

and counties for road purposes; and to repeal the original sections.

LEGISLATIVE BILL 1057. Introduced by Brown, 6; Stuthman, 22.

A BILL FOR AN ACT relating to economic development; to amend sections 39-2507, 39-2517, and 77-27,132, Reissue Revised Statutes of Nebraska; to create the Roads to Economic Development Fund; to provide for its use; to change distribution of certain sales and use tax proceeds and road and street funds; to provide an operative date; and to repeal the original sections.

LEGISLATIVE BILL 1058. Introduced by Flood, 19; Baker, 44; Byars, 30; Cunningham, 40; Erdman, 47; Fischer, 43; Howard, 9; Johnson, 37; Stuthman, 22.

A BILL FOR AN ACT relating to emergency medical services; to amend section 71-5186, Reissue Revised Statutes of Nebraska; to change requirements for certified personnel to occupy ambulances; and to repeal the original section.

LEGISLATIVE BILL 1059. Introduced by Schimek, 27.

A BILL FOR AN ACT relating to emergency management; to amend section 81-829.51, Reissue Revised Statutes of Nebraska; to provide emergency expenditure procedures for school districts; and to repeal the original section.

PRESIDENT SHEEHY PRESIDING

MOTION - Escort Governor

Senator Stuthman 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, Cornett, Engel, Fischer, and Landis to serve on said committee.

STATE OF THE STATE ADDRESS

“The focus of this session should be to provide meaningful and sustainable tax relief for individual Nebraskans and their families.”

Mr. President, Mr. Speaker, Members of the Legislature, Tribal Chairmen, Distinguished Guests, Friends and Fellow Nebraskans: I am pleased today to join this 99th Legislature at the beginning of a unique session.

This may be the last time that any Governor will look upon this body and see a group of people with so much institutional knowledge. I am enthusiastic and optimistic about another opportunity to work with you in the best interests of Nebraskans, because we have accomplished so much together in so short a time.

This is a good time to govern in Nebraska. Our economy is growing, and our schools continue to educate students who are well-prepared for the workforce and beyond. As a state, we are continuing to work on the difficult issues of the day, to find common ground and common-sense solutions, both of which are valued traditions in our state. Because the state is headed in the right direction, we have a golden opportunity to keep faith with Nebraska taxpayers.

The focus of this session should be to provide meaningful and sustainable tax relief for individual Nebraskans and their families. I recognize that you will be under tremendous pressure to pursue additional spending, but I stand here today to make the case for tax relief and spending restraint.

We must separate what we'd like to do from what we need to do. Clearly, now is the time for tax relief. The question at hand is not whether we should provide tax relief, but only a question of what kind of tax relief we should provide. The package I'm proposing is designed to provide more than \$420 million in significant relief over the next three fiscal years. My proposal has three important components – income, sales and property tax relief. People would pay approximately 3 percent less in income taxes across the board. That's \$50 million a year. I want to express my gratitude to Senator Pam Redfield, who has agreed to carry the income tax portion of my proposal during her final legislative session.

We all know what is at stake. For Nebraska to continue growing, our state must continue to improve its tax climate for individuals and businesses, and we must be willing in this globally competitive environment, to adjust to new circumstances quickly and intelligently.

The next component of my proposal would eliminate the sales tax on construction labor that penalizes individuals and entrepreneurs for improving their homes and businesses. I am thankful and gratified that my own state senator, Senator Ray Janssen, has agreed to carry this initiative.

The third component is sponsored by Senator Pat Bourne and would accelerate the property tax relief originally planned for 2009, by investing more than \$170 million in state aid to schools and lowering the levy lid two years ahead of schedule. That represents meaningful and sustainable relief.

My goal is simple: to keep Nebraska growing and to make our state an even better place to live, to work and to raise a family.

