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Agriculture Committee
February 13, 2007

[LB131 LB435]

The Committee on Agriculture met at 2:30 p.m. on Tuesday, February 13, 2007 in Room 1524 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB131 and LB435 and gubernatorial appointments. Senators present: Philip Erdman, Chairperson; Annette Dubas, Vice Chairperson; Ernie Chambers; Merton "Cap" Dierks; Russ Karpisek; Vickie McDonald. Senators absent: Don Preister and Norman Wallman. []

SENATOR ERDMAN: Our research analyst, Rick Leonard, will read their responses to the group since neither one of them could be here for legitimate reasons, and then we will proceed with the individual bills. And what we would like to hear from you this afternoon is we heard your presentations. We don't want to rehash those. We want to understand whether or not you feel that the proposals outlined in LB131 and LB435 are the right mechanism, if they provide us the right opportunities to get the answers to the questions that we, as a Legislature, need in dealing with these issues. And like I said, we don't want to rehash the presentations. I think that was of value to lay the groundwork. We're going to, again, go over your information. But I will turn it over to our vice chair, Senator Dubas, and she will outline the process for our committee hearing. []

SENATOR DUBAS: Good afternoon. Just a few housekeeping duties before we begin the hearing. When you come up to the table to do your testifying, please introduce yourself to the committee members. State your name, spell your name for the record please. Were the introductions...I suppose there wasn't anybody here when...so we probably should start with introducing what committee members we do have here today. Rick Leonard is our legal counsel. To my far left is Senator Vickie McDonald from St. Paul, Russ Karpisek from Wilber. To my right is Senator Cap Dierks from Ewing and Linda Dickens from--I don't know where you're from, I guess--you're the committee clerk. Thank you. And our pages. I guess we have two pages today. Steve Scharf from Lincoln, political science major, and Erin Frank from Bassett, she's an environmental studies major, and they will help you in passing out any papers or things like that that you'd like to have presented to the committee. A reminder that if you do have cell phones or any pagers or anything like that that makes noise, we'd appreciate you either shutting them off or putting them on silent mode so that we aren't interrupted. When you wish to testify on a bill, please come to the front of the room so we can kind of keep things moving along. Fill the front rows of chairs if you would, please. The sign-in sheets for the testifiers are on the tables by the back door. We'd appreciate you filling those out and then bringing that up with you when you're ready to testify and present it to the committee clerk. Let's see. If you are testifying on more than one bill we need you to submit one of those forms for each bill, but turn them in individually as you testify on each bill. Please print and it's important you complete its form in its entirety. Our transcribers use that information so if they have any questions they'll be able to get back to you and make sure that the correct information is put into the record. If you do not

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wish to testify but would like your name entered into the official record as being present at the hearing, please raise your hand and the page will circulate a sheet for you to sign. If you have not already done so when you entered, this list will be labeled as an exhibit and will appear in the official records of the committee. If you want to be listed on the committee statement as a testifier at the hearing you must complete the testifier sign-in sheet and actually testify even if you just state your name and position on the bill. Again, before you testify please state your name and spell it for the record even if it seems to be an easy name. Please keep your testimony concise. Try not to repeat what someone else has covered. If there are a large number of people to testify it may be necessary to place time limits on the testimony. If you do not wish to testify you may submit comments in writing and your name will be read into the record and your testimony is added to the official record as an exhibit. Please ask you to refrain from any vocal display of support or opposition to any bill. We're very glad that you came here to share your information with us today, so please don't be nervous. I promise nobody on the panel will bite and if they do I'll take responsibility. If you need any assistance please don't hesitate to ask. We want this to be a good experience for you and we appreciate your time coming to share your information with us. So I think first thing is the confirmation hearings and Rick Leonard will...And I would like to introduce Senator Ernie Chambers from Omaha who just joined us. Thank you very much. []

RICK LEONARD: Thank you, Vice Chairman Annette and members of the Ag Committee. My name is Rick Leonard. I'm the research analyst for the Agriculture Committee. The senators asked me to present some information on behalf of Sallie Atkins. Some information regarding her background has been previously distributed and their additional information in the books in front of you. Sallie Atkins, this is a reappointment. This will be her opportunity for reappointment to the State Board. Sallie Atkins is one of the original appointees to the State Board following restructuring of the board by the Legislature in 2002. Sallie was initially appointed to a one year term and reappointed to a full three year term in 2003. There's no statutory qualification other than the appointee satisfy the requirement of representing the business community of the state at large. She is eligible for reappointment to this which would be a final three year term. This would be a final three year term that she would be reappointed to. Sallie had been...and I apologize. There is a misstatement in the briefing items I sent you. Sallie had served as executive director of the Nebraska Beef Council from 1998. She retired from that position in October 1, 2006. She and her husband own and operate the A.L. Ranch Company near Halsey, Nebraska. In your books you'll find Sallie Atkins, the weather came up and asked...she was at home in Halsey and travel today would be difficult. The senator did fax her a letter and asked her to respond to that. And you'll find her responses in that letter. And Senator had asked me to read these into the record. There was a letter that went out with a series of questions and I'll read those questions and her response. Number one, have you had previous dealings or business with the board to which you have been appointed? Her response, yes, I was initially appointed by the Governor in 2003 and have been reappointed once. Number two, please

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describe your impression of the board to which you have been appointed. For example, its role responsibilities, obligation to the public, relationships to the rest of state government or other political subdivisions. Her response, Nebraska State Fair Board is charged with the financial and oversight responsibilities of the assets of State Fair Park. We respect and understand our relationship with state government. Number three, please describe the experiences you have had that would recommend you to the position to which you have been appointed. Response, as a member of the Nebraska State Fair Board I represent the business community of the state large. I've been involved in production agriculture all my life and served for eight and a half years as the CEO of the Nebraska Beef Council, overseeing an annual budget of up to \$10 million. Number four, how do you view the responsibilities of the office to which you have been appointed? The makeup of the board brings great diversity of strengths. We represent the taxpayers of Nebraska as the caretakers of Nebraska State Fair Park, responsible not only for the state fair, but enhancing racing and year round utilization of Nebraska State Fair Park. Latter proceeds have provided an opportunity to begin to improve and enhance State Fair Park facilities and activities and the board is eager to move forward with a new master plan. Question, please state why you are willing to serve in this position and your desire to do so, and tell us your qualifications for this position. I have agreed to serve on the Nebraska State Fair Board to help showcase agriculture and the great state of Nebraska. I look forward to being part of the solution for a bigger and better state fair and helping State Fair Park improve and expand its utilization and activities. I was recently elected treasurer of the Nebraska State Fair Board and look forward to serving on their executive committee. In addition to the qualifications stated above, she is serving on other ag-related advisory groups and boards. Serving on other ag-related groups and boards provides a valuable statewide network that has been beneficial to my role in the Nebraska State Fair Board. I'm also passionate about helping the state fair succeed well into the future. Thank you for this opportunity, respectfully, Sallie Atkins. And I will stop it there and ask if you have any questions? [CONFIRMATION HEARING]

SENATOR DUBAS: Does anyone have any questions of Rick? Seeing none, thank you, Rick. Do we have anyone that would like to speak in support of this confirmation? Thank you. [CONFIRMATION HEARING]

LYNNE SCHULLER, NE HBPA: Good afternoon, Senator Dubas. My name is Lynne Schuller, S-c-h-u-l-l-e-r, and I am the executive director of the Nebraska Horseman's Benevolent and Protective Association. I'm here today in support of Sallie's nomination. I have appeared in front of the State Fair Board many times to testify or simply speak on some issues. I've always found her to be extremely attentive and asks very intelligent questions and seems to be fully present in the participatory process. So I would highly encourage your reappointment of her. [CONFIRMATION HEARING]

SENATOR DUBAS: Thank you. Anyone have any questions? Thank you very much.

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[CONFIRMATION HEARING]

LYNNE SCHULLER: Thank you. [CONFIRMATION HEARING]

SENATOR DUBAS: Anyone else that would like to speak in support of this confirmation? Anyone in opposition? Do we have anyone in the neutral? Seeing none, I guess we'll close the confirmation hearing on Sallie Atkins and move onto Linda Lovgren. [CONFIRMATION HEARING]

RICK LEONARD: Thank you. Vice Chairman Dubas, again, my name is Rick Leonard, research analyst for the Agriculture Committee, and that's L-e-o-n-a-r-d. Again, Linda Lovgren had requested a waiver of appearance due to a business trip and also the weather may have been a factor. Linda is being asked to be reappointed to the position representing the business community of Omaha. This would be a reappointment. She was first appointed last year to fill out the remainder of approximately the final year of a term of Frank Partsch. The term that she's being appointed to here began December 18, 2006 and would continue through December 18, 2009. Linda Lovgren, as I mentioned, was first appointed to fill approximately the final year of the term of seat vacated by Frank Partsch, which expired December 18, 2006. She is eligible for reappointment to this and one additional three year term. There is no statutory qualification other than the appointee satisfy the requirement of representing the business community of Omaha. Linda is the founder of her own marketing business and her career is vested heavily in media and advertising in public relations. In your materials you'll see she has provided a very extensive biography and list of professional achievements in community and volunteer activities. She also was asked...Senator Erdman has provided her with a letter and asked her to provide her responses. That letter is in there. Number one, have you previous dealings or business with the board in which you have been appointed? No. Two, please describe your impression of the board to which you have been appointed. The State Fair Board is responsible for oversight and financial management of State Fair Park and the State Fair in the best interest of Nebraskans. It is a volunteer board with statewide membership that is appointed or selected through Nebraska and its governance, the Unicameral. It's public obligation is to organize and implement an annual successful state fair, encourage year round use of the State Fair Park grounds and the racing coliseum, promote the heritage of agriculture and agricultural organizations through the fair. Number three, what experiences recommend you for this position? I grew up on a farm in rural community in north central Iowa. I spent nine years in two 4-H clubs--the Lakota Luckies and the Aggressive Lads. I served a one year term as president of the Kossuth County 4-H Board and a year as secretary of the state 4-H board. I continued to be involved during college. In the late nineties, I served two terms on the Nebraska State 4-H Foundation. On the professional side, Lovgren Marketing Group served as a marketing company for the Douglas County fair a number of years and worked as volunteer on the River City Round-up in various capacities for more than half a dozen years. These experiences

