

LEGISLATIVE BILL 1207. Introduced by Engel, 17; Bromm, 23.

A BILL FOR AN ACT relating to state colleges; to create a fund; and to provide for self-insurance as prescribed.

LEGISLATIVE BILL 1208. Introduced by Landis, 46.

A BILL FOR AN ACT relating to the comprehensive health insurance pool; to amend sections 44-4202 to 44-4217, 44-4219 to 44-4222, 44-4224 to 44-4228, and 44-4230, and 77-918, Reissue Revised Statutes of Nebraska, and sections 44-4233 and 77-912, Revised Statutes Supplement, 1999; to change provisions relating to the pool; to change funding provisions; to harmonize provisions; to provide operative dates; and to repeal the original sections.

LEGISLATIVE BILL 1209. Introduced by Landis, 46.

A BILL FOR AN ACT relating to insurance; to amend sections 44-6603 and 44-6606, Reissue Revised Statutes of Nebraska, and section 28-631, Revised Statutes Supplement, 1998; to redefine terms for purposes of insurance fraud provisions; to change a fee provision; and to repeal the original sections.

EASE

The Legislature was at ease from 9:51 a.m. until 10:00 a.m.

MOTION – Escort Governor

Senator Kristensen moved that a committee of five be appointed to escort the Governor of the State of Nebraska to the Legislative Chamber to deliver his State of the State Address.

The motion prevailed.

The Chair appointed Senators Baker, Beutler, Raikes, Redfield, and Suttle to serve on said committee.

STATE OF THE STATE ADDRESS

Mr. President, Mr. Speaker, Members of the Legislature, distinguished guests, friends, and fellow Nebraskans:

One year ago, I came before you to present my first State of the State Address.

I shared with you a blueprint for implementing a vision of less government, lower taxes, protecting our families, and building our economy.

Together, we advanced that vision.

While addressing a wide variety of issues important to Nebraskans and important to the future of our State, our common focus remained on that four point agenda.

More specifically, the budget we agreed on was based on the principles of spending restraint, funding our priorities, and providing tax relief.

We achieved the most conservative spending growth in our state's budget in a decade, a renewed commitment to providing services that ensure a continued quality of life for our citizens, and provided more than \$105 million dollars in tax relief measures.

I am proud of that first year effort and grateful for the partnership that we developed during my first year in office.

Today, I am presenting my legislative initiatives and recommendations for mid-biennium adjustments to the 1999-2001 biennial budget. With this legislation, and these budget adjustments, I continue to emphasize the priorities of lower taxes, less government, building Nebraska's economy, and protecting our families, with an added focus on initiatives which will help ensure the health, safety, and success of our children.

Starting with lower taxes, I am proposing that we repeat the \$30 million dollar community college aid that resulted in dollar for dollar property tax relief in 1999. Coupled with the \$35 million dollar tax credit already approved for this year, property taxpayers – including the farmer in West Point, the homeowner in Bellevue, the business woman in Lincoln, and the rancher in Cheyenne County – would benefit from \$65 million dollars in direct property tax relief this year.

I also propose that we hold to our commitment to allocate over-appropriated funds in the state aid to education formula to the following year's school aid. This issue was debated extensively when LB 149 and LB 881 were considered by this body a year ago. I believe that policy decision was the right thing to do especially considering the coming school tax levy drop and the commitment of the Unicameral to substitute state funds for lost property tax revenues.

The additional \$30 million dollars in community college aid and the reappropriation of an estimated \$34 million in school aid is a strong commitment to property tax relief, funding education, and maintaining the budget agreement we made a year ago.

It is an appropriate point in my comments to commend the Legislature for your collective commitment to property tax relief. Few issues are as complex and as difficult as this issue.

If we provide another year of community college aid, in addition to the direct credit and the school levy drop, a total of \$155 million in state resources will have been dedicated to property tax relief. That is in addition to the areas where the cost of services were transferred from local to State government--such as Medicaid, municipal courts, and property tax assessment. And in addition to those changes, today, approximately 38 percent, or 888 million of the State general fund budget, in one form or another, is provided as State aid to local governments to help lower property taxes.

The plan I have offered fits within your ongoing commitment to be a partner in the property tax relief effort. I ask you to adopt the property tax plan I have placed before you and then let's continue our efforts in this area as we look to the future.

I pledge that my door will always be open to visit with you or any Nebraskan about an idea or proposal you have for property tax relief. Our common search for new ways to help homeowners, farmers, ranchers, and all those who feel the burden of property tax continues.