While I am partial to my proposal, I am open to any and all meaningful and sustainable ideas for individual tax relief. That is why I was so pleased when Senator Dave Landis offered his own plan, and a host of others have come forward with additional ideas, because when state government is talking tax relief, that is good news for all Nebraskans.

This session is also unique for the challenges that we must confront. We need to determine the best solution in the fight to protect our children from those who would seek to do them harm by having a statewide conversation about how we can protect our families from sexual predators. Ours is a goal that cannot be accomplished simply, or easily, but no parent needs to be reminded of the cost of complacency. We have come a long way in dealing with sexual predators, yet more can and should be done. We want Nebraska's children to enjoy their schools and neighborhoods without fear. We want parents to worry about their children getting good grades in math and science, not whether their children will come home safe.

I have confidence that Senator Bourne's experience and leadership in this arena will be met with success, as it was one year ago with the enactment of Nebraska's tough anti-meth legislation.

Last year, this body passed LB 117 and I am pleased today to share with you that our law is already making a substantial dent in the problems posed by domestic meth labs. During the first ninety days of implementation of LB 117, the state has seen a decrease of more than 60 percent in reported meth labs over the same period, just one year ago. Yet there is more work to be done. We need to discuss the next step in the fight against methamphetamine. Meth addiction has destroyed families. That's why it is so important that we come together to confront this problem. An independent study says we need to fund a meth treatment facility, and I agree.

In addition to these important public safety aims, we need to examine how Nebraska serves the vulnerable young people who have become our state wards, and especially the job we are doing for those in foster care; that's why my budget proposes an independent study of how our system is performing and of how our state can improve its efforts. This independent study needs to analyze all of our efforts, from the Health and Human Services System to the courts, from the Foster Care Review Board to other service providers. We need to identify whether there are more effective and efficient ways to organize Nebraska's foster care system.

Another challenge our state faces in addressing the health and well-being of Nebraskans is the rising cost of funding Medicaid. If we do not address this issue soon, we will have no room left in the budget for other important priorities, including the education and economic vitality of our state. I have directed our Health and Human Services System to begin the steps necessary to provide community-based Medicaid services as an alternative to institutional care. We have already achieved significant budget savings by encouraging the use of generic drugs and prior authorization, and seeking similar opportunities for taxpayer savings is a priority for this administration. Our efforts, if successful, will ensure that children, seniors and the disabled in Nebraska will continue to receive the protection this program provides without fear for its future.

The ongoing dilemma of school district boundaries continues to affect the schools in our smallest communities, as well as those in our state's largest city. If poverty and the concentration of English Language Learners are the real reasons behind the division in Omaha, then we should – as a state – discuss how we can better target our resources to address those specific needs. We all know these challenges are real, but the solution to this issue need not, and does not require an OPS takeover of the suburban school districts. Too many of our school districts are spending far too much time and money on lawyers and lobbyists instead of focusing on our students, our teachers and our classrooms.

Finally, a key issue that I believe compels legislative action in this session involves the long-term supply of our state's most precious natural resource. Water is Nebraska's issue of the decade. Our state didn't get into this situation overnight, and we're not going to get out of it quickly, no place is our challenge more immense, or more immediate than in the Republican River Basin, and with these years of extended drought, the issue of water has gained pre-eminence. Be assured that as long as I am Governor, Nebraska will never forget that our priority is agriculture and the needs of our agricultural producers nor will we ignore the needs of our cities.

While our state faces significant challenges, I am pleased about the opportunity to approach solutions at a time when our state can call upon the counsel of experienced legislators. Any discussion about the 20 senators serving their final terms must begin with the Speaker and my good friend, Senator Kermit Brashear. Speaker Brashear faces an extraordinary challenge in his final year, organizing a short session of important and often competing ideas. I know Speaker Brashear, and I know his commitment to the fair, effective and efficient organization of this body so that this Legislature can achieve the people's aims in a timely manner. The Speaker has worked tirelessly to achieve progress on issues where impasse seemed

the only possible outcome. I am proud to call him Mr. Speaker, and I am proud to call him a good friend.