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along with dozens of other business and civic involvements help me bring a broad base of knowledge to the board. How do you view the responsibilities of the office? The responsibilities of the board are an obligation I take seriously. Because of my background, the importance and strength of agriculture, ag-related businesses, and the development of our state's youth through the programs and activities connected to the fair continue to be areas of great interest to me. Number five, why are you willing to serve in this position and your desire to do so? Tell us about your qualifications. Answer, I am willing to serve in this position because the success of the fair is a reflection of the heritage of the state and the pioneers who settled in Nebraska. I have great admiration for their spirit and the opportunities it created for my family and me. My qualifications for this position are reflected in my personal background, my longtime civic and business commitments, including serving on the Omaha Chamber of Commerce board for nearly 15 years and as its first woman chairman, and my desire to give back through volunteerism. My full resume is attached for your consideration. Thank you for your consideration of my confirmation. I will do everything possible to serve the board responsibly. And that was signed by Linda Lovgren, president and CEO of Lovgren Marketing Group. [CONFIRMATION HEARING]

SENATOR DUBAS: Thank you, Rick. Any questions of Rick? Seeing none, thanks. Is there anyone who would like to speak in support of Linda's nomination? [CONFIRMATION HEARING]

LYNNE SCHULLER, NE HBPA: Good afternoon, again. Lynne Schuller, S-c-h-u-l-l-e-r, executive director of the Nebraska Horseman's Benevolent and Protective Association. Once again, I've appeared in front of Linda at various hearings and board meetings and her absence today is not indicative of her interest in the state fair. She has a lot of interest in the issues that are going on right now and I think that she's a valuable addition to that board. [CONFIRMATION HEARING]

SENATOR DUBAS: Thank you. Any questions of Ms. Schuller? Thank you. [CONFIRMATION HEARING]

LYNNE SCHULLER, NE HBPA: Thank you. [CONFIRMATION HEARING]

SENATOR DUBAS: Anyone else who would like to speak in support of this confirmation? Anyone opposed? Neutral? Seeing none, that will close the confirmation hearing for Linda Lovgren. And we will move onto LB131. Senator Raikes is here. Welcome, Senator. [LB131]

SENATOR RAIKES: Thank you, Senator, members of the Agriculture Committee. I am not a frequent visitor here, but you know, very pleased to be here today. Ron Raikes, District 25, here today to introduce to you two bills. The first of which is LB131. LB131 requires the University of Nebraska-Lincoln in cooperation with the city of Lincoln and

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the State Building Division of the Department of Administrative Services to complete a University Research and Development Corridor Master Plan. The plan is required to include the following components: a master plan of the land northeast of the University of Nebraska-Lincoln, including potential use of all or part of State Fair Park; a 15-year cash flow analysis of the costs associated with the plan; an economic cost-benefit analysis of the potential state and local benefits associated with the plan, and finally; any additional analysis that are deemed to be beneficial in assessing the potential economic and research opportunities on land adjacent to the University of Nebraska-Lincoln. The bill requires this plan, along with recommendations on how to proceed in the development of the research corridor to be provided to the Legislature and the Governor by November 1 of this year. I want to emphasize that the bill does not propose that we move the state fair and replace it with a research corridor. The purpose is simply to gather the information necessary to determine the potential costs and benefits to the state of Nebraska if such a move were made. I think that we owe it to the citizens of the state to make the best possible use of the resources we have at our disposal. However, at this point, we have no objective information to determine which of these uses offers the greater benefit to the people of Nebraska. This plan in supplement with the State Fair Park master plan proposed in LB435 will provide us with the data necessary to make an informed decision as to how this property should be used to achieve the greatest overall benefit. Opponents of this bill point out that the potential cost of relocating the state fair is substantial. This bill offers an avenue to substantiate that claim. It also offers an opportunity to determine if the greater cost to the state lies in maintaining the status quo. In other words, while the cost of moving the fair might be significant, we also have to consider what we might lose in unrecognized potential by not making such a move. LB131 is the first step in answering these questions. I have an amendment that I think you have a copy of that I would like to offer that makes a number of changes, many at the suggestions of the committee's research analyst. First, the green copy designates the University of Nebraska-Lincoln as the party responsible for putting together the corridor master plan. The amendment transfers that responsibility to the University of Nebraska system rather than UNL alone. Such a change would allow the entire system to assist in the process rather than limiting the input and the responsibility for the study to just one campus. Second, the amendment adds the emergency clause to this bill, which seems to make sense given the November 1 deadline for submitting the plan. The amendment also makes changes to make the finding stated in the bill more accurate. It also clarifies that the land in question for the corridor is the land north and east of the city campus of the University of Nebraska-Lincoln. This is, of course, necessary to eliminate any confusion of how the university's east campus might factor into the bill. I also agree with the advice of the committee's research analyst that greater specificity is needed in defining the land that would be included in the corridor. However, I wanted to hold off on making that change until after those with a more detailed knowledge of this issue had a chance to pin down for the committee the exact area in question. I'd be glad to work with the committee on any additional amendments that might be necessary. I'll close and attempt to answer

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any questions. [LB131]

SENATOR DUBAS: Thank you, Senator Raikes. Any questions of Senator Raikes? I have one. The date for the completion and the recommendations to be made is November 1 of this year. [LB131]

SENATOR RAIKES: Right. [LB131]

SENATOR DUBAS: Is there the feeling that that's adequate time to put together what needs to be presented? [LB131]

SENATOR RAIKES: That certainly is a reasonable question and prompts the emergency clause so that we can get started away, but probably you're suggesting that even with the emergency clause that may be a tight framework and I wouldn't necessarily argue with that. I would suggest, though, that it does make good sense, I believe, to move quickly on something like this rather than let it drag out for a long period of time. So maybe something between November 1 and five years from November 1 or something like that makes good sense, but you make a good point. It is a tight deadline. [LB131]

SENATOR DUBAS: Okay, thank you. Any other questions? Senator McDonald. [LB131]

SENATOR MCDONALD: And I apologize. I got in late on the presentation of Vision 2015. It appears that they've already decided what they're going to do with the land without even going through the study. I mean, they haven't even decided whether it's a good idea or not. I'm a little confused in all of that. [LB131]

SENATOR RAIKES: Well, at least my view or my own reason for offering is not that. It's what I said. I think that the critical step is to gather the information. Until you gather the information I don't think you can really completely consider the elements as you make the decision. So by suggesting this study to you I am open in terms of what the conclusion may be. And in fact, I would argue that that's really the only way you can do a study of...otherwise instead of a study it's a justification of a decision already made. And I think this should be a study. [LB131]

SENATOR DUBAS: Any other questions? Senator Dierks. [LB131]

SENATOR DIERKS: Senator Raikes, so you're suggesting a study done by the University of Nebraska is that... [LB131]

SENATOR RAIKES: Right. [LB131]

SENATOR DIERKS: Okay. I guess I had heard some suggestions early on that one of

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these bills might suggest that the committee has a special study done and I just wondered if that...that's in the next bill? Is that what we're going to talk about in the next one? [LB131]

SENATOR RAIKES: Well, no. I think the bills, at least the green copies, and yeah, the bills that I'm introducing suggest studies done out--one by the University of Nebraska and one by the State Fair Board. [LB131]

SENATOR DIERKS: Well, I guess I'll... [LB131]

SENATOR RAIKES: Go ahead. [LB131]

SENATOR DIERKS: Go ahead. [LB131]

SENATOR RAIKES: Well, I would raise the question as to whether the committee really has the time, expertise, and capability given their other obligations to conduct such a study. Now if you're suggesting--the committee staff I should say--if you're suggesting that perhaps this should be something funded by the Legislature with the supervision of this committee, that would I think be certainly something that would be viable. But for the committee and its staff to undertake such a study, I think would probably be beyond what should reasonably be expected. [LB131]

SENATOR DIERKS: Would you explain the fiscal note a little bit? [LB131]

SENATOR RAIKES: I would if I had seen it. Maybe I have it. [LB131]

SENATOR DIERKS: Well, there's a notation on here that says no dollars required as long as the Nebraska State Fair Board is not identified as a participant in this bill as denoted in Section 2 of this proposed plan. [LB131]

SENATOR RAIKES: Senator, I'll have to get back to you on that. I don't have a copy of the fiscal note. [LB131]

SENATOR DIERKS: Okay. [LB131]

SENATOR RAIKES: Say that again. Maybe I can respond. That's on LB131? [LB131]

SENATOR DIERKS: Yes. There are actually three pages to it. And one page it says that the total cost would be a range of \$165,000-\$245,000. And another one suggests General Fund dollars of \$245,000. And then on the back page of that one it says that no dollars required as long as the Nebraska State Fair Board is not identified as a participant in this bill as denoted in Section 2 of the proposed plan. I guess I'm looking at the cost and I wonder if the committee couldn't do this study for a little less money

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and still be as accurate as you want. [LB131]

SENATOR RAIKES: Yeah, I understand your concern and I will tell you this is probably just simply a mistake on my part, but I did not realize that there was going to be a request by the university for funding of this effort. And you're suggesting to me that at least in the fiscal note that's what's being proposed. [LB131]

SENATOR DIERKS: Well, it's just my thought that it's a fairly expensive process, and in view of budget limitations we should maybe look a different direction. [LB131]

SENATOR RAIKES: Well, to the extent that, as you say, a study that serves the purpose could be achieved for less funding, I wouldn't have any problem with that. [LB131]

SENATOR DIERKS: Okay. Thank you. [LB131]

SENATOR DUBAS: Any other questions? If not, thank you, Senator Raikes. Would you like closing? [LB131]

SENATOR RAIKES: I'll stick around for awhile. Thanks. I've got some stuff across the hall, but... [LB131]

