



May 24, 2017

TO: NARD Board of Directors, NRD Managers and Conservation Partners  
FROM: Dean E. Edson, NARD Executive Director  
RE: May 24, 2017 NARD Sine Die Update

The Nebraska Legislature adjourned Sine Die May 23, 2017, on day 86 of a 90-day session. The next 60-day session is scheduled to begin January 3, 2018. Regular sessions generally last 90 legislative days in odd-numbered years and 60 legislative days in even-numbered years. This document contains a summary of the outcome of all 2017 Legislative Bills of interest to natural resources districts.

The first section lists bills that were passed by the Legislature and approved by Governor Ricketts (Pages 4 -12). The second section lists bills that have been indefinitely postponed or withdrawn (Pages 12-14). The third section lists bills that will be carried over for the next session (Pages 15-29).

The fourth section includes Interim Study Resolutions that were introduced in 2017 (Pages 29-38). A spreadsheet is included in the back of the document for a quick reference to all bills of interest to natural resources districts.

Most bills passed and approved by the governor become law three calendar months after the Legislature adjourns unless they have an emergency clause or a specified operative date. The emergency clause is a provision that allows a bill or a portion of a bill to take effect immediately after the governor signs it or after the Legislature overrides a governor's veto.

<b>Bill or CA</b>	<b>Description</b>	<b>Sponsor(s)</b>	<b>Page #</b>
<b>LR</b>	<b>Interim Study Resolutions</b>		<b>29-38</b>
<b>LB 22e</b>	<b>Provide, change, and eliminate provisions relating to appropriations and reduce appropriations</b>	<b>Speaker Scheer, Behalf of Governor</b>	<b>4</b>
<b>LB 23</b>	<b>Provide, change, and eliminate provisions relating to appropriations and reduce appropriations</b>	<b>Speaker Scheer, Behalf of Governor</b>	<b>15</b>
<b>LB 24</b>	<b>Change provisions relating to the Cash Reserve Fund</b>	<b>Speaker Scheer, Behalf of Governor</b>	<b>15</b>
<b>LB 27</b>	<b>Change requirements for state agency contracts and powers and duties of the Auditor of Public Accounts as prescribed</b>	<b>Murante</b>	<b>15</b>
<b>LB 36</b>	<b>Provide for review by state agencies of occupational credentials and provide for a critical assessment document</b>	<b>Harr</b>	<b>15</b>
<b>LB 71</b>	<b>Change appropriations relating to the Nebraska Tree Recovery Program</b>	<b>Pansing Brooks</b>	<b>16</b>
<b>LB 85</b>	<b>Provide a requirement for persons seeking appointive or elective office as prescribed and to provide a duty for the Nebraska Accountability and Disclosure Commission</b>	<b>Blood</b>	<b>6</b>
<b>LB 89</b>	<b>Change published notice of hearing requirements under the Nebraska Budget Act as prescribed</b>	<b>Hughes</b>	<b>12</b>
<b>LB 90</b>	<b>Require public entity to provide accommodations where Auditor of Public Accounts employee conducts audit or examination</b>	<b>Hughes</b>	<b>16</b>
<b>LB 97</b>	<b>Adopt the Riverfront Development District Act</b>	<b>Crawford</b>	<b>6</b>
<b>LB 98</b>	<b>Extend certain levy authority for natural resources districts</b>	<b>Friesen</b>	<b>16</b>
<b>LB 101</b>	<b>Change duration requirements for certain state agency contracts</b>	<b>Stinner</b>	<b>17</b>
<b>LB 110</b>	<b>Change duties and requirements relating to certain retirement plan reporting and change duties of the Auditor of Public Accounts and the Public Employees Retirement Board</b>	<b>Kolterman</b>	<b>12</b>
<b>LB 127</b>	<b>Change notice requirements under Open Meetings Act</b>	<b>Groene</b>	<b>17</b>
<b>LB 150</b>	<b>Provide for a transfer from the Cash Reserve Fund</b>	<b>Stinner</b>	<b>18</b>
<b>LB 151e</b>	<b>Change and provide for duties of the Auditor of Public Accounts and certain audited entities</b>	<b>Stinner</b>	<b>7</b>
<b>LB 154</b>	<b>Exempt completion certification for dam or reservoir from filing fee</b>	<b>Geist</b>	<b>8</b>
<b>LB 176</b>	<b>Eliminate obsolete provisions related to milldams</b>	<b>Bostelman</b>	<b>8</b>

LB 182	Change powers and duties of the Department of Environmental Quality under the Drinking Water State Revolving Fund Act	Hughes	9
LB 218	Provide for installation of ground water pumps by public entities	Groene	18
LB 221	Change the transfer from a fund	Stinner	22
LB 232	Provide a property tax exemption for property leased to the state or a governmental subdivision	Kolterman	22
LB 238	Change provisions of the Nebraska Budget Act relating to certifying taxable values	Erdman	22
LB 299	Adopt the Occupational Board Reform Act and change procedures for rules and regulations	Ebke	23
LB 327	Appropriate funds for the expenses of Nebraska State Government for the biennium ending June 30, 2019	Speaker Scheer, Behalf of Governor	10
LB 331	Create funds, provide for transfers, and change provisions governing funds	Speaker Scheer, Behalf of Governor	11
LB 332	Change Cash Reserve Fund provisions	Speaker Scheer, Behalf of Governor	11
LB 365	Change provisions relating to access to public records and provide for fees	Blood	24
LB 390	Change provisions relating to flood protection and water quality enhancement bonds	Albrecht	24
LB 431	Change provisions relating to cash reserves under the Nebraska Budget Act	Erdman	25
LB 432	Eliminate provisions of the Nebraska Budget Act relating to allowances for delinquent taxes and anticipated litigation	Erdman	12
LB 479	Change public hearing provisions and redefine a term under the Nebraska Budget Act	Groene	25
LB 488	Adopt the Water Conservation Grant Act	Groene	12
LB 510	Provide a restriction on installment contracts for the purchase of real or personal property by political subdivisions	Ebke	26
LB 533	Require liability insurance for and restrict locations of underground enhanced recovery injection wells and wastewater disposal wells	Vargas	14
LB 536	Clarify disbursement provisions for natural resources districts	Hughes	27
LB 576	Limit increases in property tax bills	Brewer	27
LB 646	Provide for an extreme weather preparedness task force and strategic action plan	Pansing Brooks	27
LB 663	Require a copy of a lobbying contract for lobbyist registration as prescribed	Kuehn	29
LB 664	Prohibit a political subdivision from using taxes or fees to employ a lobbyist	Kuehn	29

## **Section One – Bills Passed by the Legislature and Approved by Governor Ricketts or veto overridden**

**LB 22e - To provide, change, and eliminate provisions relating to appropriations and to reduce appropriations. Speaker Scheer, at the request of the Governor.**

On February 13<sup>th</sup>, after two hours of debate on Final Reading, Senator Stinner called for a cloture motion to cease debate and advance LB 22e to the Governor for further action. The motion prevailed on 43-1 vote and LB 22e passed 42-3. Governor Ricketts signed the bill into law on February 15, 2017. Since the bill included the “e” clause, it takes effect immediately. The bill was Governor Ricketts proposed reductions in spending for FY 2016-17.

During the Final Reading discussion, Senator Bob Krist offered a motion to return LB 22 to Select File for consideration of an amendment that would have exempted the Legislature’s budget from the bill’s provisions. He said lawmaker’s need to protect unappropriated funds to address ongoing upgrades to phone systems, public hearing rooms and logistics related to an overhaul of the Capitol’s heating, ventilation and air-conditioning system. Krist’s motion failed on a vote of 11-30.

Senator Ernie Chambers then filed a motion to bracket the bill until February 27, which failed on a vote of 2-42. He said senators should take more time to find a way to fund the Legislature at a level adequate to fulfill its lawmaking and oversight responsibilities. After two hours of debate, Stinner offered a motion to invoke cloture and cease debate on the bill.

On General File the Committee Amendment, AM 13, was adopted on a 46-0-1-1 vote which replaced the original proposal with the committee recommendations for budget adjustments. Although several amendments and motions to return to committee were offered, none were adopted. On February 8<sup>th</sup>, the Legislature advanced LB 22 to Final Reading on a 45-1-3 vote.

Governor Ricketts also introduced two other bills (LB’s 23 and 24) to make specific transfers to the general fund and from the cash reserve. The three bills address the budget shortfall of more than \$267 million for FY 2016-17. The Governor’s proposed FY 2016-17 budget adjustment bills were to make \$276 million in adjustments to cover the deficit. Specifically, these included additional transfers to the General Fund; \$21.5 million from a variety of cash funds and \$92 million from the Cash Reserve Fund.

However, the Appropriations Committee decided to focus on the appropriation reduction side. The committee decided that transfers from cash funds and the Cash Reserve Fund can be deferred (LB’s 23 & 24) and considered as part of the budget process for the upcoming FY18 and FY19 biennial budget.

The Appropriations Committee agreed with 91% of the Governors recommendation for FY2016-17 General Fund budget adjustments. The summary of the committee proposal can be found at: [http://www.nebraskalegislature.gov/pdf/reports/fiscal/2017App\\_earlydef.pdf](http://www.nebraskalegislature.gov/pdf/reports/fiscal/2017App_earlydef.pdf).

For programs related to agriculture and natural resources, the following changes are made by LB 22:

***ATTORNEY GENERAL – No changes from Governor Ricketts proposed reductions.***

**General Operations** - Proposes to reduce the FY 2015-16 re-appropriation amount for Interstate Water Litigation of \$343,237 to \$94,187 (-\$249,050).

**Across the Board Reductions** – Proposes to reduce the FY 2016-17 appropriation by \$36,860 for Interstate Water Litigation.

***DEPARTMENT OF AGRICULTURE – No changes from Governor Ricketts proposed reductions.***

**Riparian Vegetation Aid** – Proposes to reduce the FY 2016-17 appropriation from \$975,000 to \$675,000, which the Department of Ag has already awarded \$665,799. The program also had \$25,000 appropriated for administrative cost, which is proposed to be reduced to \$15,000

The grant program is to assist in cleanup of vegetation in Nebraska's rivers and streams.

**General Operations** – Proposes to eliminate the FY 2015-16 re-appropriation amount of \$188,781.

**Across the Board Reductions** – Proposes to reduce the FY 2016-17 appropriation by \$249,713 for General Operations.

***DEPARTMENT OF ENVIRONMENTAL QUALITY – Some changes to the Governor's proposal***

**General Operations** - Proposes to reduce the FY 2015-16 re-appropriation amount of \$791,255 to \$517,938 (-\$273,317). This is the same as the Governor's proposal.

**Across the Board Reductions** – Proposes to reduce the FY 2016-17 appropriation by \$169,545 for General Operations (\$156,897) and Superfund (\$12,648). This is the same as the Governor's proposal.

**Storm Water Management Grants** - The Governor's recommendation proposed to reduce the appropriation for the Storm Water Management Grant program by \$900,000 General Funds for FY 2016-17. The Appropriation Committee recommendation is to reduce the amount by \$300,000, restoring \$600,000 in funding.

**The following were proposed in LB 23, which was not advanced:**

- **Waste Reduction and Recycling Incentive Fund Transfer** - The recommendation includes a fund transfer of \$500,000 from the Waste Reduction and Recycling Incentive Fund to the General Fund.
- **Nebraska Litter Reduction and Recycling Fund Transfer** - The recommendation includes a fund transfer of \$500,000 from the Nebraska Litter Reduction and Recycling Fund to the General Fund.
- **Petroleum Release Remedial Action Cash Fund Transfer** - The recommendation includes a fund transfer of \$700,000 to the General Fund.

***GAME AND PARKS COMMISSION – Some changes proposed, but the total reduction is close to the same.***

**General Operations** - Proposes to reduce the FY 2015-16 re-appropriation amount for various programs of \$2,108,651 to \$1,874,200 (-\$234,451).

**Across the Board Reductions** – Proposes to reduce the FY 2016-17 appropriation by \$482,956. The Governor's proposed reductions for Wildlife Conservation (\$53,453), Planning and Trails (\$18,107), and Administration (\$32,743) were restored.