Now let me turn my attention to a more efficient state government – a government more responsive to the needs of our citizens.

Along with your Natural Resources Committee, I am proposing the merger of the Department of Natural Resources and the Department of Water Resources. I ask you to approve this merger because it is good public policy to incorporate the functions of these two agencies into a single agency. We expect this merger will improve service and coordination of resources, eliminate confusion over which agency sets what water policy, and cause efficiencies and savings in future years. In this budget recommendation, I propose that these agencies absorb the estimated cost of the merger.

Now allow me to focus on our state's economy. It is the state of our overall economy that has drawn my attention and the attention of many of you.

On the surface, the State's economy is solid and sound. But we must ask ourselves – does that same condition exist in all 93 Nebraska counties?

The economy in our metropolitan areas and larger counties is experiencing growth we can all be extremely proud of. The economic engine is working and driving the general indicators of prosperity in our State.

But the economy in our rural areas and more sparsely populated counties has been adversely impacted by the crisis that has afflicted the agriculture economy. Many parts of our state need our help in diversifying their local economy in addition to a boost for agriculture.

The problems caused by a lack of diversification in the rural economy coupled with low commodity prices will take time to overcome and will require a comprehensive approach.

Nebraska definitely is confronted by a two-track economy. If we accomplish one thing this session, it should be to balance economic opportunity from east to west and north to south in our State. I believe the "Rural Economic Opportunities Act" will do exactly that.

I want to thank Senator Jerry Matzke for leading this legislative initiative. And I also want to thank the thirty-four co-sponsors of this important legislation. This economic development tool will fill in the gap so-to-speak and encourage job creation and capital investment in Nebraska's small and mid-size counties. Industries that could qualify under this tax incentive plan include manufacturing, warehousing, transportation, research and development, insurance, data processing, or telecommunications.

Another key area of economic development that this proposal is meant to encourage is value-added agriculture. We have the land, the crops, the animals, and the people to make value-added agriculture an even bigger component of our economy. The result will be greater demand for raw commodities and an increased share of the consumer dollar for Nebraska's farmers and ranchers. In other words, increased income and increased profitability for agriculture producers who have been struggling in the face of historic or near historic low commodity prices.

As a much-needed boost for value-added agriculture, I am proposing more than \$1 million dollars in increased support for value-added activity in the Department of Economic Development and the Department of Agriculture. These additional funds – which would come from reallocated resources within the departments, increased general fund support, and a partnership with industry groups – will take the Nebraska Value-Added Agriculture Initiative to another level of success.

An emphasis on property tax relief, value-added agriculture, and encouraging economic opportunity in rural Nebraska is in my judgement good for the entire state. Harnessing the economic potential of all Nebraskans will ensure a strong foundation for an optimistic future.

As we strive to build a stronger and more diversified statewide economy, I also turn your attention to the need to protect our families. An important component of that priority is public safety. I have already identified priorities in this area.

First, adopting lethal injection as the method of carrying out a sentence in capital cases.

Second, reform of the post conviction appeals process. The present system of unlimited appeals has caused many Nebraskans to lose faith in the effectiveness of the criminal justice system. I urge you to reform post-conviction appeals this session.

Third, I am proposing to add twelve state troopers, six of them to be

deployed for community policing services and six troopers to work in the area of highway safety.

Fourth, I am proposing conversion of the Law Enforcement Training Center in Grand Island to an open enrollment, tuition-based law enforcement certification training program. Basic pre-certification training would be completed at community colleges or other educational institutions prior to enrollment and completion of the basic law enforcement training program. The program will reduce salary training costs at the local level while providing an available pool of qualified and trained applicants to refill law enforcement vacancies on a more timely basis.

Fifth, I am proposing additional funds to upgrade the Criminal Justice Information Systems, giving law enforcement greater access to more criminal information and history.

As an addition to these measures, I am identifying one other priority in the area of public safety. I am proposing to convert carrier enforcement officers to state troopers. I am proposing that this be done in a way that places no additional burden on gasoline tax revenues with a commitment that these troopers will devote their full time to carrier enforcement duties. This proposal is submitted for your consideration due to the retention issues we are facing with the current system. The continuous turnover of carrier enforcement personnel is making it extremely difficult to maintain the integrity of carrier enforcement efforts.

I ask for your support of these criminal justice initiatives.

My final comments in this message address our State's most important asset -- our children.