SENATOR DUBAS: All right. Thank you. All right. [LB131]

SENATOR RAIKES: Okay. [LB131]

SENATOR DUBAS: Could I see the hands of those who are planning on testifying on LB131? Okay, thank you very much. Begin with proponents. [LB131]

HARVEY PERLMAN: (Exhibit 2) Thank you. Madam Chairman, members of the committee, I'm Harvey Perlman, P-e-r-l-m-a-n, chancellor of the University of Nebraska-Lincoln. I am appearing here today on behalf of the University of Nebraska in support of LB131. The Board of Regents, the President, and I have reviewed the bill and we believe the study it directs can significantly advance the discussion about the possible developments of land near the Lincoln campus, including State Fair Park. The University engages in systematic planning for use of the land that it controls. As you know, a group of private leaders have proposed a careful study of the potential for the university to expand into State Fair Park and LB131 would expand our regular planning processes to include land currently outside our control. Because of the nature of the controversy surrounding this issue of the future use of State Fair Park, it would be the university's intention to hire an independent outside consultant to perform the analysis contemplated by the bill. This bill is about the future of economic growth in Nebraska. It addresses two of Nebraska's most important challenges: keeping young people in the

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state and building economic growth. It is difficult to find an area in the country noted for its recent economic success that has not centered around a major research university. Increasingly, research creates jobs that attract young people and produces innovations that keep our economy competitive with other states and with new pressures from the global community. Other states are making significant investments in university-based research for these reasons and Nebraska will do the same if it is to remain competitive. I've attached a brief summary of some of the investments from other states to my testimony. I'm not going to read all of my testimony just to point out that both the city campus and the east campus at UNL are relatively landlocked. That we're bordered by downtown, by a vibrant residential community, by the interstate on the city campus, by residential communities on the east campus, and that essentially future growth right now would appear to be the easiest moving north into State Fair Park. At the same time, we've, I think, demonstrated over the last six years the capacity for the university to engage in research and to bring dollars into the state of Nebraska. Last year, we brought \$104 million into this state. That's about 3,100 jobs. Much of that either is directly related to agriculture or indirectly related to agriculture. Agricultural research has in fact changed over the last several decades. Early on certainly most of it was directed towards providing contemporary support for farm and ranch production and involved mostly faculty members from the core units of the institute--Agronomy and Animal Science and Agricultural Economics. Today most of the problems that face agriculture that can be addressed by research involve not only these traditional agricultural disciplines, but also chemistry and physics, engineering, and particularly, computer science. All areas that we have tried to merge together in order to provide good research. We have demonstrated the economic opportunities available from research. There are many companies in Lincoln and around the state that are here only because they have spun off from the research of university faculty members. I mention in my printed testimony several. I would just point out GeneSeek, which is a privately held company in Lincoln formed by an animal science faculty member which is now one of the leading companies in terms of animal breeding and livestock genetics. They were the ones that the U.S. Department of Agriculture turned to to trace a cow that had mad cow disease a few years ago. A new company, LNK Chemical Solutions, which is the first nanotechnology company in Nebraska. Nanotechnology is working with very, very small materials and this company now has six full- and part-time employees in contracts with the U.S. Department of Agriculture, the Department of Energy, and Kraft Foods. So how do we provide the land necessary for the university to meet its responsibilities to the state and its future? As I've indicated, State Fair Park represents probably the only land contiguous with the university that's realistically available to us. The remarkable feature of State Fair Park--and I attach a map at the end of my testimony--is that it, in fact, merges the east campus and the city campus together in an arc and is contiguous to both campuses, and allows faculty from both campuses to access to it. What might we build there? I can envision as some other universities have done, a technology park that would include research facilities for the university faculty. Research facilities to allow joint research between the university and the private sector. Incubation facilities

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that would facilitate the development of small businesses until they were mature enough to go into the community. And indeed, there are many universities that have allowed private sector companies with significant connections to the university faculty to build on campus or near campus in order to get the synergies and to get the economic development. You need only look at Omaha with the Peter Kiewit Institute where the Scott Technology Center has brought to Omaha companies because of PKI that would not be located in Nebraska were it not for the availability of that research. What about the state fair? I serve by legislative direction and happily without the need for confirmation as a member of the State Fair Board, and I have, in the course of that service, come to better appreciate and understand the potential of the state fair and its contribution to Nebraska. I believe I also understand the challenges the state fair faces with regard to its funding and its facilities. The university is an active participant in the state fair, it being an important venue for 4-H activities which the university sponsors. In many ways, it is very awkward for me to be in the middle of this discussion, particularly because of the reaction of many of my friends and colleagues on the State Fair Board. But I am comforted by the approach of LB131 and LB435 take to this issue. I believe that moving the state fair to 84th and Havelock creates a unique opportunity to advance both the university and the state fair. The numbers I've seen suggest to me that a move is feasible, affordable, and represents the best opportunity for the state fair to enhance its own activities and its future. I am the first to acknowledge that I may be wrong. I may not have or may not understand the numbers correctly. That is why I think these bills are so important. This Legislature looking toward preserving the future of Nebraska will ultimately make the decision about how best to utilize State Fair Park. A careful study is a conservative and wise approach to what might be an exciting opportunity for Nebraska, and I hope you will initiate a careful study of these issues so that we can move the current discussion from one of assumptions to one of facts. There has been allusions in the press and, indeed, to some extent here already that there are some predetermined ideas, some conspiracy, to effectuate this move regardless of what the numbers show. I did indicate to Mr. Allen that it had been predetermined what would happen to the State Fair Park were the state fair to move. That was predetermined in 2003 when we all thought the state fair was going to be bankrupt. And there was an inquiry as to what would happen to the land were it not still available. But 2015 has looked at the numbers--this group--and has thought that on the surface they appear to suggest that the move of State Fair Park and the expansion of the university into that area would benefit both the fair and the university and the city of Lincoln and the state of Nebraska. There are disputes about those numbers to be sure and the only way that dispute can be resolved, in my view, is to have an independent study as suggested by LB131 and LB435 so that this Legislature can make a careful, wise decision about the future of Nebraska. I'd be delighted to try and respond to any questions you may have. [LB131]

SENATOR DUBAS: Go ahead. [LB131]

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SENATOR ERDMAN: Just making sure, Madam Vice Chair. Thank you, Chancellor Perlman. Senator McDonald. [LB131]

SENATOR MCDONALD: Just a couple of questions. Who owns the land where the state fair is? [LB131]

HARVEY PERLMAN: The state of Nebraska for the most part. [LB131]

SENATOR MCDONALD: The state of Nebraska, okay. [LB131]

HARVEY PERLMAN: Yes. There's a small piece of what we think of as State Fair Park that is owned by the city of Lincoln. There is a small little piece right in the middle that's owned by the Burlington Northern, but for the most part this is state land and the State Fair Board is a tenant on that land. [LB131]

SENATOR MCDONALD: Okay. All right. Another thing, you talk about moving the state fair to 84th and Havelock, is that predetermined where they would move? What if it needs to be moved out to western Nebraska? [LB131]

HARVEY PERLMAN: Yeah. [LB131]

SENATOR MCDONALD: Is that in this bill that it would be moved to that location? Or are there other options available? [LB131]

HARVEY PERLMAN: I think there's nothing to prevent any organization to make a proposal with respect to where the state fair should be. I think the numbers tend to focus on 84th and Havelock. Not because it's 84th and Havelock, although that may be a good site, but because you get the synergistic advantages of collocating with an agricultural exposition center that already is there, is already funded by public dollars, and already has some of the facilities that you would need if you were going to build a fairgrounds. I also think that as I understand the financing of the state fair from my position on the board, a lot of the funding of the state fair depends upon horse racing. It is about the only activity out there that systematically makes money sufficient to pay its indirect costs. If you move the state fair out of Lincoln, presumably you would not move horse racing out of Lincoln, because you've already got it in Grand Island, you've already got it in Omaha and Columbus, and you need it to be in a urban setting in order to make money. So you would be separating it from its major funding source. But lastly, I guess I would say for myself is that I do think that the value of a state fair is to bring the knowledge of agriculture to the urban environment. And so setting it at 84th, in fact, puts it between Lincoln and Omaha in some respects, and I think locates it at a place where it would be the most utilized. [LB131]

SENATOR MCDONALD: But it's not predetermined in that bill. [LB131]

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HARVEY PERLMAN: It's not predetermined, no. [LB131]

SENATOR ERDMAN: Thank you, Senator McDonald. Any further questions for Chancellor Perlman? Senator Chambers. [LB131]

SENATOR CHAMBERS: Out of curious, Chancellor, why do you say that horse racing should be in an urban setting in order to make money? [LB131]

HARVEY PERLMAN: I just think you need the people, Senator Chambers, if you're realistically going to make money. [LB131]

SENATOR CHAMBERS: And by people you mean that rural people probably wouldn't be surprised that one horse can run faster than another? (Laughter) [LB131]

HARVEY PERLMAN: They might have that leg up on us. [LB131]

SENATOR CHAMBERS: Okay, that's all I have. [LB131]

SENATOR ERDMAN: Thank you, Senator Chambers. I see no further questions, thank you, Chancellor. [LB131]

HARVEY PERLMAN: Thank you. Thank you. [LB131]

SENATOR ERDMAN: We will continue with proponent testimony on LB131. [LB131]

CAMERON COLBY THOMSON: Madam Chairman, members of the committee, my name is Cameron Colby Thomson, spelled T-h-o-m-s-o-n. I'm here testifying in support of LB131. Chancellor Perlman asked me to tell our story. I am a co-owner of a business in downtown Lincoln, Nebraska, a software company. We started actually my sophomore year of college here at the university. We did a project through the J.D. Edwards Design Studio with Mutual of Omaha and subsequently wrote a business plan in cooperation with the university that won both the university's competition and a number of other business plan competitions around the country. We raised three quarters of a million dollars in funding from Kansas City and established a company in 2003 in Lincoln, Nebraska. Subsequently, we partnered with the J.D. Edwards Design Studio Program for two consecutive years to have teams of students develop software for our project and worked extensively with the business college as well as the three founders of the company earned our M.B.A. degrees at the university. Today we still are very much tied to the university because we have a number of interns that work there and all of our employees--we about a dozen at this point--are very recent graduates of the university or are perhaps still attending bachelor's or master's programs there. I very much believe that it is important both for the university's future and for the city of