The Parks Administration and Operation (\$285,503), and General Operations (\$34,238) remained the same.

The cuts for Engineering is increased from \$89,975 to \$104,303.

***DEPARTMENT OF NATURAL RESOURCES -- No changes from Governor Ricketts proposed reductions.***

**Water Sustainability Fund** - Reduces the FY 2016-17 appropriation from \$11,000,000 to \$10,560,000 in FY 2016-17 (-\$440,000).

**General Operations** - Proposes to reduce the FY 2015-16 re-appropriation amount of \$7,226,058 to \$5,926,058 (-\$1,300,000).

**Across the Board Reductions** – Proposes to reduce the FY 2016-17 appropriation by \$669,806 for the Water and Soil Fund (\$92,721), Resources Development Fund (\$125,613), and General Operations (\$451,472).

**LB 85 - Provide a requirement for persons seeking appointive or elective office as prescribed and to provide a duty for the Nebraska Accountability and Disclosure Commission. Blood.**

Governor Ricketts signed LB 85 into law on March 29<sup>th</sup>. The Legislature gave final approval to LB 85 on March 23<sup>rd</sup> by a 48-0-1 vote. The original bill proposed to make a person in-eligible to file for an office until the individual has paid any outstanding late filing fees, civil penalties, and interest imposed pursuant to the Nebraska Political Accountability and Disclosure Act.

On General File, the Committee Amendment (AM 30) was adopted on a 39-0 vote and replaced the bill. The bill now does the following:

First, it limits amount owed to the NADC for which an individual can be prevented from filing for office or being appointed to office to civil penalties, rather than civil penalties and late fees.

Second, it allows an individual that has an outstanding civil penalty to file for office if they have appealed the penalty and filed a surety bond in favor of the state pending the appeal.

Third, it shifts the burden of determining whether a candidate is prevented from filing for office under the bill from local election administrators to the candidates. Candidates must certify on their filing form that they have complied with this section. Candidates who are found to have lied on the filing form would have the same penalties that exist under current law, which includes being removed from the ballot.

Finally, it requires the NADC to provide a list of all individuals with outstanding civil penalties to filing officers prior to December 1st of a year preceding a statewide general election. The NADC must continually update the information through March 1st prior to a statewide primary election, and at other times upon the request of a filing officer.

**LB 97 - Adopt the Riverfront Development District Act. Crawford. Speaker Priority Bill.**

On May 3<sup>rd</sup>, Senators gave final approval to LB 97 on a 43-0-6 vote. Governor Ricketts signed the bill into law on May 9<sup>th</sup>. The bill allows for the creation of Riverfront Development Districts to provide a means by which cities may fund, manage, promote, and develop riverfronts within their corporate limits. The bill is limited to cities that are on major rivers in the state. The bill was a Speaker Priority for the session.

On General File, Senators adopted Senator Crawford's amendment (AM 659) by a 25-0 vote to require purchases made by a development entity created under the act to pay state and local use taxes.

The Urban Affairs Committee advanced the bill by a 5-0 vote after the hearing on February 14<sup>th</sup>. Under the bill, a city may create a riverfront development district by the adoption of an ordinance which specifies the following:

- The name of the river or rivers along which the district will be created;
- The boundaries of the district, a map of which shall be incorporated by reference in the ordinance;
- The qualifications and terms of office of members of the authority;

- A statement that the businesses and users of space in the district shall be subject to the general business occupation tax or that the real property in the district will be subject to the special assessment authorized under the act;
- The proposed method of assessment to be imposed within the district or the initial rate of the occupation tax to be imposed; and
- Any penalties to be imposed for failure to pay the occupation tax or special assessment.
- Issue bonds to pay for projects.

The bill requires that the ordinance shall recite the method of raising revenue, and that it shall be fair and equitable. In the use of a general business occupation tax, the tax shall be based primarily on the square footage of the owner's and user's place of business. In the use of a special assessment, the assessment shall be based upon the special benefit to the property within the district. The district would also have bonding authority.

The boundaries of any district created under the bill would have to be wholly contained within the corporate limits of the city and shall not extend more than one-half mile from the edge of the river or rivers along which the district is created.

The projects undertaken by the new district would include, but are not limited to:

- To create and implement plans for improvements and redevelopment within the boundaries of the district, either on its own or in conjunction with the city or other public and private entities;
- To develop, manage, and coordinate public activities and events taking place within the boundaries of the district;
- To acquire, construct, maintain, and operate public off-street parking facilities for the benefit of the district;
- To improve any public place or facility within the boundaries of the district, including landscaping, physical improvements for decoration or security purposes, and plantings;
- To construct or install pedestrian shopping malls or plazas, sidewalks or moving sidewalks, parks, meeting and display facilities, bus stop shelters, lighting, benches or other seating furniture, sculptures, trash receptacles, shelters, fountains, skywalks, pedestrian and vehicular overpasses and underpasses, and any other useful or necessary public improvements within the boundaries of the district.

The bill allows for the creation of Riverfront Development Districts to provide a means by which cities may fund, manage, promote, and develop riverfronts within their corporate limits. The bill is limited to cities that are on major rivers in the state.

**LB 151e - Change and provide for duties of the Auditor of Public Accounts and certain audited entities. Stinner. Speaker Priority Bill.**

Governor Ricketts signed LB 151e into law on April 27<sup>th</sup>. The Nebraska Legislature gave final approval to LB 151e on April 24<sup>th</sup> by a 49-0 vote. The bill included the emergency clause so it takes effect immediately upon the Governor's signature. The bill requires that any entity that is audited or examined by the State Auditor and that is the subject of a comment and recommendation in a management letter or report issued by the Auditor shall, on or before six months after the issuance of such letter or report, provide to the Auditor a detailed written description of any corrective action taken or to be taken in response to the comment and recommendation. The bill was a Speaker Priority for the session.

On General File, senators adopted AM 428 and AM 334. Senator Stinner offered AM 428 which amended the bill to prohibit the Auditor of Public Accounts from revealing sealed or confidential court records discovered during an audit process.

Senators also adopted the Committee Amendment (AM 334) which exempts the state colleges and the University of Nebraska from the requirements. It also eliminates the requirement that the investigation and evaluation be at the expense of the entity. Finally, it adds LB's 27, 89 and 90 to make LB 151 the omnibus bill for bills concerning the Auditor of Public Accounts. Provisions of the other bills included into AM 334 follows:

**LB 27 - Change requirements for state agency contracts and powers and duties of the Auditor of Public Accounts as prescribed. Murante. (Pending to be incorporated into LB 151 with AM 334).**

The bill changes deadlines and penalties for reports required for governing bodies that enter into agreements under the Interlocal Cooperation Act and the Joint Public Agency Act. It also makes changes to the extension of contracts by state agencies.

**LB 89 - Change published notice of hearing requirements under the Nebraska Budget Act as prescribed. Hughes. (Pending to be incorporated into LB 151 with AM 334).** The bill makes a change on public notices for budget hearings for political subdivisions. The notices would have to be at least four calendar days prior to the hearing rather than five days prior. The bill also adds that the four-day notice would not include the day of the hearing.

**LB 90 - Require public entity to provide accommodations where Auditor of Public Accounts employee conducts audit or examination. Hughes. (Pending to be incorporated into LB 151 with AM 334).** The bill proposes that when the Auditor of Public Accounts conducts an audit or examination of any public entity, the public entity would be required to provide suitable accommodations for such employee of the auditor at the location where the requested information and records are kept or stored. The accommodations shall include desks or tables and chairs, electrical outlets, and Internet access if such access is available.

**LB 154 - Change provisions relating to certain dam filing fees. Geist.**

On May 4<sup>th</sup>, Senators gave final approval to LB 154 on a 48-0-1 vote. Governor Ricketts signed the bill into law on May 10<sup>th</sup>. The bill eliminates the filing fee charged by the Department of Natural Resources when the entity that owns a new or reconstructed dam files for a completion certificate.

Under prior law, no impoundment by the dam can occur until the Department approves the completion certificate and issues an approval to operate.

The committee hearing was held on January 26<sup>th</sup>. Jeff Fassett, Director of the Department of Natural Resources, testified in support of the bill. He noted it costs more than \$10 to collect the fee and the department would prefer to just eliminate it. There was no opposition to the bill. The committee advanced the bill on January 30<sup>th</sup> without any amendments.

**LB 176 - Eliminate obsolete provisions related to milldams. Bostelman.**

On May 4<sup>th</sup>, Senators gave final approval to LB 176 on a 47-0-2 vote. Governor Ricketts signed the bill into law on May 10<sup>th</sup>. The bill eliminates the statutes that provide governance over dams built for milling, sawing grist or any machinery to be propelled by water.

The committee hearing was held on January 26<sup>th</sup>. Jeff Fassett, Director of the Department of Natural Resources, testified in support of the bill. He noted the statutes are over 90 years old and used to govern flour mills and other mills of the time. Currently, only Champion Mill is in existence. However, it is a museum and not in operation. Other statutes exist to regulate the dam at the mill.

There was no opposition to the bill. The committee advanced the bill to General File on January 30<sup>th</sup> without any amendments.



**LB 182 - Change powers and duties of the Department of Environmental Quality under the Drinking Water State Revolving Fund Act. Hughes. Natural Resources Committee Priority.**

The Nebraska Legislature gave final approval to LB 182 on April 24<sup>th</sup> by a 49-0 vote. Governor Ricketts signed the bill into law on April 27<sup>th</sup>. The bill was the Natural Resources Committee Priority Bill which proposes to amend the Nebraska Drinking Water State Revolving Fund Act to allow for public water supply systems that serve populations of 10,000 or less, and operated by political subdivisions, to be eligible for low interest loans and grants for the development, treatment and distribution of drinking water supplies.

The Natural Resources Committee accepted testimony on LB 182 on January 25<sup>th</sup> and advanced the bill to General File on January 27<sup>th</sup> with no amendments. Senators advanced the bill to Select File on March 28<sup>th</sup> by a 38-0-11 vote.

Current law only allows the program to be used by political subdivisions of 10,000 population or less. Even though they serve less than the population threshold, most NRD rural water systems and some County operated rural water systems are ineligible because the population of the entire subdivision must be counted which takes them over the population threshold.

At the committee hearing, Annette Sudbeck, Manager of the Lewis and Clark NRD, testified in support of the bill on behalf of the Nebraska Association of Resources Districts. Sudbeck reviewed the Cedar-Knox Rural Water Project, which is operated by the Lewis and Clark NRD. The project serves 875 rural hook ups and the communities of Crofton, St. Helena, Fordyce and Obert in Northeast Nebraska. The estimated total population served is 3,200.

The area has very limited groundwater supplies. The system includes a treatment plant located in the bluffs of the Devil's Nest Region along Lewis and Clark Lake. Surface water is pumped from the lake to the plant and treated water is distributed to rural customers and communities along 400 miles of service line. It is about 40 miles from the plant to the farthest point of service.

The system is paid for by the fees on customers receiving water from the system. As is the case for Rural Water Systems operated by NRDs, it is operated separately from the NRD general operating budget and property taxes are not used to pay for the service.

Currently the Cedar-Knox Rural Water Project is working to improve the water treatment process to address excess Tri-Halo Methane (THM) production, a bi-product of chlorination. After contacting the Department of Environmental Quality and Health and Human Services about access to the funds to address the needs, it was discovered that the language passed in 2007 included language that determines eligibility by the population of the political subdivision, not the population served by the system. After reviewing the federal guidelines for the program, the only reference is to the population served not the population of the political subdivision.

Matt Weinandt, Lewis and Clark NRD, and David Clabaugh, Lower Big Blue NRD, also testified in support of the bill. There was no opposition to the measure. The committee advanced the bill to General File on January 27<sup>th</sup> by an 8-0 vote.

There are fifteen systems operated by NRDs, only the Lower Niobrara NRD has a population of less than 10,000 (6,985) and has a system serving a population of approximately 1,800. Eight other NRDs operate fourteen systems serving populations of 150 to 6,000. All eight of these NRDs have district populations of more than 10,000. Even though they serve less than the population threshold, most NRD rural water systems and some County operated rural water systems are ineligible because the population of the entire subdivision must be counted which takes them over the population threshold.