In the past year, I have championed childhood immunizations, sought to ensure access to health insurance for children in low income families, encouraged adoption, promoted reading to children, sought solutions to the affordability and accessibility of quality child care, supported mentoring of at-risk children, visited schools and talked to students of all ages, toured the Youth Rehabilitation and Training Centers at Kearney and Geneva, co-sponsored the youth violence summit held last summer, appointed a blue ribbon panel of experts to review the state's infant mortality rate, and sought improvements in our State's juvenile justice system.

The health, safety, and development of Nebraska's children is a high priority for my administration.

Accordingly, my budget recommendations include a number of investments to secure a better future for our children.

Adjustments include additional dollars for child care, child welfare services, and adoption assistance for families willing to provide caring homes for

children eligible for adoption.

As an outgrowth of the recently completed Juvenile Facilities Master Plan, I am recommending that either an existing facility be renovated or a new building be built to house a Parole Revocation program. In addition, operating funds are provided to begin a Wilderness Camp program for juvenile offenders. Both of these efforts address overcrowding at the Youth Rehabilitation and Treatment Centers and will allow current staff to more effectively treat the youth who are properly committed at those facilities for care.

I am also proposing the continuation of a pilot program called the Learning Extensions program created through a partnership with Omaha Public Schools and Omaha Together One Community and the Nebraska Health and Human Services System. The goal is to increase parental involvement and thereby improve the child's academic performance.

In my budget modification, I add nearly \$28 million dollars to cover child care expansions that occurred without your approval and before I came to office. Please be assured of my disapproval of the practice of making administrative expansion of programs that involve fundamental policy issues without authorization by this body. I can, and will, address some administrative issues that will make the child care program more sensible. But, together, we must engage in a policy debate to decide an appropriate level of benefits that ensures fiscal stability for this program and that provides a benefit for those Nebraskans truly in need.

As a state, we continue to experience more children being placed into state custody. Therefore, an additional \$11 million is sought to cover this cost. We will initiate an all out effort to secure federal matching funds to lessen the impact on the general fund. Additional funds are also being set aside to finance Kids Connection to be sure that children in low income families have adequate health care.

Further, I am asking that you pass LB 482 which provides adoption assistance for families who adopt state wards – our goal must be to provide a permanent family for each child in our custody who is ready for adoption.

I am also putting funds in the budget for an additional Foster Care Review Board Specialist to monitor the placement of children in out of home care. I set aside funding necessary to establish the State Disbursement Unit for child support payments as required by federal law. And I have proposed legislation to implement a School-to-Career program and to provide new support for youth mentoring.

Finally, I am announcing that I have directed the Lieutenant Governor and the Health and Human Services Policy Secretary to form a team to address the question of what we can do as a State to ensure that every child in Nebraska is healthy, safe, and successful. This team will review the entire

system of State services for children and recommend how we can better focus our resources to meet the needs of our children.

In addition, the Lieutenant Governor will lead a partnership between the State Department of Education and the Health and Human Services System on early childhood care and education issues. The partnership's focus will be to implement the Business Council on Child Care Financing's recommendation to coordinate, consolidate, or eliminate multiple and duplicate commissions and boards for the purpose of efficiently administering, managing and monitoring early childhood care and education in Nebraska.

Without a close second, the emphasis of this message has been upon the health, safety, and success of our children. The funds I am seeking and the initiatives I have proposed are important and in my judgement a sound investment for our long-term future.

A year ago I delivered my first State of the State message. I told you that we could and must work together for our great state.

I repeat that message today.

Working together we unite Nebraska as we advance a vision which benefits all of our citizens; a vision of less government, lower taxes, building our economy, protecting our families, and advancing the health, safety, and success of our children.

The committee escorted Governor Mike Johanns from the Chamber.

BILLS ON FIRST READING

The following bills were read for the first time by title:

LEGISLATIVE BILL 1210. Introduced by Robak, 22; Bohlke, 33; Kiel, 9; Price, 26; Schimek, 27; Suttle, 10.

A BILL FOR AN ACT relating to mental illness; to adopt the Program for Assertive Community Treatment Act.

LEGISLATIVE BILL 1211. Introduced by Robak, 22; Bohlke, 33; Suttle, 10.

A BILL FOR AN ACT relating to dental services; to state findings; to create the Task Force on Dental Services; to provide duties; and to provide a termination date.

LEGISLATIVE BILL 1212. Introduced by Dierks, 40.

A BILL FOR AN ACT relating to the Rural Health Systems and