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Lincoln, economically, to have the cooperation of the university and private sector businesses, and especially for small start-up companies getting off the ground. I mentioned earlier we raised investment capital from Kansas City, and there was some pressure to move to Kansas City actually at that point. The reason we chose to stay in the Lincoln area was primarily because of the resources at the university and our cooperation and participation with them. If you have any further questions regarding that I'd be happy to answer them at this time. [LB131]

SENATOR ERDMAN: Thank you, Colby. Any questions for Mr. Thomson? Colby, how do you spell your first name? [LB131]

CAMERON COLBY THOMSON: First name is Cameron, C-a-m-e-r-o-n... [LB131]

SENATOR ERDMAN: Oh, sorry. [LB131]

CAMERON COLBY THOMSON: ...middle name, Colby, C-o-l-b-y. [LB131]

SENATOR ERDMAN: There we go. I knew I got that wrong. All right, Cameron. Sorry about that. [LB131]

CAMERON COLBY THOMSON: That's all right. I go by Colby. (Laughter) [LB131]

SENATOR ERDMAN: Well, so there we go. I had it right the first time, but...all right, Colby. Thanks for your testimony. Congratulations on your success and best wishes. [LB131]

CAMERON COLBY THOMSON: Thanks. One... [LB131]

SENATOR ERDMAN: Oh, go ahead. [LB131]

CAMERON COLBY THOMSON: One further remark. There have actually been two subsequent companies that are located down the hall from us that arrived under similar circumstances. So, thanks. [LB131]

SENATOR ERDMAN: Very good. Thank you, sir. Next testifier in support of LB131. Can I see a show of hands how many people wish to testify on LB131 in support? I see two for sure, maybe one hiding behind this individual. Okay. And again, we would encourage you as you're preparing your remarks if you could be ready as you see the next testifier completing, that way we can move along efficiently in our hearing. [LB131]

JAMES F. GUTMANN: (Exhibit 3) Good afternoon. My name is Jim Gutmann, G-u-t-m-a-n-n. I am a citizen here in Lincoln. Members of the committee, thank you for this opportunity to express my thoughts, comments on an issue of significant

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importance to the community of Lincoln and the state of Nebraska. I speak to you in favor of LB131, a bill being introduced as I understand, to study the possibility of a proposed research and development corridor along the east and north sides of the University of Nebraska-Lincoln's city campus. Let me first say, I am a relatively new resident to Lincoln, having relocated from Long Island, New York during the fall of 2005. Before New York, I lived in Boston, Massachusetts where I received my undergraduate education in engineering. I mention this for the simple reason that I may share with you briefly what I have witnessed at two major university communities that underscores the importance this bill presents for the benefit of the local economy, but also that of the entire state of Nebraska. Many research programs are administered in our universities where the environment is conducive to making great discoveries. A survey of the top producing research universities will demonstrate the distinction of its facilities, the rich tradition of its education and vast amount of funding. All contribute in harmony in making those universities amongst the premier research programs in the world. To have great minds who lack the necessary laboratories to test their theories limit a program's full potential. It is where the convergence of intelligence, funding and a learning environment dedicated to the purpose of research, that we find our nation's most successful research centers for those who are directly involved and for the communities who invest in that same vision. Take for example Cambridge, Massachusetts. It is described as being the epicenter of the biotech world. When I lived in Boston I watched the beginning of the redevelopment of Kendall Square in Cambridge, which at one time was a struggling submarket, but is now occupied by more than 50 private biotech and pharmaceutical firms including Novartis, who is investing over \$200 million in new research initiatives for biomedical development. All of this activity is located within a mile of MIT's campus. Why did this area of Boston flourish so much over the last 15 to 20 years? Well, there were many factors, but I believe it was mostly the result of the commitment by the city of Cambridge to its foundation of academics, together with fundamental economic policies that created a natural partnership between its universities and private businesses. While I lived and worked in New York, I saw the city struggle somewhat to create a similar biotech submarket due to the lack of affordable infrastructure despite the city being home to many distinguished universities and being in close proximity to roughly 60 percent of the nation's pharmaceutical companies. Many would agree, New York City missed an opportunity and was leapfrogged by places like Cambridge and Boston, Raleigh and Chapel Hill, and Berkeley and San Francisco, who attracted a larger share of the public-private research programs. Here in Nebraska we have the University of Nebraska with its active leadership and thriving talent pool, research efforts are leading to significant discoveries drawing national attention. As a result of their strong performance, the university is gaining greater confidence through growing contributions setting records over each of the last eight years. But more resources are needed to expand the program according to the university and land for new facilities is essential to this plan. Land that can be made available to the university in a timely manner to respond to their pressing short-term needs as well as provides for a comprehensive long-term vision that encourages private investment. Land that when

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carefully planned, evolves into a district with its own branding identity perhaps that is marketable as a possible destination for Midwest research and development programs. Here now lies the opportunity for this committee and the people of Nebraska to show its leadership and foresight by looking deeper into the idea of using certain land areas, some of which are currently undeveloped or under-utilized perhaps. If passing this bill puts into motion an objective study that outlines how this land east and north of the city campus will benefit, one, the specific needs of the university's research program, two, the local Lincoln economy, and three, that of the state, then pass this bill as time is of the essence. By embracing this study we position ourselves to potentially seize a great opportunity that could benefit Lincoln and the state of Nebraska similar as other leading university communities nationwide whose effectiveness has translated academic research into commercial activity that creates exciting employment opportunities and a vibrant community. I believe strongly that if the university succeeds in their research programs, Lincoln will succeed as well as the state. Thank you. [LB131]

SENATOR ERDMAN: Thank you, Jim. Any questions for Mr. Gutmann? I see none, thank you for your testimony. [LB131]

JAMES F. GUTMANN: Thank you. [LB131]

SENATOR ERDMAN: Next testifier in support, please. [LB131]

BRUCE BOHRER: Good afternoon, Chairman Erdman, members of the Ag Committee. Bruce Bohrer, appearing on behalf of the Lincoln Chamber of Commerce, and for the record Bohrer is spelled B-o-h-r-e-r. We're here in support of LB131 and urge you to pass this bill. I'm going to be very brief because I think the previous testifiers did a terrific job of describing why this is so important. I'm just going to tell you a little bit about the Chamber of Commerce and what we're responsible for in Lincoln in the economic development realm. We are the primary agency responsible for economic development. We do that in partnership with the city of Lincoln through our Lincoln partnership for economic development. When we were going through, I guess soul-searching, and figuring out whether or not we had a right strategy for, if you will, the new economy, we commissioned Angelou Economics out of Austin, Texas to come in and develop a strategic plan for us. And one of the things that they do when they come into a community and develop a strategic plan, obviously, is what you call a SWOT analysis. I'm sure you've all heard of it--strengths, weaknesses, opportunities, and threats. And not surprisingly to us, and I don't think it will be surprising to any of you as well, the university and the research done at the university was seen as a key asset for our community and for our entire state. We believe that very strongly. We believe it's key to our executing our economic development strategy for our community and for our entire state. So we see this, again, as a key opportunity for us to take a look--and I'm going to use a term that members of my...we've got a military affairs committee within the chamber that I staff--they use the term we need to get smart on this issue before we do

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anything. I'd never heard that before. I don't have a military background, but I like that term and it applies to so many of the things that we do. First, we need to get smart and I think that's what Senator Raikes alluded to as well when he presented this bill to you. Let's take a look at the facts and then let's let the facts drive where we ought to go. We've got to have a vision and then also a plan to see how we execute that vision. I hope you all agree that the University of Nebraska university system is a very important part of our vision for economic growth for our state. We certainly do. I'll end my testimony there and be happy to answer any questions you might have. [LB131]

SENATOR ERDMAN: Thank you, Bruce. Any questions for Mr. Bohrer? Senator Chambers. [LB131]

BRUCE BOHRER: Senator Chambers. [LB131]

SENATOR CHAMBERS: You represent the Chamber of Commerce? [LB131]

BRUCE BOHRER: I do. [LB131]

SENATOR CHAMBERS: There's a vision for the state of Nebraska that you mentioned? [LB131]

BRUCE BOHRER: Um-hum. [LB131]

SENATOR CHAMBERS: And what is that vision? [LB131]

BRUCE BOHRER: Well, it's a vision for the state of Nebraska and also the city of Lincoln for quality job growth, leveraging the assets that we have and really making sure we're prepared for transition to an innovation economy. [LB131]

SENATOR CHAMBERS: Do you see the University of Nebraska as an asset? [LB131]

BRUCE BOHRER: Absolutely. [LB131]

SENATOR CHAMBERS: Do they have a solid academic foundation generally speaking? [LB131]

BRUCE BOHRER: Yes, generally speaking. [LB131]

SENATOR CHAMBERS: Do you think they offer a rigorous curriculum to the students who attend the university? [LB131]

BRUCE BOHRER: Yes, I do. [LB131]

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SENATOR CHAMBERS: Do you think they can function on the world's stage in competition with students from other universities in this country and perhaps in other countries? [LB131]

BRUCE BOHRER: I think they can and I think they also are aware of that as an issue and something that we need to always stay on top of as well. [LB131]

SENATOR CHAMBERS: Do you think the professors and other faculty members are competent in their subject matters and have the ability to transmit information to the students so that they learn? [LB131]

BRUCE BOHRER: Yes, absolutely. [LB131]

SENATOR CHAMBERS: Do you think they share the vision that you mentioned the Chamber of Commerce has? [LB131]