The rural water systems are very beneficial for rural customers and small communities. By hooking up several communities and residents in-between, we can gain some economies of scale to provide clean potable water at a

reasonable cost. Again, the systems are paid for by fees on the rural water customers, not the general property taxes.

**LB 327e - Appropriate funds for the expenses of Nebraska State Government for the biennium ending June 30, 2019. Speaker Scheer, at the request of the Governor.**

Senators gave Final Reading approval to LB 327e on a 36-12-1 vote on May 9<sup>th</sup>. Governor Ricketts line item vetoed \$56.6 million out of the bill which was sustained by the Legislature. Governor Ricketts veto message on LB 327 can be found at: <https://governor.nebraska.gov/press/gov-ricketts-vetoes-565-million-spending-protect-budget>.

On Select File, Senators advanced LB 327 to Final Reading on a 28-18-2-1 vote after adopting committee amendments AM 1277, 1279 and 1193. The amendments make adjustments and transfers to address the additional revenue shortfall of \$55 Million as projected at the April meeting of the Nebraska Economic Forecasting board.

Carrying over from General File debate, some of the debate on Select File centered on spending cuts and transfers to address the budget shortfall, but most of the time spilled over into social issues. At issue was an amendment, AM 1277, proposing to strike language in the bill to give priority to certain types of health clinics to get Nebraska's \$1.9 million annual share of federal Title X funds. Excluded from the priority list would be four of the 12 current providers — Planned Parenthood of the Heartland and three independent clinics based in Tecumseh, Grand Island and North Platte. Following a successful reconsideration motion, AM 1277 was adopted on a 25-19 vote.

Select File debate then transitioned to Senator Erdman's AM 1288. The amendment proposed to carryover budget appropriations from FY 16-17, as adopted in LB 22. Following contentious debate, AM 1288 failed on a 19-10 vote. Senator Erdman also filed the amendment on Final Reading, but withdrew it after further discussion.

Previously, on April 26<sup>th</sup> Senators advanced LB 327 to Select File on a 36-1-12 vote after adopting the Committee Amendment (AM590) on a 46-1-2 vote. The committee made several structural changes to the budget to address the projected \$895 million budget shortfall.

The bill, as amended, does increase funding for some programs. These include:

- \$62.4 million for the Tax Equity and Educational Opportunities Support Act (TEEOSA);
- \$35.6 million for Medicaid;
- \$20 million a year totaling \$224 million annually to the Property Tax Credit Fund;
- Maintain the State Cash Reserve Fund with a \$369.1 million unobligated balance;
- \$15.4 million for staffing, programs and equipment for the state Department of Correctional Services;
- and
- \$11.4 million for the courts under the Justice Reinvestment Act.

The major reductions include:

- \$24.7 million to state agencies;
- \$13 million to the university system; and
- \$9 million in foster care contracts with private providers of kinship placements for state wards.

Key changes for natural resources programs include:

- Reduction of funding for the Riparian Vegetation Management program by \$500,000 to a funding level of \$475,000 annually.
- A \$926,480 annual reduction of research and data collection functions for the Department of Natural Resources. The Appropriations Committee recommendation reduces the agency's funding to procure

contractual services and temporary staff to conduct research in support of initiatives planned and/or underway for the Integrated Water Management and Interstate Water Agreements functions.

- A \$200,000 reduction annually in funding for stream gauging, information technology and other equipment for the Department of Natural Resources.
- A \$436,669 annual reduction in funding for the Soil and Water Conservation Fund. The funds are allocated to NRDs annually to provide cost-share to landowners to implement conservation programs and practices.

The following is a link to the Appropriations Committee Fund and Budget Recommendations:

<http://www.nebraskalegislature.gov/pdf/reports/fiscal/2017proposed.pdf> .

**LB 331e - Create funds, provide for transfers, and change provisions governing funds. Speaker Scheer, at the request of the Governor.**

Governor Ricketts vetoed \$6.5 million to the Highway Cash Fund appropriation. There was also a \$15 million line-item reduction in transfers from the Roads Operations Cash Fund to the General Fund. The Legislature sustained the veto. Governor Ricketts veto message on LB 331 can be found at:

<https://governor.nebraska.gov/sites/governor.nebraska.gov/files/doc/press/LB331e%20Veto%20Letter.pdf>.

The Legislature gave final approval to LB 331e by a 36-12-1 vote, after reconsidering the previous final reading vote of 31-12-6. Since the bill included the Emergency Clause, 33 votes are required for passage. Since they were two votes short on the first vote, a reconsideration motion was filed and some heated debate occurred.

On May 4<sup>th</sup>, Senators advanced the bill to Final Reading on a voice vote after adopting amendment AM 1278. The bill provides for various transfers of funds to match the mainline budget proposals. The amendment changes the minimum reserve from 3 percent to 2.5 percent. This half percent adjustment in minimum reserve frees up just over \$43 million to address the forecasted revenue shortfall. The second part of AM 1278 lowered the amount of the transfer to the Water Sustainability Fund by \$1,200,000 for fiscal year 2018-19. The legislature adopted AM 1278 on a 32-15 vote.

Senators previously advanced LB 331 following General File debate on Tuesday, May 2<sup>nd</sup> on a 37-1-11 vote after adopting amendments AM 594 and 1205.

The bill provides for various transfers of funds to match the mainline budget proposals. Related to natural resources, the bill includes language to extend the Department of Natural Resources bonus points for a grant from the Nebraska Environmental Trust for the next three fiscal years beginning in FY 2017-18. The funds are to be used to match NRD contributions in river basins that are fully or over-appropriated.

In addition, the bill also makes transfers from the NDEQ programs to mirror budget adjustments in LB 327. These include: 1) The Waste Reduction and Recycling Incentive Fund transfer of \$400,000 to the General Fund in FY 2017-18 and FY 2018-19; 2) The Nebraska Litter Reduction and Recycling Fund transfer of \$200,000 to the General Fund in FY 2017-18 and FY 2018-19; and 3) The Petroleum Release Remedial Action Cash Fund transfers of \$500,000 to the General Fund and the transfer of up to \$1,500,000 to the Superfund Cost Share Cash Fund in FY 2017-18 and FY 2018-19 so that the state continues to meet Superfund obligations.

**LB 332e - Change Cash Reserve Fund provisions. Speaker Scheer, at the request of the Governor.**

The Legislature gave final approval to LB 332e on May 9<sup>th</sup> by a 35-10-4 vote. Governor Ricketts signed the bill on May 15<sup>th</sup>. During Select File debate Senators adopted AM 1298 to make corrections to mirror the changes in the mainline budget to address the latest projected shortfall. The main purpose is to make \$125 million of transfers in FY2017-18 and \$48 million of transfers in FY2018-19.

**LB 415e - Change provisions relating to certain retirement plans as prescribed. Kolterman. Nebraska Retirement Systems Priority Bill.**

Governor Ricketts signed LB 415e into law on May 23<sup>rd</sup>. The bill included the emergency clause so it takes effect immediately upon the Governor's signature. Senators gave Final Reading approval to LB 415e on May 18<sup>th</sup> by a 48-0-1 vote. On May 5<sup>th</sup>, Senators advanced the bill to Select File by a 39-0 vote after adopting the Retirement Systems Committee amendment (AM 923). As amended, the bill includes provisions from seven different bills dealing with retirement programs for public employees, judges and the state patrol.

Related to natural resources, the amendment included provisions of LB 110, which proposes to end the annual reporting requirement for political subdivisions that operate defined contribution retirement plans. The last report would be on December 31, 2017. The bill proposes to maintain annual reporting for political subdivisions that operate defined benefit plans. The NARD operates a defined contribution plan.

**LB 432 - Eliminate provisions of the Nebraska Budget Act relating to allowances for delinquent taxes and anticipated litigation. Erdman. Senator Erdman Priority.**

Governor Ricketts signed LB 432 into law on April 27<sup>th</sup>. The bill included the emergency clause so it takes effect immediately upon the Governor's signature. The Nebraska Legislature gave final approval to LB 432 on April 24<sup>th</sup> by a 49-0 vote. The bill eliminates the allowance for delinquent taxes and pending or anticipated litigation in a political subdivisions budget.

The Government Committee advanced LB 432 to General File on March 17<sup>th</sup> with Committee Amendment (AM 289) by a 7-1 vote. Senators advance the bill to Select File on March 29<sup>th</sup> by a 32-1-16 vote after adopting AM 289.

The amendment (AM 289) keeps the authority of political subdivisions to make allowance for delinquent taxes as specified in their biennial budget statement, but qualifies it as only existing when the prime rate established by the Federal Reserve is 10% or more. The bill is Senator Erdman's priority bill for the session.

**Section Two – Bills that have been Indefinitely Postponed or Withdrawn**

**LB 89 - Change published notice of hearing requirements under the Nebraska Budget Act as prescribed. Hughes.**

The Government Committee accepted testimony on LB 89 on January 19<sup>th</sup>. Provisions of the bill were incorporated into LB 151e on page 7. The bill was indefinitely postponed following inclusion into enacted legislation.

**LB 110 - Change duties and requirements relating to certain retirement plan reporting and to change duties of the Auditor of Public Accounts and the Public Employees Retirement Board. Kolterman.**

The Retirement Systems Committee accepted testimony on LB 110 on January 24<sup>th</sup>. Provisions of the bill were incorporated and adopted into LB 415 on page 12. The bill was indefinitely postponed following inclusion into enacted legislation.

**LB 488 - Adopt the Water Conservation Grant Act. Groene.**

On March 8<sup>th</sup>, the Natural Resources Committee Indefinitely Postponed LB 488. The bill proposed the Water Conservation Grant Act to pay irrigators fifty dollars per acre in the Republican River Basin to not irrigate. The hearing on the bill was held on February 15<sup>th</sup>.

In his opening, Senator Groene mentioned this could replace NCORPE, keep Nebraska in compliance with the compact, and farmers could still farm dryland.

Under the bill, eligible land for the program would have to be within five miles of the river and its tributaries and be subject to the three-state compact. The land would have to be certified as irrigated land and currently be paying the occupation tax on irrigated land. The land also could not be enrolled or subject to any other program in which the owner is paid not to irrigate the land.

The irrigators would need to apply to the Department of Natural Resources for the program. A scoring system would be used with eligible agricultural land lying closer to the river receiving a higher priority. Land enrolled in the program would be exempt from the occupation tax on irrigated land.

The program would be funded by a transfer of \$3 million from the Water Sustainability Fund.

The ground water that is not used for irrigation purposes as a result of enrollment in the new program would be considered used when a natural resources district calculates irrigation caps under their integrated management plan.

Brad Edgerton, Frenchman Cambridge Irrigation District, spoke in favor of the bill noting the \$50 is a good deal for irrigators and is plenty to get producers to switch to dryland. Further, he noted the dryland crops in the basin do just fine.

Nate Jenkins, Assistant Manager of the Upper Republican NRD, testified in opposition to the bill on behalf of the Nebraska Association of Resources Districts. The opposition to the bill was mainly over the low payment amount and the transfer from the Water Sustainability Fund.

Jenkins pointed out the NRDs in the Republican Basin have been an active partner in voluntary irrigation retirement programs including the Conservation Reserve Enhancement Program, or CREP, that has temporarily retired 35,000 acres in the Republican Basin. Jenkins also noted they have permanently retired thousands of acres in the Basin, about 1,500 in the Upper Republican NRD, using federal and local funds. This has provided the benefit of retiring acres primarily for Republican River Compact compliance.

To get landowners interested in the CREP contracts that landowners entered into 10 and 15 years ago they offered over \$100 per acre and the new CREP payment rates range between \$190 and \$230 annually for 10 or 15 year contracts. Despite rising CREP payment rates, interest in the program recently has been fairly minimal. From October 2015 through September 2016 there were just 13 new applications in the Republican Basin and the Platte Basin upstream of Elwood. Of the 700-plus applications that have been filed for the program from 2005 through 2016, most were filed in 2005.

Jenkins also mentioned the NRDs are also working with USDA-NRCS on a temporary irrigation retirement program that allows participants to farm dryland during the three-year contracts and pays \$140 annually in the Republican Basin. Interest in that program has been minimal to nonexistent so it leads them to believe to entice irrigators to enroll the payment rate would likely have to be more than \$140 per acre, which would significantly lessen the number of enrolled acres and reduce the impact of the program.