Another leader our state is losing after this session is the chairman of the Appropriations Committee, Senator Don Pederson. Senator Pederson has been a trusted friend for many years. Last year, we forged a budget that made significant investments in the education and economic vitality of Nebraska. Those investments targeted K-12 education, the University of Nebraska and higher education, recognizing each as essential to the future success of our state. While we might not agree on every issue, the senator has set this body's impeccable tone of cooperation, and of professional and courteous disagreements when necessary.

I am also personally grateful for the leadership of Senator Dave Landis. Together we built a coalition for our state's most comprehensive jobs-creation economic incentive package since the 1980s. The Nebraska Advantage launched a new era of growth on January 1, and I can tell you that economic progress is already being made. In little more than a week, we have received 11 applications for incentives to create more than 3,000 good jobs in our great state. Because we expanded our jobs-creation package to include smaller businesses, the number of employers seeking information on how to grow jobs in Nebraska has skyrocketed.

I want to thank all of you who helped Senator Landis pass the Nebraska Advantage in overwhelming fashion, especially Senator Roger Wehrbein, who as much as anyone, fought to ensure our landmark jobs-creation package addresses the needs of rural Nebraska as much as it does for cities.

Two more senators are leaving us this year after having guided the state through the first steps of overcoming our water challenges. While tax relief may be the dominant issue of this session, water is the most pressing and complicated issue we've approached. Few understand that reality better than Senator Ed Schrock and Senator Elaine Stuhr.

The wealth of experience this body is losing doesn't stop there, so I want to extend a brief word to all of the senators serving their final terms in this most unique of legislative sessions. Nebraska and I are grateful for your years of dedicated service, and we appreciate the contributions that each and every one of you has made.

We should not, however, rest on the successes of our past. Future opportunities for our citizens depend, in large part, on the work we can accomplish together in this short session. Despite the obstacles we face, I am optimistic that Nebraska has a bright future ahead. Our state is on the move. By working together, we have already set the state on a vibrant path

toward educational and economic success. We are providing our children with a great education and we are investing in our state's economy so that our young people will be able to find a better job, right here at home. There are several economic development projects pending, from Scottsbluff to Omaha.

Our agricultural export economy is on the mend, particularly in beef sales, and we will continue our aggressive push to help it grow. Nebraska beef is undeniably the worlds best, and that's why we worked so hard to be the first state serving U.S. beef in Japan, and a new report says Nebraska – more than any other state – stands to benefit economically from the re-opening of Asian markets.

Economic growth is also why I went to Cuba. We signed a \$30 million trade agreement for dry beans, wheat and soy products, and we have already executed more than \$27 million of that agreement in actual contracts.

Ethanol plants are being developed all across Nebraska, because we chose to include energy in our jobs-creation economic incentive package. Since our most recent investments in ethanol, developers have announced plants in Jackson, Fairmont, Mead, Ravenna, Wood River, Ord, Madrid, and Blair – with more to come.

Finally, the thing that gives me the greatest hope for Nebraska's future success is my confidence that we live in the greatest state in the greatest country in the world today. I will never stop promoting Nebraska as the best place to live, to work and to raise a family, and I know you share that strong belief. Each and every Nebraskan has reasons to be proud of our state, our government and this Legislature.

Governing is about the future. It is about conquering the next challenge and seizing the next opportunity. We have accomplished an extraordinary agenda together under unique circumstances, and there is no limit to how much more we can do. From LaVista to Beaver City, from Tokyo to Havana; from the most sweeping jobs-creation package to enacting a no-tax-increase balanced budget, we have worked well as a team and that gives me confidence that as long as we continue working together, Nebraska will be on the move.

The committee escorted Governor Dave Heineman from the Chamber.

EASE

The Legislature was at ease from 10:27 a.m. until 10:40 a.m.