BRUCE BOHRER: I do. I do. I think they have intentions that they want to be a key economic driver for our state as well, and see themselves as an asset for the future of the state. And not only, like I said Senator Chambers, not only in Lincoln and also for our entire state. [LB131]

SENATOR CHAMBERS: Who funded this master plan or study that you mentioned earlier? [LB131]

BRUCE BOHRER: It was Angelou Economics' strategic plan that was funded by the private sector in Lincoln business community. [LB131]

SENATOR CHAMBERS: Does the Lincoln business community share this vision that you and I have discussed that the Chamber has that the university may have? [LB131]

BRUCE BOHRER: Yes. [LB131]

SENATOR CHAMBERS: Why then did they hire a Texas firm to do this planning and lay it out rather than tap into the university, which has all of this ability? [LB131]

BRUCE BOHRER: Well, it's a good question. I think it's a fair question. We wanted to have an independent analysis done. We also do quite a bit of research through the Bureau of Business Research also for our economic development efforts. [LB131]

SENATOR CHAMBERS: Did you feel that the university's plan would not be independent and objective or there might be the perception that it was not? [LB131]

BRUCE BOHRER: I didn't feel that way at all. I trust their independence and objectivity

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in any study, but it is more related to having outside partners or people that might be connected to what we do, and maybe as you alluded to, the perception that there might be some bias. [LB131]

SENATOR CHAMBERS: That's all I would have. Thank you very much. [LB131]

BRUCE BOHRER: You're welcome. [LB131]

SENATOR ERDMAN: Thank you, Senator Chambers. Senator Karpisek. [LB131]

SENATOR KARPISEK: Thank you, Chair Erdman. What about looking at other spots in the state? Would the Lincoln Chamber still be okay with doing the survey if we're looking at other parts of the state for...I guess I'm jumping bills here. [LB131]

BRUCE BOHRER: Well, yeah, I think you are, Senator. But I'll answer it for you on LB435, because I think it kind of also relates to a question that Senator McDonald had. I believe LB435 does not identify where, if you do move it, where you need to get smart about where you maybe should assess that it should be moved. We wouldn't want it to move, obviously, but we can't come here saying you need to have an unbiased objective analysis and then say, but this shouldn't be on the table. [LB131]

SENATOR KARPISEK: I guess the other question is, you know, we have two campuses now in Lincoln. Maybe should we be looking at a third campus for the new parts of research that we want to do for the university? [LB131]

BRUCE BOHRER: Well, I think that could be included in the study. I think you've got key assets already in place. The Antelope Valley plan as it goes through, as you saw earlier--I think you were in here for the presentation--opens up about 50 acres. And I think the general idea within the UNL master plan anyway is to locate new research facilities next to where you already have investment and research facilities. [LB131]

SENATOR KARPISEK: I'm all in favor of a plan. I want to make sure that it's the whole plan and everyone looking and putting their input in. [LB131]

BRUCE BOHRER: Yes. [LB131]

SENATOR KARPISEK: You've got...as Senator McDonald stated, I don't want the end result and then work backward to the plan. [LB131]

BRUCE BOHRER: We agree with you. Absolutely. [LB131]

SENATOR KARPISEK: Okay. Thank you. Thank you, Mr. Chair. [LB131]

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SENATOR ERDMAN: Senator Karpisek. Senator Dubas. [LB131]

SENATOR DUBAS: Thank you, Senator Erdman. I know you're speaking from the Lincoln Chamber of Commerce's perspective, and especially with the University of Nebraska in Lincoln, but the university is a whole system. We've got campuses in Omaha and Kearney... [LB131]

BRUCE BOHRER: Oh I absolutely...yeah, I understand that. [LB131]

SENATOR DUBAS: And so is there any consideration to what any of those campuses can contribute as far as the research and those types of things? Is that something that's even been considered? [LB131]

BRUCE BOHRER: Well, I don't know if that's more a question for J.B. Milliken or, you know, I would think it would be. I think they look at themselves as a systemwide, you know, overall system. Again, I think it probably would go back to deploying a limited amount of resources and where you have your assets already in place. And maybe identifying areas that you can leverage assets that are already in place or you can try to, you know, go to other places as well. But I think that really is more of a question for J.B. or Harvey. [LB131]

SENATOR DUBAS: Thank you. [LB131]

SENATOR ERDMAN: Thank you, Senator Dubas. Further questions for Mr. Bohrer? I see none. Oh, Senator Dierks. [LB131]

SENATOR DIERKS: How disappointed, Bruce, would the community of Lincoln be if everything was studied and it turns out that the state fair ought to stay where it is? [LB131]

BRUCE BOHRER: If it shouldn't stay where it is? [LB131]

SENATOR DIERKS: If it would stay where it is. [LB131]

BRUCE BOHRER: We wouldn't be disappointed. I think, again, somebody else--may have been Chancellor Perlman--if that's what the facts bear out then I think we're willing to accept that obviously. We do think the idea of collocation, whether it be at one location or another is a good idea, because it obviously creates efficiencies for both entities or depending on what other entity you're trying to maybe collocate over there. But to your question about whether or not we would be disappointed, I wouldn't say we'd be disappointed it's just that if we feel that a fair study has been done and you really look and dig into the facts, and like I said earlier, get smart about the issue I think that's what we're going to have to be driven by. [LB131]

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SENATOR DIERKS: Thank you. [LB131]

SENATOR ERDMAN: Thank you, Senator Dierks. Further questions? I don't see any, thanks, Bruce. [LB131]

BRUCE BOHRER: All right. Thank you. [LB131]

SENATOR ERDMAN: Next testifier in support, please. [LB131]

ALAN M. WOOD: (Exhibits 4 and 5) Senator Erdman, members of the committee, my name is Alan Wood, A-l-a-n W-o-o-d. I serve as the legal counsel for the Lancaster County Agricultural Society. I have for distribution today a resolution that was adopted by the board of directors of the Lancaster County Agricultural Society on November 1. That timing is significant. It was adopted as the mayor's task force completed its work, and essentially the resolution sets out the endorsement by the Agricultural Society which operates the Lancaster Events Center at 84th and Havelock, endorses the concept of collocating the events center and the Nebraska State Fair at 84th and Havelock, and then also offers the Agricultural Society's cooperation with the Nebraska State Fair and other interested entities as we go forward with regard to the study not only with regard to the state fairgrounds, but also to the subject brought up by LB131. So I won't take anymore time of the committee. I'd be certainly happy to answer any questions that you have with regard to the Lancaster County Agricultural Society and the events center. [LB131]

SENATOR ERDMAN: Thank you, Alan. Any questions for Mr. Woods? Senator Dierks. [LB131]

SENATOR DIERKS: With all of this discussion about moving, has there been some determination as to the cost of moving the state fairgrounds to 84th and Adams or is that supposed to take place with the study? [LB131]

ALAN M. WOOD: These studies will, I think, do an empirical analysis of what the cost will be to move. There were some numbers that were developed as a part of the mayor's task force. But I think both these bills, and particularly LB435, will provide additional information with regard to what it would cost to move and how we could take advantage of the agricultural exposition building that the events center makes up at the present time. [LB131]

SENATOR DIERKS: Thank you. [LB131]

SENATOR ERDMAN: Thank you, Senator Dierks. Senator Dubas. [LB131]

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SENATOR DUBAS: Thank you, Senator Erdman. So if we did this study and the study came back saying the state fair is better off right where it's at, I mean, it sounds like you've pretty much made a strong statement here saying you want it to move. [LB131]

ALAN M. WOOD: Oh, I don't believe that's true. The position of the Agricultural Society is we believe there are some efficiencies in collocating. We believe it's more appropriate and the facilities are better at 84th and Havelock, but if the study determines that the state fair should remain where it is, so be it. That's not to say that my board would be encouraged about selling its \$11 million facility for some other use and picking up roots and moving to the Nebraska State Fairgrounds. But I think that all has to be part of this analysis and this study. [LB131]

SENATOR DUBAS: Thank you. [LB131]

SENATOR ERDMAN: Thank you, Senator Dubas. Alan, can you tell me how the board of the Lancaster County Ag Society is determined? [LB131]

ALAN M. WOOD: It is like every other agricultural society in Nebraska in the registered voters meet annually, and once you're a registered voter in the county and attend the annual meeting of the Agricultural Society you can vote and participate at the meeting and vote for those board members who are up for election serving the Agricultural Society board. So all of the members of the Lancaster County Agricultural Society were elected by the registered voters in Lancaster County. [LB131]

SENATOR ERDMAN: Very well. I see no further questions... [LB131]

ALAN M. WOOD: And before I depart, I do have a letter here which I can't speak to but I'm happy to deliver on behalf of the Lancaster County board. The Lancaster County board, likewise, is endorsing the adoption of LB131 as well as LB435. [LB131]

SENATOR ERDMAN: Very well. Thank you, Alan. [LB131]

ALAN M. WOOD: Thank you. [LB131]

SENATOR ERDMAN: Next testifier in support, please. [LB131]

RALPH HOLZFASTER: Chairman Erdman, ladies and gentlemen of the committee, good afternoon. My name is Ralph Holzfaster, H-o-l-z-f-a-s-t-e-r, and I live in Paxton, Nebraska and have lived there all my life, except the time while I was in school in the Air Force. I appreciate this opportunity to testify to the committee on LB131 and I also am testifying for LB435 in the same testimony. And I'd like to make it clear I'm not here to represent the state fair or the University of Nebraska, but as a Nebraskan who lives 285 miles west of Lincoln and is interested in the future of business and agriculture for the