Jasper Fanning, Manager of the Upper Republican NRD, told the committee that eliminating an irrigated acre does not result in an acre-foot of water to the river. Fanning pointed out the alternative to NCORPE would be to shut down 174,000 irrigated acres in the rapid response area basin-wide and increased administration of surface water. Because there is no immediate benefit to the river, this action would only yield about 15,000 acre feet of water, if surface water was also regulated, it might not even be enough for compliance. In three years, the number could grow to 45,000 which might get closer to compliance, but those acres – both ground and surface water sources – would have to remain non-irrigated well into the future.

Don Batie, speaking on behalf of the Nebraska Farm Bureau Federation, also testified in opposition to the bill, noting the payments were not high enough to get farmers to enroll, the acre retirements will not meet the goal of a full supply in the Republican River and opposition to the transfer from the Water Sustainability Fund.

Scott Smathers, testified on behalf of the Natural Resources Commission, against the transfer from the Water Sustainability Fund.

Others testifying or submitting letters of opposition included: Karen Amen, Lower Platte South NRD; Lyndon Vogt, Central Platte NRD; Former State Senator Tom Carlson; and Dennis Strauch; Pathfinder Irrigation District.

Bob Hallstrom, Nebraska Bankers Association, testified in a neutral capacity noting that an amendment needs to be added to the bill to require title reports on lands enrolled in the program and require lien holder consent on enrollment.

### **LB 533 - Require liability insurance for and restrict locations of underground enhanced recovery injection wells and wastewater disposal wells. Vargas.**

On March 8<sup>th</sup>, the Natural Resources Committee Indefinitely Postponed LB 533. The bill would have placed additional restrictions on the Oil and Gas Commission when they issue permits for enhanced recovery injection wells and waste water injection wells. The hearing on the bill was March 2<sup>nd</sup>.

At the hearing, Senator Vargas noted in his opening there has not been any accidents in Nebraska, but that doesn't mean there won't be one. He stressed the need to protect the taxpayers from environmental damages and costs of cleanup. Senator Vargas also noted this was a bill introduced in the past by former Senator Ken Haar.

During questioning, Senator Hughes asked Senator Vargas to reconsider the definition of the Sandhills as it should be defined by manmade boundaries not wide open for interpretation. Also, Hughes noted the depth of the groundwater in an aquifer varies. In some areas it could be right at the surface and other areas it could be 200 feet below.

Under the bill, any applicant to operate an injection well would be required to have liability insurance of at least \$5 million. Also, the proposal would not allow for the drilling of an enhanced recovery injection well or for a wastewater disposal well if the proposed well will be located:

- In an area where the depth of the drinking water aquifer begins less than fifty feet below the surface of the ground; or
- Within Level III Ecoregion 44 as defined by the United States Environmental Protection Agency, commonly known as the Nebraska Sandhills.

At the hearing, the bill was supported by the Bold Alliance, Nebraska Sierra Club, Guardians of the Aquifer, Nebraska Farmers Union, League of Conservation Voters, and several individuals. Numerous letters of support were submitted at the hearing, including one from the North Platte NRD. Most of the testimony noted that Nebraska needs to do everything possible to protect water supplies.

Opponents included the Nebraska Oil and Gas Producers, Nebraska Petroleum Institute, and several private oil production companies. The testifiers noted the injection well process has been used for over 60 years without causing any contamination. They also noted that Nebraska, as do other states, requires financial insurance through bonding rather than commercial liability insurance. The bonding requirements were increased in the past couple of years

### **Section Three – Bills that will be carried over for the 2018 60-day Session**

#### **LB 23 - Provide for transfers of funds and terminate funds. Speaker Scheer, at the request of the Governor.**

The bill proposes \$21.5 million in specific transfers to the General Fund of excess fund balances to mirror the changes in LB 22.

#### **LB 24 - Change provisions relating to the Cash Reserve Fund. Speaker Scheer, at the request of the Governor.**

The bill proposes the State Treasurer to transfer \$92 million from the Cash Reserve Fund to the General Fund on or before March 31, 2017.

#### **LB 27 - Change requirements for state agency contracts and powers and duties of the Auditor of Public Accounts as prescribed. Murante.**

The Government Committee accepted testimony on LB 27 on January 19<sup>th</sup>. The committee reported no action on the bill, however provisions of LB 27 were incorporated into LB 151e, see page 7.

#### **LB 36 - Provide for review by state agencies of occupational credentials and provide for a critical assessment document. Harr.**

The Government Committee accepted testimony on LB 36 on January 20<sup>th</sup>. The bill would require all state agencies to review rules and regulations pertaining to the issuance of occupational credentials. In his opening, Senator Harr mentioned the Department of Health & Human Services (HHS) has over 5,000 pages of rules and regulations.

The bill proposes Department of Health and Human Services shall begin the review on January 1, 2018, followed by the Department of Labor on January 1, 2019 and every other agency on January 1, 2020. The bill requires all agencies to do the review every five years.

After review, the agencies would have to complete and release a critical assessment document to provide a critical analysis of the significance and necessity of the agency's rules or regulations pertaining to the issuance of all occupational credentials. The document would have to include, but not limited to:

- The health, well-being, or consumer protection purpose of the rule or regulation with respect to the issuance of occupational credentials;
- The protection provided by the rule or regulation with respect to the issuance of occupational credentials;
- A review and determination that the rule or regulation has achieved the purpose in a cost-effective manner without unduly inhibiting entrepreneurship and commerce; and
- A description, including an estimated quantification, of the fiscal impact on state agencies, political subdivisions, and regulated persons of the rule or regulation.

A hearing would have to be held by the agencies during the review process on the preliminary critical assessment document to allow for public comment prior to the final submission of the report to the Legislature.

The fiscal note estimates from state agencies to implement the bill is \$206,346 in FY 2017-18 and \$270,837 in FY 2018-19. These cost are from HHS estimates in the need for 2.25 FTE in fiscal year 2017-18 and 3.0 FTE in fiscal year 2018-19 to implement the requirements.

The bill was supported by the Nebraska Board of Engineers and Architects. A letter of support was submitted by the Greater Omaha Chamber of Commerce. There was no opposition to the bill. A letter listing some concerns with the bill was submitted by HHS. Chairman Murante was going to list it as letter of opposition, but Senator Harr objected and requested the letter be listed as neutral. Chairman Murante announced he would ask HHS how they wanted it listed before the transcript is finalized on the hearing. No action was reported on the bill.

**LB 71 - Change appropriations relating to the Nebraska Tree Recovery Program. Pansing-Brooks.**

The bill proposes to change the intent language on appropriations for the Nebraska Tree Recovery Program from \$250,000 annually to \$3 million annually. The Nebraska Forest Service of the University of Nebraska and the Natural Resources Department of Forestry, Fisheries and Wildlife administer the grant program to fund tree removal, disposal, and replacement costs. The committee accepted testimony on February 27<sup>th</sup> and reported no action on the bill.

**LB 90 - Require public entity to provide accommodations where Auditor of Public Accounts employee conducts audit or examination. Hughes.**

The Government Committee accepted testimony on LB 90 on January 19<sup>th</sup>. The committee reported no action on the bill, however provisions of LB 90 were incorporated into LB 151e, see page 7.

**LB 98 - Extend certain levy authority for natural resources districts. Friesen. Speaker Priority Bill.**

On May 2<sup>nd</sup>, Senator Friesen came within two votes to gain cloture on LB 98 which would have ended debate and allowed for a simple majority vote on advancement of the bill. The vote was 31-9-9. A cloture vote to end a filibuster requires 33 votes.

The bill proposes to extend the maximum 3-cent levy authority for fully or over-appropriated districts from FY 2017-18 to FY 2025-26 so current successes can continue and future programs can be developed to improve water supplies. The levy can only be used to implement ground water management activities and integrated management activities under the Nebraska Ground Water Management and Protection Act.

Failure to gain cloture does not kill the bill, but it drops it to the bottom of the list of bills to be discussed this year. Thus, it will not be debated in the remaining 15 days of the session. A similar bill will have to be introduced next session.

A “yes” vote on cloture is to end debate (33 votes required). The cloture votes follows:

- **Voting YES (31):** Albrecht, Baker, Blood, Bolz, Bostelman, Brasch, Brewer, Chambers, Crawford, Ebke, Friesen, Hansen, Harr, Hughes, Kolowski, Kolterman, Larson, Lindstrom, Linehan, McCollister, Morfeld, Quick, Scheer, Smith, Stinner, Vargas, Walz, Watermeier, Wayne, Williams and Wishart.
- **Voting NO (9):** Clements, Erdman, Geist, Groene, Halloran, Hilgers, Kuehn, Lowe, and McDonnell,
- **Present and not voting (9):** Briese, Craighead, Hilkemann, Howard, Krist, Murante, Pansing Brooks, Riepe, and Schumacher.

Please take time to thank the senators for voting “yes”, especially Senator Friesen who sponsored the bill. Senators Hughes, Watermeier, Williams and Stinner helped out tremendously.

The following provides a summary of what the 3-cent levy means to the local economy.

- *The 3-cent levy authority is commonly used as matching funds for grants from the Environmental Trust, The Water Sustainability Fund, and other grants and funds. Providing matching funds allow districts to*



*leverage the local tax dollars to keep taxes in the district as low as possible while still accomplishing the edicts in LB962.*

- *The successful partnership has annually provided an estimated 9.78 billion to 39.12 billion gallons of water benefit to the Platte River and 13.04 billion to 16.3 billion gallons of water benefit to the Republican River. At the same time, irrigated acres have been preserved to protect the local economy and the state economy.*
- *Eliminating the 3-cent levy does not remove an NRD's obligations, rather it forces irrigators to take the full brunt of groundwater management program funding by increasing occupation taxes and increasing regulations.*
- *Without the 3-cent levy authority, NRDs will be forced to use occupation tax dollars to fund necessary programs. Occupation tax dollars are only paid by a district's irrigators, who will see an exponential tax increase relative to the existing levy. If the shift occurred an average sized farm in Central Platte NRD, for example, could expect to see an approximately 115% increase in their taxes with total obligations increasing from \$1.60 per acre to \$3.43 per acre.*
- *If the 3-cent levy sunsets, regulations may be required that force irrigated acres to be retired. If this occurs, property taxes would increase for all others in the district. As the number of irrigated acres shrinks, because regulations require additional irrigated acres be retired to maintain sustainability, land values will fall and the property tax levy must rise to compensate. Retiring irrigated acres will also result in an economic downturn for that region, resulting from the lack of activity on un-farmed acres.*
- *When LB962 was passed in 2006, it set out very particular requirements for districts that had been designated as over or fully appropriated (i.e. using too much water). The levy authority was put in place to help those districts find ways to maintain sustainability within their districts by reducing water use and putting water back in the river.*
- *Proper regulation of water resources affects more than the irrigators of this state. Every day, Nebraskans use the state's groundwater and surface water resources when they turn on a tap, run their washing machine or dishwasher, or water the lawn.*
- *Our state's water belongs to all Nebraskans. Water managed by these projects in western Nebraska recharge municipal wellfields downstream all the way to Omaha.*

#### **LB 101 - Change duration requirements for certain state agency contracts. Stinner.**

The Government Committee accepted testimony on LB 101 on January 19<sup>th</sup>. The bill would prohibit state agencies from extending contracts for services for a period of more than fifty percent of the initial contract term. Following the adoption of any amendment to extend the contract for a period of fifty percent or less of the initial contract term, no further extensions of the original contract would be permitted. This would not prohibit exercising any renewal option provided in the original contract.

A representative with the Department of Purchasing for the State mentioned the language may need to be modified to allow for contract transitions from the existing vendor to the new vendor. No action was reported on the bill.

#### **LB 127 - Change provisions relating to notice of meetings of public bodies. Groene.**

The Government Committee advanced LB 127 to General File with a Committee Amendment (AM 646) on March 17<sup>th</sup> by a 5-2-1 vote. The bill proposes that each public body would have to publish a public notice in a newspaper of general circulation in each county of the public body's jurisdiction. The body could also use

additional methods of public notice. The public body would also be required to record the methods and dates of the public notice in the minutes.

