUGHES: OK. So that-- the nice thing about the-- those are the people affected by all this.

CRAIG THELEN: Absolutely.

HUGHES: Clearly, if they're unanimous about it, they understand. Yeah.

CRAIG THELEN: And if we're going to make changes, it's going to affect them. So they're gonna see it and understand it, and it makes sense. And it will have to be the right decision. And, and again, it's not

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about changing how much we bring in because we don't want a surplus. We're here and noncode agency, we're trying to just manage our budget.

HUGHES: Break even. Yeah. Thank you.

CRAIG THELEN: Yep.

LOWE: Thank you. Any other questions? Seeing none, thank you for that.

CRAIG THELEN: Thank you.

LOWE: Come on up. Good afternoon.

JON NEBEL: Good afternoon again. My name is Jon Nebel, J-o-n N-e-b-e-l. I represent the Nebraska State Council of Electrical Workers representing over 5,000 electrical workers in Nebraska and their families. We only saw one issue with this bill. For us, it was the checks and balances of how the State Electrical Act and division has been funded ever since its conception, which was fees were set by this body here, meaning that for us, everyone in the state got to weigh in on how the division was going to operate and be funded. Shifting that over to the board and the division itself makes sense for efficiency. But for us, we needed to make sure that the, the unanimous consent was in there just so it could relieve some of the pressures as every one of those folks would be serving at the pleasure of the Governor instead of being elected by the representatives of the state. So that's where we're at with that. As long as AM271 is included, we're happy with it.

LOWE: All right. Thank you, Mr. Nebel. Any questions? Seeing none, thank you very much.

JON NEBEL: Thank you.

LOWE: Are there any other proponents? Seeing none, any opponents? Seeing none, any in the neutral? I'm not even looking over here. Senator Cavanaugh, would you like to--

J. CAVANAUGH: Unless anybody has any questions.

LOWE: No. Senator Cavanaugh waives.

HUGHES: Easiest hearing I've ever had in my life.

LOWE: General Affairs Committee. No letters.

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