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entire state. I currently farm with my son, John (phonetic), and own and operate an irrigation business started in 1969 in Ogallala. We're also involved in the construction of a couple of ethanol plants in Madrid and one in Cambridge. And I've displayed agriculture machinery at the state fair prior to Husker Harvest Days starting up in Grand Island and I have five children who graduated from the University of Nebraska so I'm familiar with both entities. With the national attention being given to renewable fuels, the bipartisan support it has received, I predict there will be millions of research dollars available for ag research. And if you listen to Secretary Johanns when he talked to the Cattlemen's Beef Association last week in Nashville, Tennessee, he noted there will be lots of research dollars available for ag-related research in the new farm bill. There is a national private organization named 2525 whose goal it is to promote and have 25 percent of the energy consumed in the United States as agricultural-related and renewable by the year 2025. Senator Maurice Kremer (sic) is a Nebraska chair and Richard Hahn of Omaha is on the board. And I believe their goal, while lofty, is achievable and needs the support of the government and science. I also believe that the university is one entity who can do more to chart the future of Nebraska and enhance the quality of life than any other entity in the state. That's why when I read an article in the newspaper about these bills I thought it was a good idea. When I saw the State Fair board oppose the bill--I think it was in last Saturday's paper--I felt it was important to come in from Paxton and let the committee know that the studies ought to be done and that the state has a responsibility to make sure they're done in an objective and unbiased way. I'd encourage the committee to support these bills--LB131 and LB435--and it is important that these plans to study the best use of the fairground area have objectivity and credibility, and I believe they would receive all the support of rural Nebraska. Thank you. [LB131]

SENATOR ERDMAN: Thank you, Ralph. Any questions for Mr. Holzfast? I just had one correction for you. I know you didn't mean to say it, but I think it's Bob Kremer who's the chair and not Maurice Kremer. Maurice was his dad. [LB131]

RALPH HOLZFASTER: Oh, excuse me. Yeah, Bob Kremer, yeah. And I know him real well. I'm sorry. [LB131]

SENATOR ERDMAN: I don't see any questions, Ralph. We appreciate you coming down. [LB131]

RALPH HOLZFASTER: I remember Maurice Kremer one time when he was down here, he was on the committee--Ogallala Aquifer committee--and he said he met with the governor of Texas. And one thing the governor said, he said if we could trade our oil for your water we'd do that. That always stuck in my mind. [LB131]

SENATOR ERDMAN: Very good. [LB131]

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RALPH HOLZFASTER: That was a long time ago. Thank you. [LB131]

SENATOR ERDMAN: Thanks, Ralph. Next testifier in support, please. Can I see a show of hands of those remaining that wish to testify in support of LB131? Can I see a show of hands quickly of those that wish to testify in opposition of LB131? I see four. Okay. Five. Go ahead. [LB131]

MARK BOWEN: (Exhibit 6) My name is Mark Bowen, B-o-w-e-n. I'm chief of staff for the city of Lincoln. I have a copy of my statement for you. I'm here to express the city's support for LB131 which calls for the development of a University Research and Development Corridor Plan. The city recognizes the university as a major part of economic growth for the benefit of the city and the state. The city of Lincoln and the university are partners in many projects including the Antelope Valley Project which is removing more than 900 homes and 300 businesses from a floodplain. Most notably, the project removes 50 acres of land from the floodplain that can be developed by the University of Nebraska for research facilities and also make additional land available for private business expansion and investment. The city stands ready to work with the university to provide information it may need from the city in developing the plan as proposed by LB131. The capital city has a strong record of working with the university and the state. The city encourages the committee to advance LB131. [LB131]

SENATOR ERDMAN: Thank you, Mark. Any questions for Mr. Bowen? I don't see any, thank you, sir. [LB131]

MARK BOWEN: Thank you. [LB131]

SENATOR ERDMAN: One last call for proponents on LB131. I see none. We'll proceed to opponent testimony on LB131, and again, if you're prepared if you could come forward and be ready or at least be prepared at your seat there then that will make our process go efficiently. And again, make sure you state your name and spell it for the record. [LB131]

TAMAS R. ALLAN: (Exhibit 7) Mr. Chairman, Senators, my name is Tam Allan, vice chairman of the State Fair Board. [LB131]

SENATOR ERDMAN: Hold on a second, Tam. Do you have a sign-in sheet? Minor detail, but we'll take care of it here. [LB131]

TAMAS R. ALLAN: Sorry about that. [LB131]

SENATOR ERDMAN: We can get it for you, Tam. Go ahead. [LB131]

TAMAS R. ALLAN: We are here to oppose a small part of the LB131 bill. [LB131]

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SENATOR ERDMAN: Tam, just because we don't have your sheet yet, we is the State Fair Board, correct? [LB131]

TAMAS R. ALLAN: Oh okay. Yes. [LB131]

SENATOR ERDMAN: Okay. [LB131]

TAMAS R. ALLAN: Vice chairman of the state fair board. [LB131]

SENATOR ERDMAN: Go ahead. [LB131]

TAMAS R. ALLAN: We're opposing one factor of the LB131. But perhaps before I should start on that is I'm here to tell you that the state fair board is not against research. It's not against economic development in Lincoln. It's certainly not against the University of Nebraska, which we value as an important partner, particularly with the Devaney Sports Center and the other very important support that the university does for the state fair. We are against a study that could possibly be skewed to come out with an unnecessary land grab result that perhaps could be avoided. I have to pass out prior to Chancellor Perlman's comments President J.B. Milliken of the university had made the comment is show me some land where the university can expand. And also Chancellor Perlman followed up on that is that the university is landlocked. Perhaps a suggestion to this committee is that there does seem to be land available. You've already heard about the last page on this is the approximate 400 acres that the university has on 84th Street. There is now, with the creation of the floodplain, just as Mark Bowen from the city suggested, approximately another 58 acres adjacent to the campus which has been described an area large enough to have at least five more Beadle Centers. Also, there's the technology part that's been overlooked in this whole discussion. Even with the addition of the new Verizon Call Center, there's another 80 acres available for exactly what we're speaking about is technology, research out at the interstate. And on the east campus there's another 170 acres that would be available. And certainly for some of the agricultural research it would seem to make sense that it would be close to the agricultural campus. I guess the opposition that we would have--and it's a small one--is that in this bill it specifically directs the university to include the State Fair Park property. And I guess we would offer suggestion that if it just included the surrounding area, and you know that might include the State Fair Park, but I would hate there have to be a direction that a master plan is that the Legislature agreed to direct the university to include the State Fair Park before this committee, before the Legislature resolves this issue in front of us. [LB131]

SENATOR ERDMAN: Thank you, Tam. Any questions for Mr. Allan? Thank you, sir, for your testimony. [LB131]

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TAMAS R. ALLAN: Thank you. [LB131]

DANNY E. WALKER: (Exhibit 8) Good afternoon. I'll begin by introducing myself. I'm Danny Walker. I'm a 65 year resident of Lincoln. I reside at 427 E Street. I'm attempting to maintain kind of a neutral stance, but I think there is some issues involved in both of these bills that the committee should very seriously consider. I must say that I am shocked that moving the state fairgrounds is even being considered. It also seems strange that the University of Nebraska seems to be interested in the grounds that the state fair currently occupies when one considers the fact that the university also wanted (inaudible) junior high school properties, and now the building sits there going to waste, is in fact, slowly deteriorating. Keep in mind, this building was initially one of the cornerstones of the Antelope Valley Project. When one considers the fact that the vision 15 groups seems to be the main instigators of bills LB131 and LB435, and ladies and gentlemen that's part of the reason I'm here. As a laymen, that's the way I read those two bills in the newspaper. What's this individual doing? Is he a lobbyist for the vision 15 group of what's going on? If you're going to get in to introduce bills you better get into it a little deep. Let's ask vision 15 where's the money coming from? Is it going to be hindered on the taxpayers or what? Be advised. Perhaps one should question the qualifications of the vision 15 members when one considers the fact that the vision 15 group had to rely on advice from members of the Omaha, Nebraska Qwest Center Arena, which I might add is in serious financial trouble currently. Unless the actual fact is the vision 15 group actually is looking for ways to place the burden of cost of a new arena in the area of Lincoln Haymarket Park on the taxpayers' back. And also keep in mind that Haymarket Park is one of the highest contaminated areas in the state of Lincoln. Believe me, I know. I worked there two and a half years. In closing, keep one thing in mind. The area that is being proposed as a new location for the fairgrounds is in fact a floodplain and flood area with no levy system. And that is a risk area. Highway 6, Waverly, that whole area out there is low-lying land, and keep in mind adjacent areas around that area there is just currently being developed, and there's major developments taking place, which I'm sorry to say, it's going to increase the risk of flooding. Are there any questions? [LB131]

SENATOR ERDMAN: Thank you, Danny. Any questions for Mr. Walker? I don't see any, thank you, sir. [LB131]

DANNY E. WALKER: Thank you. [LB131]

SENATOR ERDMAN: Next testifier in opposition, please. [LB131]

HARRY L. MUHLBACH: My name is Harry Muhlbach, spelled M-u-h-l-b-a-c-h. I grew up in central Nebraska and I went to the University of Nebraska, and since I've stayed down here I farm north of Lincoln. The voters of Nebraska voted two years ago to help save the state fair. This bill right now is ahead of its time. It has not allowed the State

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Fair Board to show that the state fair can function. The university has other places they can do research at. This bill should not be going for a study on the state fairgrounds right now. The voters of Nebraska voted to save this fair, yet we're in the process of trying to destroy this fair if they can show the figures, economically, that they can generate money on this ground over there. You can show figures any way you want. If the locally university people want that to fly they will show it that it will fly. I had some elders when I were growing up told me about the university. Said why would you go to the university, because they can come back and haunt you? Out in central Nebraska where we have ethanol plants, and the people that use them and gain by them, we're talking about putting a little ethanol plant on the fairgrounds and we're talking about putting a biodiesel plant on there. We have other locations that we can put that on. It appears that if they can show this that it'll make money that they can override the state of Nebraska people that use the fairgrounds. It's a history. It's been in existence as long as the university has, this fairgrounds, yet the university is trying to trump it. The other thing is the cost of this study right now is taxpayer money. Somebody's going to have to pay for this cost of this study, which shouldn't be a detriment to the state of Nebraska right now. And I've heard about angles and how this would tie the east campus into the city downtown campus on an arc. To me, when I grew...a straight line is the shortest distance. The university can go by this fairgrounds without having to have that. The other thing is by this study is not giving the people that respect the state fairgrounds as a historical monument or whatever you want to call it. There's people that come down here for recreation, to get away, the pride of their family live out in the western part of Nebraska. You get away from Lincoln a ways and people don't show any respect for those people that live out there and I call it in the sticks. I lived out in the sticks. But they says well, you know, that's only a few people. We can load the deck here in Lincoln, Nebraska and trump that because there is more people. And the fairgrounds is more than economics. It is about the history of Nebraska. We had some buildings tore down out at the state fairgrounds where the Devaney Center is that if they were at the haymarket today they would be a multimillion dollar entertainment building, that we tore some buildings down there...I would think the average person in here probably was never in them that should have never been tore down. And we're on the verge of just talking about eliminating this history. [LB131]