Senator Groene introduced the bill by describing the bill's provisions and stating its intended purpose is to increase transparency and provide consistent notice. At the hearing, there were no proponents to the bill.

The Committee Amendment (AM 646) clarifies that the publication requirement only applies to one paper of general circulation in the public body's jurisdiction, not a paper in each county within that jurisdiction. The amendment also requires that notice also be given by a digital advertisement on the applicable newspaper's website, if it has a website.

**LB 150 - Provide for a transfer from the Cash Reserve Fund. Stinner.**

The bill is a place-holder for cash reserve transfers to the General Fund for the next biennium. The bill proposes to transfer an undisclosed amount of funds from the cash reserve, leaving it up to the Appropriations Committee to determine the amount later. The committee reported no action on the bill.

**LB 218 - Provide for installation of ground water pumps by public entities. Groene.**

The Natural Resources Committee accepted testimony on LB 218 on February 15<sup>th</sup>. The bill proposes to place restrictions on the use of land and water used for augmentation projects for interstate compacts. The bill would also require the sale of the land used for augmentation projects. The Department of Natural Resources may adopt and promulgate rules and regulations to implement the proposal.

Senator Groene opened on the bill and mentioned the NCORPE project may have kept Nebraska in compliance with the Republican River Compact, but he claimed it has placed the total compliance burden on the Wallace Public Schools and Lincoln County. Senator Groene wants the project stopped, sold and restored to crop land.

Senator Groene provided a map that showed a decline in the water table near the NCORPE project, but did not disclose the map was created during NCORPE pumping activities which shows the "cone of depression" created during pumping not the actual decrease in the water table.

Those testifying in support of the bill included: Bob Peterson from North Platte; Robert Lundeen, Lincoln County landowner; Dan Esterman, Lincoln County resident; Jay Shilling, McCook; and Brad Edgerton, on behalf of the Frenchman Cambridge Irrigation District. There were letters of support submitted by the Lincoln County Commissioners, Lincoln County Assessor and Wallace Public Schools.

The supporters of the bill argued the project should be sold so the tax base would be saved for Wallace Schools and Lincoln County. Senator Groene claimed the tax loss from the project is about \$260,000. This is about 0.003% of the \$77 million in property taxes collected in Lincoln County in 2016. Brad Edgerton, Frenchman Cambridge Irrigation District asked for the entire project to be stopped and that groundwater irrigation should be shut down in the Republican River Basin for compact compliance.

For comparison purposes, the current levy for Wallace is .5391 for General funding, the lowest in the county. This is about half of the North Platte Public Schools levy and .37 less than the next lowest school levy in the county. The Lincoln County levy is .2689, about four cents less than adjoining Dawson County. The charts below provide some background information.

**Lincoln County Schools 2016 Levy in dollars per hundred dollars in valuation**

North Platte – General Fund: 1.0200; Total, with bonding and other: 1.1696.

Brady -- General Fund: 0.97911; Total, with bonding and other: 1.1427

Maxwell -- General Fund: 1.0200; Total, with bonding and other: 1.0500

Hersey -- General Fund: 0.9042; Total, with bonding and other: 0.9422

Sutherland -- General Fund: 0.9500; Total, with bonding and other: 1.0047  
Wallace -- General Fund: 0.5391; Total, with bonding and other: 0.5873

**County Levy in dollars per hundred dollars in valuation**

Lincoln County: 2016 -- 0.2689; 2015 -- 0.2770

Dawson County: 2016 -- 0.3064; 2015 -- 0.3249

Jasper Fanning, Manager of the Upper Republican NRD, presented testimony in opposition to the bill on behalf of the Nebraska Association of Resources Districts. The NCORPE project is Nebraska's primary tool chosen to comply with the Republican River compact and to assist with the Twin Platte's compliance with their IMP and the Platte Cooperative Agreement. The project pumps water in water short years and remains idle during other normal or wet years and the groundwater levels in the area are allowed to recharge.

Fanning noted the alternative to NCORPE would be to shut down 174,000 irrigated acres in the rapid response area basin-wide and increased administration of surface water. Because there is no immediate benefit to the river, this action would only yield about 15,000 acre feet of water, if surface water was also regulated, it might not even be enough for compliance. In three years, the number could grow to 45,000 which might get closer to compliance, but those acres -- both ground and surface water sources -- would have to remain non-irrigated well into the future.

Kent Miller, General Manager for the Twin Platte NRD, testified at the hearing about the extra public hearing and public forums that were offered prior to the purchase of the NCORPE property. Public information sessions that provided several information stations were offered so individuals could talk to NRD employees and board members individually about the project rather than speaking in front of a large group. In addition, public hearings were held on the matter so people could speak on the record.

Miller also pointed out that if NCORPE and other projects were not undertaken in the Twin Platte NRD, about 50,000 irrigated acres would have to be shut down in Lincoln and Keith counties to meet the obligations of the first increment of the Platte River Recovery Program.

The Lower Republican NRD submitted a letter of opposition, noting the large amount of irrigated land that would have to be converted to dryland if the NCORPE project is stopped.

The NCORPE project protects that irrigation base, decreases regulation on surface water users and increases their supplies. Fanning said those who claim the project reduced property tax revenue by removing land from the tax rolls ignore its only alternative: shutting down 60 percent of the basin's irrigated land through regulation. That would have a much wider negative fiscal impact on communities in the entire Republican River Basin, Lincoln County and the Platte Basin.

Fanning stressed a lot has happened in the last several years in the basin that has changed the necessary actions needed to satisfy our downstream neighbors, the State of Kansas. The State of Kansas wanted \$80 million in cash, half a million acres of irrigation shutdown permanently, and an appointed water master to dictate to Nebraska how we manage our water.

Nebraska successfully defended those claims, and have since engaged Kansas in negotiations that started on the heels of the litigation. Since then the States have worked out those differences and further, new agreements have allowed the water for Kansas to be stored and delivered when needed. This reduces the amount of water needed to be delivered under the compact to meet its needs.

Don Blankenau, legal counsel for NCORPE provided testimony in opposition pointed out the consequences and risks associated with selling the land, creating monumental problems and a major change in Nebraska water law. Blankenau pointed out that under the bill, the pumping rights could be retained which severs the groundwater from the land which counters current Nebraska water law. Nebraska water law is founded in common law that ties the volume of water that can be withdrawn to the amount of land that you own. There is no water right in

Nebraska that allows or guarantees the ability to pump a volume of water in excess of a volume that can be reasonably used on the amount of land that you own. Separating the land and water creates a risk that an adjoining land owner could seek an injunction to limit the volume to the land area owned.

What that means is the more land a person owns, the more water that landowner may withdraw and put to beneficial use. In the case of NCORPE, it was necessary to be able to pump a large volume of water when needed to provide important protection for all water users within the Republican River Basin, Platte River Basin, and Nebraska taxpayers generally. The need for a large volume of water required NCORPE to own large tracts of land.

While the Legislature has modified the common law over the years, it never fully abrogated the core legal principle by severing the right to access ground water from title to the land. Blankenau pointed out they didn't do so for one over-arching reason: doing so would open the door to a host of interwoven legal issues that could result in significant disruption to water management programs and to investment backed expectations. This is an important issue for all large water users like augmentation projects and municipal suppliers.

As an example, if the water was separated from the land, a situation is created where Denver could buy a small parcel of land and install large capacity wells and pump as much water as they want.

Joel VanderVeen, Bond Counsel for the NCORPE project pointed out the land is also needed for mortgage security on the bonds. It gets further complicated if the water is separated from the land.

Don Batie, speaking on behalf of the Nebraska Farm Bureau Federation, also testified in opposition to the bill, saying that it seems to allow the severing of groundwater rights from ownership of the overlying land. Batie noted water rights would then be treated much like mineral rights, which can be transferred or traded, which would represent a major change in Nebraska groundwater law.

Vanessa Silke, Nebraska Water Resources Association, also testified in opposition reiterating the major change in Nebraska water law by separating the groundwater from the land.

Jack Russell, Middle Republican NRD Manager, testified in a neutral capacity noting there has been discussion in his district about selling the land, but there needs to be caution so water rights are maintained. Russell also noted the payoff of the project is twenty-fold.

The committee has not reported any action on the bill.

**The following provides a summary of LB 218:**

Before any government agency, government entity, political subdivision, or joint entity created pursuant to the Interlocal Cooperation Act seeking to pump ground water for the governmental purpose of augmenting water supplies in order to comply with an interstate compact, prior to acquiring or using land or commencing pumping, they would have to do the following:

1. Public notice a hearing for three consecutive weeks in one or more newspapers of general circulation in the affected area;
2. Hold the public hearing to obtain public comment, including, but not limited to, in-person testimony and submission of written testimony regarding the need for such pumping, the governmental use of the ground water, and the expected amount and duration of the pumping;
3. Adopt a resolution setting forth the need for such ground water pumping, the governmental use of the ground water, and the expected amount and duration of the pumping.

After the public hearing, the governmental entity may (a) purchase the land directly impacted by such pumping for fair market value; and (b) install the necessary water wells and pumps in compliance with the well registration act.

Five years after initiating pumping, and once every five years thereafter, the entity would have to hold a public hearing with the opportunity for public comment, including, but not limited to, in-person testimony and submission of written testimony. The hearing would take place after public notice of a hearing for three consecutive weeks in one or more newspapers of general circulation in the affected area.

The purpose of the hearing would be to review:

1. The entities compliance with the original resolution adopted, or the most recent resolution adopted, setting forth the need for such ground water pumping, the governmental use of the ground water, and the expected amount and duration of the pumping;
2. The continued need of groundwater pumping;
3. The effect of pumping on other individuals, entities, or their interests located within five miles of the land used for ground water pumping;
4. Any effect of pumping on surface water rights;
5. Any effect of pumping on ground water resources, including, but not limited to, the increase or decrease in the water table in the areas affected by such pumping;
6. The sustainability of ground water pumping; and
7. The expected continued amount and duration of ground water pumping.

Any governmental entity that has commenced ground water pumping prior to the effective date of this act would be required to hold a review hearing described above no later than July 1, 2018.

After the review hearing, the entity would be required to:

1. Within sixty days, the entity would need to adopt a new resolution setting forth whether there is a continued need for pumping, a governmental need for pumping, governmental use of the water and the expected amount and duration of pumping;
2. Sell in whole or in part the land acquired to a private purchaser for the value without the water rights (except the new owner could install domestic and livestock wells);
3. Retain the irrigation rights and easements to service, maintain, or replace the water wells installed by the entity;
4. Apply the proceeds from the sale of such land in the following order: (a) to any indebtedness incurred as a result of the purchase of the land; (b) to any indebtedness incurred for the purchase and installation of water wells; and (c) to the governmental entity, governmental agency, political subdivision, or the members of the joint entity in equal sums.

If the entity terminates the need for pumping ground water pursuant to the resolution adopted, following proposed public notice and hearing requirements in the bill, the following steps occur:

1. The rights to use ground water for irrigation shall revert to the owner of the land where the water wells were installed;
2. The governmental entity, governmental agency, political subdivision, or joint entity may sell the water pumps and appurtenances for fair market value but the new owner of the land would have right of first refusal.

**LB 221 - Change the transfer from a fund. Stinner.**

The bill proposes to reduce the transfer from the General Fund to the Water Sustainability Fund by \$440,000 in FY 2016-17. The Transfer authority would be reduced to \$10,560,000 from \$11,000,000. Reductions to the Water Sustainability Fund occurred via the main budget bill package, see LB 331e. The committee reported no action on LB 221.

**LB 232 - Provide a property tax exemption for property leased to the state or a governmental subdivision. Kolterman.**

The Revenue Committee accepted testimony on LB 232 on February 23<sup>rd</sup>. The bill proposes that property leased to the state or a governmental subdivision would be exempt from property taxes.

In his opening, Senator Kolterman mentioned that this was an issue he was trying to resolve for the City of Seward. The City of Seward entered into an agreement with the owner of the Seward Country Club to purchase the clubhouse and parking lot. The city then leased the course for a nominal annual fee from the private landowner and was to reimburse the owner for property taxes. The bill is intended to eliminate the property tax on the course to save the city some cost on the lease.