SENATOR ERDMAN: Thank you, Harry. Any questions for Mr. Muhlbach? Harry, I live so far west I think you run out of sticks before you get to where I live. So appreciate you recognizing we live out there. Next testifier in opposition, please. [LB131]

JOHN K. HANSEN: Chairman Erdman, members of the committee, for the record, my name is John K. Hansen. I am the president of the Nebraska Farmers Union, the second oldest, the second largest general farm organization in the state. I appear today in opposition to this particular bill for several reasons. One is that as we have gone through our organization and our meetings, folks out in the sticks and those areas where their so far out they run out of sticks and have to use straw, who come into the

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university and also come into the state fair. We're in good support of the idea of giving additional funding to support the state fair. Give it the necessary financial base to make improvements to do the things that they wanted to make the state fair facility that was more usable, that was more appropriate, was more user-friendly. And as someone who has been exhibiting at the state fair for some time, the State Fair Board has done a very nice job, I think, of turning some things around. The attitude is better. The atmosphere is better. The folks who come through the fair like what they see. But a big part of what goes on there is also--and it's been alluded to in previous testimony--the history of folks having been to the state fair when they were kids, coming back to a familiar setting. Coming back and looking for the improvements, but the history and the heritage of the current state fairgrounds is very significant. When I look at this particular study it is troubling when we have the University Research and Development Corridor Master Plan tied to a specific piece of real estate. Those should be separate issues. If there's going to be a University Research and Development Corridor Master Plan then there ought to be lots of different kinds of real estate options. We ought to be looking at ground in east Lincoln that's already owned, and if it's such good ground for the state fair it ought to be pretty good ground for the University Research and Development Corridor Master Plan to consider as well. We have ground available at Kearney. We have ground available in other facilities. If there's going to be a Research and Development Corridor it should not ought to be tied to one particular piece of ground. Secondly, when I look at this particular study it seems to me that the University of Nebraska, who has been drooling over this ground for some time, is not exactly an objective third party. They would be providing the necessary dollars through tax dollars to hire consultants. I'm thinking they're going to hire consultants that are going to tell them what they want to hear. And they're certainly going to want to be able to get their hands on this ground and they've wanted it for some time. I don't think that's a secret to anybody whose been involved in state fair politics for any period of time at all. So at a minimum, it seems that this committee, if there's going to be somebody that's going to hire consultants to do a study, why run it through the University of Nebraska who is obviously biased in the issue in that they would like to be on that property? Why not run it through this committee? We have made similar recommendations on other issues about the expertise of the particular Ag Committee. With that, we would end our testimony and be glad to answer any questions. [LB131]

SENATOR ERDMAN: Thank you, John. Any questions for Mr. Hansen? Don't see any, thanks, sir. [LB131]

JOHN K. HANSEN: Thank you. [LB131]

SENATOR ERDMAN: Next testifier in opposition, please. And quickly can I see a show of hands of anyone else wishing to testify in opposition? Okay. [LB131]

RICHARD HALVORSEN: My name is Richard Halvorsen, H-a-l-v-o-r-s-e-n, and I am

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against this as it pertains to the part about State Fair Park. I don't think anybody here is against research. And like the other people have mentioned, there's plenty of land available. I don't know why other places...why, in this age of internet, fax machines, all that, it has to be next door to the university city campus. And then I think the study is just going to be a waste of money. It's going to be irrelevant. I can tell you it's going to cost millions more to move the State Fair Park from where it is out to the Ag Center. And then, again, how do you factor in tradition? I may use an example of a old house or a car you've had for years. The house, you know, may not be worth putting repairs into it. Somebody might advise you to tear it down and start over. But there's a tradition and history with the...you want to stay with that object. And plus, like as alluded to the last thing, at the Wednesday meeting of the 2015 Vision Group public meeting last Wednesday, Chancellor Perlman said he didn't care. They're going to get the state fair now or they'll get it later. So even if this study shows it's not economically viable there's going to be another play for this land down the road if we take those statements to be true. So I think you're just wasting the money on the study. Go ahead with it at this point. And plus, like I say, the facts once you get them, it's going to take years to implement. Inflation will enter into there to so you won't have accurate figures when you get them. Thank you. [LB131]

SENATOR ERDMAN: Thank you, Richard. Any questions for Mr. Halvorsen? Richard, I guess...hold on a second. I guess what I would like to see from you is if you can prove that those comments were made, I guess we'd like to see them as a committee. We gather a lot of testimony and I would, you know, encourage respect in this process. The chancellor is here, and you know, if he did say that and you can prove it I would like to, if possible... [LB131]

RICHARD HALVORSEN: Well, there were 300 people there, but I don't have any of them here in the room right now. So... [LB131]

SENATOR ERDMAN: Well, if you can confirm that we would appreciate it. [LB131]

RICHARD HALVORSEN: Okay. [LB131]

SENATOR ERDMAN: Thank you. Anyone else wishing to testify in opposition, please? I see none. Anyone wishing to testify in a neutral capacity? I don't see any. Senator Raikes is here to close on LB131 unless you would choose to waive closing, Senator. (Laughter) Okay, we'll let you close. [LB131]

SENATOR RAIKES: Senator Erdman, thank you. As some of you know, I'm not used to introducing bills that have proponents so I'm thankful to the opponents for making me feel at home. (Laughter) Senator Dierks raised the question of the fiscal note and I apologize for not having that. You'll notice that what they've done as a fiscal office is that there is no fiscal impact to the state. They have tried to estimate what it would cost

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the university or another agency to do this study. But the way it's specified right now there is no cost to the state. I think, at least as I see the purpose here, there are a couple of critically important things. One is that the study be adequate or sufficient to address the issues that need to be addressed. So if that really requires a \$100,000 study then you don't want a \$50,000 study. If it requires...you want something that does what needs to be done. The second thing, as has been pointed out I think several times before, is there can't be any actual or perceived bias that the study is being funded and therefore directed by an entity that has an agenda. So finally I would point out that a \$245,000 state obligation--if that's what it would turn out to be--is a significant obligation. That's not something you ignore. So I think that's a question that still, perhaps, needs to be resolved and I'd be happy to work with you in the event you decide to go forward on that issue. But with that, I'll stop. [LB131]

SENATOR ERDMAN: Thank you, Senator Raikes. Any questions? I would have, I guess, one. And I apologize. I missed your opening. I was in another committee introducing a bill. But the testimony at points talked about the potential conflict of having the university conduct this study. And your closing talked about the need to avoid the bias. Do you have an idea of how you can do that given the circumstances that we're in that the university has...they receive a value on that property if there's a viable alternative for the state fair? Do you see a potential conflict with the university conducting this type of planning for their own benefit similar to, I think, what the State Fair Board presented, and that's where you specifically name State Fair Park for this effort? Do you have any concerns about that, Senator? [LB131]

SENATOR RAIKES: I do and quite frankly, it may be possible to eliminate any possible perception of an agenda or a bias. It probably wouldn't be very easy to do that, but I think it would have to be done if the study is going to serve the purpose that I think needs to be served. [LB131]

SENATOR ERDMAN: Okay. Very well. I don't see any further questions. Before we close, we don't have any letters of support or opposition that need to be read in so that will close the hearing on LB131 and Senator Raikes, you're recognized to open on LB435. [LB435]

SENATOR RAIKES: Thank you, Senator Erdman. Again, Ron Raikes, District 25, LB435. [LB435]

SENATOR ERDMAN: Okay, Senator, hold on one second. Let's take a brief minute break here so that we can change the tape. That allows the people that may not want to testify on the second bill to clear the room as well. [LB435]

SENATOR RAIKES: You've allowed all my proponents to escape. (Laughter) [LB435]

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SENATOR ERDMAN: Okay, we're going to reconvene. This will open the hearing on LB435 again. Senator Raikes, you're recognized to open. [LB435]

SENATOR RAIKES: Okay. I'll start all over. (Laughter) Senator Erdman, members of the committee, Ron Raikes, District 25, LB435. This bill requires the Nebraska State Fair Board in conjunction with the city of Lincoln, Lancaster County, and the state building division of the DAS to develop a Nebraska State Fairgrounds Master Plan. The plan shall include current and updated plan for the use of Nebraska state fairgrounds by the Nebraska State Fair Board over the next 15 years; a 15-year cash flow analysis of the capital maintenance and operational cost associated with the plan; the status of deferred maintenance and infrastructure needs at the end of the 15-year period; an economic cost benefit analysis of the state and local benefits associated with the plan, and; an analysis of the costs and benefits, together with potential savings in capital and operating costs associated with collocation of the State Fair and the Nebraska State Fairgrounds with another agricultural exposition facility at a site other than the Nebraska State Fairgrounds. The master plan, along with recommendations on how to proceed to implement the plan, must be provided to the Legislature and the Governor by November 1 of this year. In addition, LB435 requires that no funds be dispersed for improvement, construction, or renovation of buildings, facilities, and grounds on the Nebraska State Fairgrounds, until six months following the submission of the plan with the exception of funds deemed necessary by the Fair Board for fire or life safety and general maintenance and repairs. There's some confusion, I think, about what is intended. Maintenance and repairs are intended to be allowed. However, no disbursements for major building or construction would be allowed under the bill. The purpose of this revision is to hold off on further investment in State Fair Park until sufficient time has passed to determine which direction the state wants to go in using the property. Like LB131, this bill is about gathering the information necessary to make an educated decision. At this point, we don't have a good handle on the costs and benefits of continuing the state fair at its present location. We also have no idea as to how those costs and benefits compare with the costs and benefits of using this land for research and development corridor, which is the purpose of LB131. These studies essentially ask both parties the following three questions: 1) what plans do you have for the property? 2) where will the money come from to implement that plan, and 3) what are the costs and benefits that will result? By answering these questions the plans proposed in both bills will provide us with data necessary to make a meaningful comparison of the costs and benefits derived from each use, allowing us as policymakers to make an informed decision as to which use best satisfies the interest of the state. There's been some concern expressed by the State Fair Board that LB435 will not result in objective data; however, that is one of the reasons that there are two bills--one by the university and one by the Fair Board so that the Fair Board, with the input of the county and the city, can validate their data and articulate their data conclusions. The bill requires a study of collocation with another agricultural exposition facility at a location other than the State Fair Park. While I know that the city of Lincoln does not want the state fair to leave