However, after introducing the bill, Senator Kolterman realized the magnitude of the change went beyond his expectations. Senator Kolterman asked the committee not to advance the bill and give him some time to come up with another remedy for the local situation.

The Nebraska League of Municipalities spoke in favor of the bill. The Nebraska Association of County Officials spoke in opposition noting that there is a lot of privately held property that is leased to the state and local political subdivisions. No action was reported by the committee on the proposal.

**LB 238 - Change provisions of the Nebraska Budget Act relating to certifying taxable values. Erdman.**

The Revenue Committee accepted testimony on LB 238 on February 23<sup>rd</sup>. The bill proposes options for counties assessors to certify to each governing body empowered to levy or certify a tax levy the current taxable value of the taxable real and personal property subject to the applicable levy.

The proposal would allow the certification to be: a) by mail; (b) electronically; or (c) by notifying such governing body or board of the place on the county assessor's web site where the current taxable values are located.

Larry Dix testified in support on behalf of the Nebraska Association of County Officials (NACO). He mentioned that the counties would like to have some different options to provide the valuations.

Lynn Rex presented testimony in neutral on behalf of the Nebraska League of Municipalities and suggested political subdivisions be given the option of how they would like to receive the information first, then allow the county to follow through with that request.

In his close, Senator Erdman offered to work with interested parties and come up with language that would be workable for all parties. No action was reported by the committee.

**LB 299 - Adopt the Occupational Board Reform Act and change procedures for rules and regulations. Ebke.**

On February 24<sup>th</sup>, the Government Committee accepted testimony on LB 299. The bill proposes to create the Legislative Office of Occupational Regulation which would have oversight on all occupational licensing boards created under Nebraska statutes. Over 170 licenses are listed in the bill for the new board to oversee, which includes pesticide applicators and licenses related to water wells.

Under the bill, the Legislative Office of Occupational Regulations would be required to annually review the occupational regulations of approximately twenty percent of the occupational licenses and oversight boards and complete its review of all providers every five years. They would make recommendations for changes to the Legislature. They would also review all new legislation that proposes changes to any occupational license and make recommendations to the Legislature.

In her opening, Senator Ebke, offered an amendment to eliminate the oversight board and duties of the proposed new office in response to the fiscal note placed on the bill. She further suggested that it could be overseen by the Executive Board of the Legislature using some existing staff. The Legislative Fiscal office placed a cost estimate of \$1,245,000 annual cost of implementing the act. The estimate includes ten new staff to implement the program.

Senator Ebke noted she wants to find a balance between the need to require license individuals and providing consumer protection. She also noted the senators need to have an on-going discussion about what regulations are imposed upon individuals.

Nicole Fox, presented testimony on behalf of the Platte Institute in support of the bill. She noted Nebraska has a labor shortage and the current laws create a barrier to entry for new workers to enter the work force.

Matt Litt, testified in support on behalf of Americans for Prosperity also noting that barriers to the job markets need to be eliminated.

One individual testified in support of the bill to push the Legislature toward adopting laws that place the least restrictive regulations on individuals but yet meet consumer protection. He noted the goal should be to reduce barriers to entry to the job market.

Bruce Ramje, Director of the Nebraska Department of Insurance, presented testimony against the bill on behalf of Governor Ricketts. He noted that creating more government does not help reduce costs. He also noted that there is no reason for another agency to review decisions made by the Department of Insurance. All agencies have oversight at various levels. Adding another level of government will not reduce the cost of government or reduce barriers to the job market.

Others testifying against the bill included the American Subcontractors Association, Omaha Elevator Inspection Company, Nebraska Real Estate Commission, Board of Barber Examiners, Nebraska Board of Public Accountancy, Nebraska Geological Society, and several individuals that have professional licenses. All mentioned how current laws provide protection for consumers and do not create barriers to the job market. Several agencies, organizations and individuals submitted letters of opposition.

The Nebraska Medical Association testified in a neutral capacity.

In her close, Senator Ebke, noted there is confusion from the opponents of the intent of the bill which is to limit restrictions on individuals not to eliminate public safety. The committee did not report action on the measure.

### **LB 365 - Change provisions relating to access to public records and provide for fees. Blood.**

The Government Committee advanced LB 365 to General File on March 15<sup>th</sup>. The bill proposes to change the charges a public body can charge for public records requests from non-residents. The bill would allow the public body to charge non-residents for the existing salary or pay obligation to the public officers or employees, including a charge for the services of an attorney to review the requested public records.

At the hearing, Senator Blood mentioned the bill was introduced because of the requests being made by Smart Procure, an out-of-state organization that has requested public records from several local and state agencies. All the agencies that testified said they are normally happy to provide the information requested at no cost simply because it is typically limited to a few documents. However, some of these out-of-state requests are for all documents.

Bob Hilske, Manager of the Nemaha NRD, testified in a neutral capacity noting that the Nemaha and some other NRDs had received requests from Smart Procedure and reiterated the concern about a legitimate request for information.

There were a few individuals that testified in opposition to the bill in fear it would impact private citizens.

### **LB 390 - Change provisions relating to flood protection and water quality enhancement bonds. Albrecht.**

On February 1<sup>st</sup>, the Natural Resources Committee accepted testimony on LB 390. The bill proposes to change the veto authority for counties on bonding flood control structures in the Papio-Missouri River NRD. Under current law, the county can pass a resolution to oppose the use of bonds to fund a dam over twenty surface acres if it is within its exclusive zoning jurisdiction.

The proposal eliminates the term "exclusive" so that a county could pass a resolution against the bonds even if they do not have zoning authority in that area. For example, this would allow Douglas County to veto a bond issue if a project was outside the city limits but within the cities extraterritorial zoning authority (i.e., Omaha, Bennington, Papillion, Gretna etc.).

The bill was brought forth on behalf of the Papio Valley Preservation Association, who testified in support of the legislation. The bill was also supported by an individual from Washington County and a letter was submitted by Douglas County. All of the proponents argued that the county should have final say on all flood control issues and projects, whether they have zoning jurisdiction or not.

The list of opponents included the NARD, PMRNRD, Sarpy County Board and the cities of Omaha, Papillion, Gretna, Bellevue and LaVista

In his testimony on behalf of NARD, John Winkler pointed out that a project supported and approved by the City of Omaha, and within its zoning jurisdiction, could be vetoed by the Douglas County Board, even though the Douglas County Board has no zoning jurisdiction in that area. Further, Douglas County only has a small area of zoning jurisdiction in the entire county that actually only covers nine percent or less of the residents of the county.

Winkler also outlined that counties already have some veto power over projects. If a road needs to be moved, changed or relocated because of the proposed flood control structure, the county board can reject that and the project is dead.

The Papillion Planning Director pointed out the flood control projects paid for through the PMRNRD bonding not only removed homes from the flood plain, saving individuals thousands of dollars annually in flood premiums, but it also removed the requirement to elevate roads, elevate and lengthen bridges to meet the FEMA requirements in the flood plain. This saved the city millions of dollars in construction.



The Mayor of Papillion David Black praised the efforts of the Papillion Creek Watershed Partnership, which included nine political subdivisions that worked together to resolve many of the flooding issues caused by upstream development. The watershed partnership was created to help share the responsibility of stormwater management. However, Mayor Black noted there has been and continues to be ongoing activity by individuals and organizations upstream, to limit or delay flood prevention projects and illustrating a total disregard for the wellbeing of those affected by their actions. The committee did not report any action on the bill.

**LB 431 - Change provisions relating to cash reserves under the Nebraska Budget Act. Erdman.**

The Government Committee accepted testimony on LB 431 on January 26<sup>th</sup>. The bill proposes to change the cash reserve maximum for political subdivisions from fifty percent of the budget to fifty percent of the total amount received from personal and real property taxes.

The bill was supported by Nebraska Farm Bureau Federation and one individual from Scottsbluff. The main argument for the bill was to reduce property taxes.

Jasper Fanning, Manager of the Upper Republican NRD, testified on behalf of the Nebraska Association of Resources Districts against the bill. Fanning noted the Upper Republican Natural Resources District as an example has a \$15 million budget, \$2.1 million in property tax asking and a \$1.2 million cash reserve. The cash reserve is only 9% of the budget, but would be more than half of the property tax asking. The additional restriction proposed isn't related to the size of the operation and budget and is thus troubling. The District's aren't unlike the State, having a reasonable cash reserve allows the District to manage tax asking through changing economic times and challenges.

The bill was also opposed by The Nebraska Rural Community Schools Association who pointed out state aid changes every year and they need to have reserves on hand to adjust to reductions in state aid. The Sanitary Improvement Districts mentioned that a SID has little funds at its origin and needs to build some reserves to get a good bond rating.

The Nebraska Community Colleges testified against the bill noting they need flexibility to adjust to changing enrollments, federal and state aid. The auditors recommend that the colleges keep six months of operating expenses in reserve and this bill would take it down to two months. The bond rating would also be reduced significantly.

The City of Lincoln's opposition centered around bond ratings for projects, which would result in higher interest rates which result increase costs.

The League of Municipalities pointed out cities budgets vary on the amount of property taxes collected depending on other revenues available, such as local option sales taxes and occupation taxes. The communities that have lowered their reliance on property taxes would be hit the hardest under this proposal,

Several letters were submitted in opposition from various cities, and ESU's. No action was reported on the measure.

**LB 479 - Change public hearing provisions and redefine a term under the Nebraska Budget Act. Groene.**

The Government Committee advanced LB 479 to General File on March 17<sup>th</sup> with a Committee Amendment (AM35) by a 7-1 vote. The original bill makes several changes to the Nebraska Budget Act for governing bodies.

The Committee Amendment removes two of the original provisions of the bill as follows: First, it eliminates the requirement that the budget hearing be held on a separate day from a regularly scheduled meeting, and simply

requires that the hearing be held separately from the meeting. Second, the original bill's prohibition on a political subdivision adopting the budget statement for 30 days after the hearing is eliminated.

The remaining proposed changes remain in the bill, including:

1. Requiring that any member of the public desiring to speak on the proposed budget statement shall be allowed to address the governing body and shall be given a reasonable amount of time to do so.
2. Requires that a joint entity created pursuant to the Interlocal Cooperation Act that receives any tax funds generated from occupation taxes on irrigated land would be subject to the Nebraska Budget Act.

**LB 510 - Provide a restriction on installment contracts for the purchase of real or personal property by political subdivisions. Ebke.**

On Wednesday, March 8<sup>th</sup>, the Government Committee accepted testimony on LB 510. The bill would prohibit political subdivisions from having installment contracts that total more than \$25 million.

Senator Ebke noted in her opening this is a new version of last year's LB 992 with changes following the committee's Interim Study. She noted this issue was brought to her by the Lincoln Independent Business Association and stems from their rising concern about future payment obligations that are a burden of local tax payers.

Senator Ebke's opening focused on Certificate of Participation or COP Bonds, a form of lease purchase agreements. She noted these forms of installment contracts avoid public input on financing like otherwise occurs with voter approval of General Obligation Bonds. Ebke provided the committee with language for a potential amendment that would provide a formula for capping COP Bond debt at 10% of the entities total budget.

Chairman Murante mentioned he appreciated looking at a different option than the original version of the bill, as the fixed cap should not be the same dollar amount for Gretna and Omaha.

Coby Mach Lincoln Independent Business Association was the lone proponent of the bill. Mach argued that installment contracts and COP Bonds are like having a credit card without any limit or input from voters. He noted that LIBA does not object to use of COP funding and doesn't object to the use of installment contracts, however they feel it would be practical to have a lid on this sort of debt.

Mayor Chris Beutler testified in opposition on behalf of the City of Lincoln and the Lancaster County Board of Commissioners. Beutler told the committee the legislation would negatively impact the City of Lincoln's ability to meet its obligations. He noted that installment contracts allow for the City to finance cost of property at the lowest possible interest rates. He pointed out that Lincoln's debt ratios are considered strong by S&P ratings and capping the ability for the city to utilize installment contracts would jeopardize those ratings, ultimately costing tax payers more.

Bruce Vitosh also testified in opposition on behalf of Norris Public Power District and the Nebraska Rural Electric Association. Vitosh noted four Public Power Districts carry debt that exceeds the proposed \$25 million cap and the ability to carry long term debt is critical to maintaining low public power rates. He also expressed concern about the proposed 10% ratio and noted it would extend the impacts beyond those caused by the bill's \$25 million cap.

Allen Herink testified in opposition on behalf of the City of Omaha. Herink noted that installment contracts are a critical and flexible tool that allow the city to avoid large spikes or swings and help balance the long term budget of the City. As an example, Herink noted Omaha utilizes a lease purchase agreement for police cruisers.

Paul Illich also testified in opposition on behalf of Community Colleges. His testimony focused on how community colleges use lease purchases to leverage levy authority for construction costs. He noted the loss of the lease purchase option would drive up necessary construction costs and cost the taxpayers additional money.

Lynn Rex too testified in opposition on behalf of the League of Nebraska Municipalities. Rex noted the limiting of installment contracts or lease purchase agreements would have devastating impacts on all municipalities in the state, especially with the proposed amendment. She provided examples outlining how installment contracts are tools that allow cities to provide the most basic of services. Rex also pointed out that these types of financing options are always discussed at meetings subject to the open meetings act.

The Committee reported no action on the measure.

**LB 536 - Clarify disbursement provisions for natural resources districts. Hughes.**

On February 1<sup>st</sup>, the Natural Resources Committee accepted testimony on LB 536. The bill clarifies the authorization of the treasurer of the natural resources district to issue checks and warrants. Current law allows the treasurer to authorize another officer, employee or agent to sign on his behalf. The bill adds “or her” behalf.

Laurie Lage, Legal Counsel for the Natural Resources Committee, introduced the bill at the hearing as a “shell bill” which could be used for any issues the committee may need to address later. There was no mention of what may be needed. There was no testimony on the bill and the committee reported no action.

**LB 576 - Limit increases in property tax bills. Brewer.**

Senator Brewer filed an amendment (AM 399) to LB 576 this week to freeze property tax values for tax years 2019 through tax year 2022 at 2018 levels. The amendment would also provide for some adjustments on individual parcels for improvements made or removed. The amendment replaces the original bill which proposed to prohibit any individual property owner’s tax bill in 2017 and 2018 from exceeding the property tax bill for 2016.

The hearing on the bill was March 9<sup>th</sup> and the Revenue Committee has not reported any action on the measure.

**LB 646 - Provide for an extreme weather preparedness task force and strategic action plan. Pansing Brooks.**

The Executive Committee accepted testimony on LB 646 on Monday, February 6<sup>th</sup>. The bill creates the Pests, Drought, Flood, and Extreme Weather Mitigation and Preparedness Plan Task Force. The task force shall consist of the chairperson of the Natural Resources Committee of the Legislature, the chairperson of the Appropriations Committee of the Legislature, and five additional members of the Legislature appointed by the Executive Board of the Legislative Council.

The task force would be required to develop an evidence-based, data-driven strategic action plan for the State of Nebraska related to the pests, drought, floods, high winds, and impacts of extreme weather events or climate change on Nebraskans that includes:

1. A baseline measurement of greenhouse gas emissions, also known as a carbon footprint, for the State of Nebraska;
2. Measurable benchmarks and goals, including actions needed to meet the goals and benchmarks;
3. Assessment of risks and vulnerabilities from negative impacts of extreme weather events or climate change;
4. Opportunities presented by strategies for mitigation of and adaptation to extreme weather events or climate change;

5. Opportunities to improve and increase resilience to the impacts of extreme weather events or climate change;
6. Potential economic impacts of extreme weather events or climate change, both positive and negative;
7. Examination of impacts of extreme weather events or climate change upon the following sectors:
  - Agriculture;
  - Water resources;
  - Health care and public health;
  - Energy generation and use;
  - Ecosystems and forestry;
  - Rural and urban communities;
  - Transportation; and
  - Commerce and industry; and
8. Recommendations for new policies and changes to policies and programs that support the goals based on the information and data collected and generated, including funding needs and recommendations for legislation.

The process for developing the plan would include:

- Extensive opportunities for public comment and engagement, including, but not limited to, online input, public hearings, and public and private sector engagement;
- Input from postsecondary educational institutions in Nebraska, including, but not limited to, input from entomological climate, water, and agricultural experts at the University of Nebraska;
- Examination of extreme weather preparedness or climate plans from other states; and
- Such other and additional activities as may be necessary.

The Task Force would be required to submit the strategic action plan to the Governor and to the Executive Board of the Legislature on or before December 15, 2017.

At the hearing, Senator Patty Pansing Brooks urged the committee to advance the legislation as 34 other states already have adopted a similar action plan on climate change.

Several groups and about 15 individuals, including former Senator Ken Haar, testified in support and made similar arguments for the bill. There were no opponents or neutral testimony. The common theme amongst the testifiers included:

- 34 other States have adopted Climate Action Plans.
- Renewable energy from wind and solar to reduce our carbon footprint.
- Need to develop a plan to help ag producers adjust to climate change.
- Need to mitigate greenhouse gases.
- Precipitation will come in heavier amounts and shorter durations, causing flood events.
- Climate change problems resulted in the 2012 wildfires in Nebraska and the 2011 Missouri River flood.
- Science shows a much higher annual variability in temperature in Nebraska than global average annual variability.
- Rate of temperature change is about the same as globally – 1.5 degrees in the past century.

Groups supporting the bill included:

- Nebraska Climate Center Office, UNL
- Nebraska Interfaith Power and Light
- Nebraska Nature Conservancy
- Nebraska Sierra Club
- League of Women Voters

- Nebraska Wildlife Federation
- Eco-Elder Group of Nebraska
- Hastings College - Student Environmental Action Club
- Nebraska Forest Service
- Nebraska Farmers Union

The committee failed to advance the bill following a 4-4 vote. Following the failure to advance, Senator Larson introduced LR 46 to provide a different avenue to examine issues related to the impacts of climate change on the state and its residents. See LR 46 in the Interim Study list included below.

**LB 663 - Require a copy of a lobbying contract for lobbyist registration as prescribed. Kuehn.**

The bill would require lobbyist to file a copy of the lobbying contract with the Clerk of the Legislature if the principal (the party the lobbyist is working for) receives public funds including taxes, fees, and grants. The committee accepted testimony on the bill on March 22<sup>nd</sup> and reported no action on the bill.

**LB 664 - Prohibit a political subdivision from using taxes or fees to employ a lobbyist. Kuehn.**

The bill would prohibit all political subdivisions from using any tax or fee imposed by the government body to employ or contract with a lobbyist. The committee accepted testimony on the bill on March 22<sup>nd</sup> and reported no action on the bill.

## **Section Four – Interim Study Resolutions**

### **2017 Interim Study List**

#### **Elections**

LR 132 -- Interim study to examine elections conducted by and on behalf of political subdivisions. Murante.

#### **Ethanol & Alternative Energy**

LR 193 -- Interim study to determine the impact of increased use of higher level ethanol blends and various policies to incentivize use of such blends. Albrecht.

LR 239 -- Interim study to examine issues related to solar energy development in Nebraska. Kolowski.

LR 245 -- Interim study to examine issues raised by LB504, 2017, related to placing a moratorium on industrial development of wind energy projects. Brewer.

#### **Funding Issues**

LR 163 -- Interim study to examine the structure and administration of, and compliance with, real and personal property taxes. Smith.

LR 210 -- Interim study to examine fiscal distress among local political subdivisions in Nebraska and how the Legislature could establish an early warning system to identify and respond to such fiscal distress. Stinner.

#### **Natural Resources**

LR 159 -- Interim study to examine issues under the jurisdiction of the Natural Resources Committee. Hughes.

LR 197 – Interim study to examine issues surrounding the utilization of wood generated from the emerald ash borer infestation. Pansing Brooks.

## **Public Power**

LR 125 -- Interim study to examine public power in Nebraska. Hughes.

LR 211 -- Interim study to examine giving consumers a choice among electricity supply options and greater information concerning their service and billing options. Wayne.

## **Water Quality**

LR 4 -- Interim study to explore if the development of a more comprehensive water quality study is needed. Blood.

## **Water Quantity**

LR 126 -- Interim study to examine the Nebraska Cooperative Republican Platte Enhancement project. Hughes.

LR 237 -- Interim study to examine all aspects and the history of the Nebraska Cooperative Republican Platte Enhancement project. Groene.

## **Other**

LR 46 -- Provide the Executive Board of the Legislative Council appoint a special committee to develop a climate action plan. Larson

## **Full Text of Resolutions Follows:**

### **LR 4. Introduced by Blood, 3; Wayne, 13.**

PURPOSE: Nitrate-nitrogen in the waterways is an ongoing issue for this state, as nitrates increasingly invade both our public and private water supplies.

Human activity continues to introduce nitrates into waterways, with fertilizers, septic systems, animal waste, and nitrogen-bearing minerals in the soil all contributing to the problem. With the growing use of fertilizer, increasing livestock numbers, and expanding use of septic tanks, there is cause to be concerned about the elevated levels of nitrate-nitrogen and other chemicals impacting water quality in the state.

Chemicals that are found in the waterways include chromium and chromium compounds and developmental toxins, such as lead and lead compounds, nitrates, phosphorous, and atrazine. Harmful bacteria, including E. coli, have also been detected. As commercial growth compounds the problem, it is important to understand what solutions or options may be available that can provide a cost-effective resolution to help protect Nebraska residents from negative health impacts.

This interim study shall specifically explore if the development of a more comprehensive water quality study is needed and if a nutrient management plan to improve water quality would benefit this state, including an analysis of best grasses for filtration and the best plantings for forests and crops in buffer areas.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ONE HUNDRED FIFTH LEGISLATURE OF NEBRASKA, FIRST SESSION:

1. That the Natural Resources Committee of the Legislature shall be designated to conduct an interim study to carry out the purposes of this resolution.
2. That the committee shall upon the conclusion of its study make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.

**LR 46. Introduced by Larson, 40.**

WHEREAS, the One Hundred Fourth Legislature established the LR 455 special committee to examine issues related to the impacts of climate change on the state and its residents; and

WHEREAS, the LR 455 special committee created framework for a climate action plan for the state; and

WHEREAS, the LR 455 special committee recommended further review of study topics; and

WHEREAS, the LR 455 special committee found universal support for the need for an evidence-based, data-driven state climate action plan.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ONE HUNDRED FIFTH LEGISLATURE OF NEBRASKA, FIRST SESSION:

1. The Executive Board of the Legislative Council shall appoint a special committee to develop a climate action plan. The committee shall consist of the following members who shall serve for the duration of the One Hundred Fifth Legislature:
  - (a) The chairperson of the Appropriations Committee of the Legislature or his or her designee;
  - (b) The chairperson of the Natural Resources Committee of the Legislature or his or her designee; and
  - (c) Five at-large members of the Legislature appointed by the Executive Board of the Legislative Council.
2. The members of the special committee shall select a chairperson and vice-chairperson from the membership of the committee.
3. The special committee shall examine issues related to carbon emissions reduction, energy, and future technologies and the potential for funding from the Nebraska Environmental Trust.
4. The special committee shall develop a climate action plan based upon its examination of such issues and the framework developed by the LR 455 special committee.
5. The special committee shall electronically submit an update of the findings and recommendations of the LR 455 special committee to the Legislature on or before December 31, 2017, and a proposed climate action plan on or before December 31, 2018.

**LR 125. Introduced by Hughes, 44.**

PURPOSE: The purpose of this interim study is to study public power in Nebraska and to examine:

- (1) The effect of retail electricity competition in states that have made the transition away from public power;
- (2) Electricity markets in other Regional Transmission Organizations and how they compare with the Southwest Power Pool, which includes Nebraska. The study will also review the role and jurisdiction of the Southwest Power Pool and how Nebraska's participation has affected ratepayers;
- (3) The role, jurisdiction, and relationship of the Southwest Power Pool, the Nebraska Power Review Board, the Nebraska Public Service Commission, and local governments in the development, generation, transmission, and delivery of electricity in the state; and

(4) The role of public power and of renewable energy in economic development in the state, including strengths and areas in need of improvement.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ONE HUNDRED FIFTH LEGISLATURE OF NEBRASKA, FIRST SESSION:

1. That the Natural Resources Committee of the Legislature shall be designated to conduct an interim study to carry out the purposes of this resolution.
2. That the committee shall upon the conclusion of its study make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.

**LR 126. Introduced by Hughes, 44.**

PURPOSE: The purpose of this study is to examine the Nebraska Cooperative Republican Platte Enhancement project (N-CORPE) that was developed to support the state's compliance with the Republican River Compact.

The study committee shall:

- (1) Review how N-CORPE helps Nebraska remain in compliance with the Republican River Compact and helps fulfill Nebraska's obligations in the Platte River Recovery Implementation Program;
- (2) Examine the effect of N-CORPE on the property tax revenues of affected counties and school districts and the effect on local economies;
- (3) Review the law relating to the payment of taxes by political subdivisions; and
- (4) Examine how the land purchased for N-CORPE is being managed, the possible activities that may take place on the property, the advantages and disadvantages of such activities, and whether they would ensure a productive and sustainable use of the property while protecting the N-CORPE project's ability to use the water as necessary for compact compliance.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ONE HUNDRED FIFTH LEGISLATURE OF NEBRASKA, FIRST SESSION:

1. That the Natural Resources Committee of the Legislature shall be designated to conduct an interim study to carry out the purposes of this resolution.
2. That the committee shall upon the conclusion of its study make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.

**LR 132. Introduced by Murante, 49.**

PURPOSE: The purpose of this resolution is to study elections conducted by and on behalf of political subdivisions.

The issues to be studied include the potential effect of requiring all such elections to be held in conjunction with the statewide primary and statewide general elections, including the potential effect on voter turnout, voter knowledge regarding local candidates, campaign finance and strategies, election officials and volunteers, property taxes, and the confidence of the public in the election process.



The study shall include a review of elections conducted by and on behalf of various sizes of political subdivisions held in conjunction with the statewide primary and statewide general elections and elections conducted by and on behalf of political subdivisions held at other times.

The study may review other alternatives including conducting elections by mail.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ONE HUNDRED FIFTH LEGISLATURE OF NEBRASKA, FIRST SESSION:

1. That the Government, Military and Veterans Affairs Committee of the Legislature shall be designated to conduct an interim study to carry out the purposes of this resolution.
2. That the committee shall upon the conclusion of its study make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.

**LR 159. Introduced by Hughes, 44.**

PURPOSE: The purpose of this resolution is to examine any issues within the jurisdiction of the Natural Resources Committee of the Legislature.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ONE HUNDRED FIFTH LEGISLATURE OF NEBRASKA, FIRST SESSION:

1. That the Natural Resources Committee of the Legislature shall be designated to conduct an interim study to carry out the purposes of this resolution.
2. That the committee shall upon the conclusion of its study make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.

**LR 163. Introduced by Smith, 14.**

PURPOSE: The purpose of this resolution is to examine the structure and administration of, and compliance with, real and personal property taxes.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ONE HUNDRED FIFTH LEGISLATURE OF NEBRASKA, FIRST SESSION:

1. That the Revenue Committee of the Legislature shall be designated to conduct an interim study to carry out the purposes of this resolution.
2. That the committee shall upon the conclusion of its study make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.

**LR 193. Introduced by Albrecht, 17.**

PURPOSE: The purpose of this resolution is to determine the impact of increased use of higher level ethanol blends, including E-15, and to study various policies to incentivize the use of such blends.

The study shall include, but not be limited to:

- (1) An economic analysis of the impact of higher ethanol blend fuel use on consumers, retailers, corn and ethanol producers, and the economy of this state;
- (2) An analysis of sales data on E-15 and higher blends (including gallons, pricing, and retailers); and
- (3) The impact of policies to incentivize use of higher blends and to deploy retail infrastructure.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ONE HUNDRED FIFTH LEGISLATURE OF NEBRASKA, FIRST SESSION:

1. That the Agriculture Committee of the Legislature shall be designated to conduct an interim study to carry out the purposes of this resolution.
2. That the committee shall upon the conclusion of its study make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.

**LR 197. Introduced by Pansing Brooks, 28; Hilkemann, 4; Krist, 10; Lindstrom, 18; Wishart, 27.**

PURPOSE: The purpose of this resolution is to study issues surrounding the utilization of wood generated from the emerald ash borer infestation that is taking place in Nebraska.

The study shall examine issues related to processed wood products (mulch, biochar, animal bedding, and biomass for energy generation), architectural wood products (cabinetry, flooring, and millwork), and lumber products (boards, slabs, pallet lumber). For each type of product, the study shall consider:

- (1) The current state of wood utilization in Nebraska;
- (2) Potential supply and markets, opportunities and challenges, production and operational considerations, partnerships, environmental impacts, and financial feasibility;
- (3) A model for the potential partnership of communities, businesses, the University of Nebraska-Lincoln, and the Nebraska Forest Service to examine creative ideas for developing value-added products from trees removed due to the emerald ash borer and other causes;
- (4) The potential use of demonstration projects to support informed decision making by the public and industry professionals; and
- (5) Prospective grant opportunities from the United States Department of Agriculture and other sources.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ONE HUNDRED FIFTH LEGISLATURE OF NEBRASKA, FIRST SESSION:

1. That the Natural Resources Committee of the Legislature shall be designated to conduct an interim study to carry out the purposes of this resolution.
2. That the committee shall upon the conclusion of its study make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.

**LR 210. Introduced by Stinner, 48.**

PURPOSE: The purpose of this resolution is to study fiscal distress among local political subdivisions in Nebraska and how the Legislature could establish an early warning system to identify and respond to such fiscal distress.

A number of significant fiscal events at the local level in recent years highlight the risk that is posed by fiscal distress among local political subdivisions.

The exoneration of the “Beatrice Six” in 2009 led to a \$28 million judgement against Gage County. The 2016 announcement that Cabela’s, a large employer in Sidney, would be merged with Bass Pro Shops, implicated mass layoffs and uncertainty about the financial future of Cheyenne County. The City of Ralston has faced a series of financial crises after a successful 2011 ballot initiative to build an arena.

Significant fiscal risk has also been imposed on Nebraska’s local economy since the 2008 recession, due to cyclical downturns in the agricultural economy. Additionally, out-migration trends over the last several years have threatened the stability of local political subdivisions’ tax revenues.

Fiscal distress in one local government can have a negative impact on the fiscal health of other localities, the region, and the State of Nebraska. A fiscal distress early warning system could help the state identify and respond to fiscal distress among local political subdivisions earlier, help local governments avoid more severe fiscal crises, and protect the long-term fiscal health and strong credit rating of such localities and the State of Nebraska.

This study shall focus on the issue of fiscal distress among local political subdivisions, along with how the Legislature could establish a system to identify and respond to fiscal distress among local political subdivisions.

The study committee shall:

- (1) Analyze the potential negative impact of fiscal distress in one local government on other local governments and on the State of Nebraska;
- (2) Review the options currently available for responding to fiscal distress among local political subdivisions in Nebraska;
- (3) Review how other states identify and respond to fiscal distress among local political subdivisions;
- (4) Assess the feasibility and costs of establishing an early warning system for fiscal distress among local political subdivisions, including an examination of the information already being collected by various state agencies that could be used to detect such fiscal distress; and
- (5) Consider any other issues the study committee deems relevant.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ONE HUNDRED FIFTH LEGISLATURE OF NEBRASKA, FIRST SESSION:

1. That the Appropriations Committee of the Legislature shall be designated to conduct an interim study to carry out the purposes of this resolution.
2. That the committee shall upon the conclusion of its study and no later than December 31, 2017, make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.

**LR 211. Introduced by Wayne, 13.**

**PURPOSE:** Numerous states have acted to promote competitive market forces in the electricity industry sector, giving their consumers a choice among electricity supply options and greater information concerning their electricity service and billing options.

The purpose of this resolution is:

- (1) To study whether Nebraska consumers would benefit from the provision of more detailed, itemized information in their electricity bills; and
- (2) To assess the benefits of allowing Nebraska consumers to choose among competing suppliers as alternatives to their traditional utility when purchasing their electricity needs.

The study committee should consult experts in industry, academia, and government with experience in “unbundling” the information on electricity bills and in providing consumers a choice in electricity supply options.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ONE HUNDRED FIFTH LEGISLATURE OF NEBRASKA, FIRST SESSION:

1. That the Natural Resources Committee of the Legislature shall be designated to conduct an interim study to carry out the purposes of this resolution.
2. That the committee shall upon the conclusion of its study make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.

**LR 237. Introduced by Groene, 42.**

PURPOSE: The purpose of this resolution is to study all aspects and the history of the Nebraska Cooperative Republican Platte Enhancement project (NCORPE), an interlocal agency created pursuant to the Interlocal Cooperation Act to pump ground water for the governmental purpose of augmenting water supplies in order to comply with an interstate compact to which the state is a party.

The study shall include an examination of the following:

- (1) The amount of water pumped from affected land on a quarterly basis since the inception of N-CORPE;
- (2) The plan and need for continued ground water pumping for such purposes;
- (3) The effects and long-term impact of such ground water pumping on the community, including surface water users, those neighboring the project, and local governments;
- (4) The effects of purchasing, selling, and leasing land and water rights for ground water pumping; and
- (5) Finances related to the interlocal agreement and the project.

At least one hearing shall be held in the area affected by the interlocal agreement. At such hearing, presentations shall provide details concerning all relevant aspects of the work of those involved with or affected by the interlocal agreement. Testimony and information, both written and in-person, shall be accepted from all affected parties and the general public.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ONE HUNDRED FIFTH LEGISLATURE OF NEBRASKA, FIRST SESSION:

1. That the Natural Resources Committee of the Legislature shall be designated to conduct an interim study to carry out the purposes of this resolution.
2. That the Natural Resources Committee shall hold at least one hearing in the area affected by N-CORPE.
3. That the committee shall upon the conclusion of its study make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.

**LR 239. Introduced by Kolowski, 31; Blood, 3; Vargas, 7; Wishart, 27.**

**PURPOSE:** The purpose of this resolution is to examine issues related to solar energy development in Nebraska. Solar energy can provide many benefits, including providing stable energy costs for customers and power districts, providing energy at times of peak demand, helping businesses and residences reduce their energy usage and lower their energy bills, and keeping energy dollars in the community, instead of sending them out of state.

Solar energy can be sited in both rural and urban areas and near the place of energy usage. Additionally, there is a great deal of interest in solar energy among Nebraskans, and Nebraska has great potential for solar energy development. Solar energy can help attract new business and provide benefits to Nebraska's public power districts by generating economic development in their service areas.

It is also the policy of the State of Nebraska to promote solar energy development. Despite this, there has been insufficient solar energy development in Nebraska.

The study shall include, but not be limited to, an examination of the following:

- (1) Methods of increasing solar energy development in this state, including whether additional incentives are needed;
- (2) Methods of helping businesses and agricultural operations make use of solar energy to reduce energy costs and improve their bottom line;
- (3) Methods of authorizing individuals and businesses to invest in larger solar projects, including virtual net metering;
- (4) Methods of removing barriers to solar energy development, including reducing governmental red tape;
- (5) Successful policies and programs in other states; and
- (6) Any other issues that will facilitate a full and complete examination of solar energy and solar energy development in Nebraska.

**NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ONE HUNDRED FIFTH LEGISLATURE OF NEBRASKA, FIRST SESSION:**

1. That the Natural Resources Committee of the Legislature shall be designated to conduct an interim study to carry out the purposes of this resolution.
2. That the committee shall upon the conclusion of its study make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.

**LR 245. Introduced by Brewer, 43; Albrecht, 17; Bostelman, 23; Geist, 25.**

PURPOSE: The purpose of this resolution is to examine the issues raised by LB504 (2017) related to placing a moratorium on industrial development of wind energy projects.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ONE HUNDRED FIFTH LEGISLATURE OF NEBRASKA, FIRST SESSION:

1. That the Natural Resources Committee of the Legislature shall be designated to conduct an interim study to carry out the purposes of this resolution.
2. That the committee shall upon the conclusion of its study make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.

**Copies can be found at: <http://www.nebraskalegislature.gov/session/interim.php>**