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Lincoln, if it makes sense to study locations outside the city of Lincoln I would certainly be amenable to that change in the bill. As was the case with LB131, I also agree with the recommendations of the committee's research analyst as to the addition of the emergency clause. Again, the November 1 deadline for completing the plan would seem to pose a difficult hurdle without the benefit of an immediate start. I'll stop there and attempt any questions, Senator. [LB435]

SENATOR ERDMAN: Thank you, Senator Raikes. Any questions? Just one quick question for you. In addition to the language on LB435 on page 4 where it talks about an analysis of collocating the state fair and the Nebraska state fairgrounds with another agricultural exposition facility, could we include a provision or would you be opposed to a provision that would also ask the inverse, and that is locating other agricultural exposition facilities at the state fairgrounds? [LB435]

SENATOR RAIKES: I wouldn't oppose that. [LB435]

SENATOR ERDMAN: Okay. [LB435]

SENATOR RAIKES: Yeah, I wouldn't oppose that. I'd just comment on that. I think, you know, several people have made the point, well gosh there's university-owned land several different places around the city, around the state, and so on. Why don't we go there? And certainly that should be an option. I think proximity to the research student so on facilities we have now is the draw for the area in question. But all of those kinds of things I think are fair game for inclusion in the study. [LB435]

SENATOR ERDMAN: Okay. Any further questions for Senator Raikes? I don't see any. I suppose you'll plan to close, is that accurate? [LB435]

SENATOR RAIKES: You don't suppose? [LB435]

SENATOR ERDMAN: I suppose you will. [LB435]

SENATOR RAIKES: Oh. [LB435]

SENATOR ERDMAN: We would hate to miss that opportunity, but we sympathize with your efforts next door. [LB435]

SENATOR RAIKES: I was going to say no. I was going to say no until you pleaded like that. (Laughter) [LB435]

SENATOR ERDMAN: We're going to be here as long as the people that you brought to support your bill are here. [LB435]

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SENATOR RAIKES: Yeah, I'll stick around for awhile. [LB435]

SENATOR ERDMAN: Okay, thanks, Senator Raikes. Can I see a show of hands of those who wish to testify in support of LB435? I see three, four...okay. Can I see a show of hands of those who wish to testify in opposition? I see five. Okay. Anyone in a neutral position? I see one. Proponents, please come forward. We'll follow the same procedure as we did on the previous bill. Make sure that you have your testifier's sheet filled out and that you hand that to Linda, our committee clerk, before we begin your testimony. [LB435]

RICHARD CAMPBELL: (Exhibits 9 and 10) Senator Erdman and members of the Ag Committee, I am Dick Campbell, C-a-m-p-b-e-l-l, residing here in Lincoln. I am not going to--even though my testimony is short--I'm not going to read it. I'm going to try and leave that with you. I have two things that are being handed out. The first is just a copy of my testimony. The second is a list of questions that I personally have come up with that I think need to be answered in this process for your consideration. I am here today as a volunteer citizen and also having served as the mayor's chair for the event center task force here in Lincoln. I've gained a lot of knowledge over the last two years on what each of these entities that we're discussing do and how they've gone about it and what the potential could be for the future. One of the big disagreements that has transpired within the Lincoln community has revolved around the fact that the task force used the 2000 and the 2004 studies that were done of the state fair. And there have been some members of the State Fair Board that have indicated in their verbal comments in different environments that we've been in that this isn't exactly what the state fair wants to do or the direction they want to go. But there is no other master plan in place. And I think it is very important that we have that master plan, because I don't think there's any question that we all want our fair to survive, but most importantly I personally want to see a fair 15, 25, and 50 years from now that is viable and is relevant to the people of the state. So I think an open objective study being done where there can be all the input and then it isn't a question of whether we should have a fair, but it should be where should it be and how is it going to be viable and what should a fair be in the future? What's going to appeal and be relevant to the citizens? One of the things that I did gain from the mayor's task force that I think is very important and that is that attendance presently from the state fair, roughly comes 70 percent from within 20 miles of Lincoln, 20 percent comes from Douglas County, and 10 percent comes in from the entire rest of the state. And so people have asked what interest does Lincoln have in this? I think Lincoln has a very vested interest in this besides the dollars that are coming from the community to assist with the fair. I think that we need to look at how to come up with a plan that we do move forward and I would offer for your benefit, if you so desire, that any of the research that the mayor's Arena Task Force came up with, events that her task force came up with, and all the information that we accumulated would be open for your benefit however you desire to proceed with this. But I do urge both of these bills to move forward and for us to have an objective study where we can all make a very

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intelligent decision that is good for the interest of the taxpayer of the state. [LB435]

SENATOR ERDMAN: Very well, Dick. Just give me one moment here. I need to verify if our system is still operating. [LB435]

RICHARD CAMPBELL: We crashed. [LB435]

SENATOR ERDMAN: We'll take a brief recess while you ponder your potential answers to any questions we might have. Okay, are there any questions for Mr. Campbell? Glad you waited, Dick. Thanks for your testimony. (Laughter) [LB435]

RICHARD CAMPBELL: Thank you. [LB435]

SENATOR ERDMAN: Next testifier in support, please, of LB435. [LB435]

JEFF MAUL: Chairman Erdman, other members of the committee, good afternoon. My name is Jeff Maul, M-a-u-l. I'm executive director with the Lincoln Convention and Visitors Bureau here in Lincoln. I am here in support of LB435. Much of what's been talked about today is exciting to me. Tourism is what we do. We bring people to Lincoln and showcase the facilities that we have. And much of what 2015, much of what much of the research is putting forward gives me more to sell, gives me more assets in the community. We have many facility inadequacies and deficiencies in Lincoln, both from an arena standpoint and other facilities across our city. And a lot of what we're seeing today and what is going to be done in the future makes us a better city and gives us more to sell. We're very proud to have the state fair in Lincoln. It is a tourism impact event. It brings dollars to our community late in the summer and it brings people, as Dick Campbell mentioned, primarily from this region--Lincoln and Lancaster County as well as Douglas County and other parts of the state, primarily from right here in our own neck of the woods. I believe a thorough analysis needs to be done through LB435 and we need to pull all the pieces together, take a look at all the studies that are there, and make the master plan something that determines whether we need to put the money in State Fair Park and its existing location, which you'll know I'll be happy to sell that as well. You know, that's just another asset that I'm going to sell that I do everyday and our staff does everyday. But the coexisting properties at 84th and Havelock Avenue has a far much more meaningful impact for our office and for the city, and I believe for the rest of the state in that we create a agricultural campus or facility that is known on a national basis. You're looking at two and a half, maybe up to three times the facility square footage and acreage by co-combining these facilities and gives us a lot to sell. And we'd be able to go after national events. Lincoln, as we know it today, is very much of a state community. A lot of what comes to Lincoln is state-based and regional-based, and this just opens us up to doing some national deals. I guess my biggest comment here is that we move forward quickly. We continue to fall behind everyday in tourism in Lincoln because of our facility inadequacies. So... [LB435]

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SENATOR ERDMAN: Thank you, Jeff. Any questions for Mr. Maul? I don't seen any, thank you, sir. [LB435]

JEFF MAUL: Thank you. [LB435]

SENATOR ERDMAN: Next testifier in support, please. I believe we should have one more after Harry gets done. Is that right? Is there one more individual? At least one more. Okay. [LB435]

HARRY L. MUHLBACH: I'm in support of it. We need to... [LB435]

SENATOR ERDMAN: Hold on a second. You're going to have to state your name for us again. Sorry. [LB435]

HARRY MUHLBACH: Yeah, okay. Harry Muhlbach, last name is spelled M-u-h-l-b-a-c-h. [LB435]

SENATOR ERDMAN: Go ahead. [LB435]

HARRY MUHLBACH: Okay. I'm in for of it. The Husker Harvest Days was brought up as, you know, a possibility or something, and that is more commercial and the state fair is more pride of the state of Nebraska and it needs to be shown that that can be a feasible enterprise for the state. And if it shows that needs to work with another entity like the event center or something, I'm in for of it to make it...the only question I have is if it shows that it can make a profit does what this 2015 plan, say if they show that they can make a profit, too, which card trumps? I don't particularly like the proposal to move it to 84th and Havelock. I think it needs to go a little further east, because it's turning around landlocking it again. And from my history on state fairs, some of the state fairs cover up to over 1,000 acres, the successful state fairs. And so if we try to squeeze it in where they're talking about we need to open the box a little more on the location. Even if it stays within the jurisdiction of where the events center is, but it may need to move east another half mile and it still would be out of the floodplain if they move it far enough east. But don't turn around and get your situation where in 20 years you're going to say why did we put it there? But my main concern is the study needs to be done, but I want to know whose card is going to trump who if both studies come back and say, like LB131 comes back, if they follow through on that or if they drop it. [LB435]

SENATOR ERDMAN: Okay. Thanks, Harry. Any questions for Mr. Muhlbach? I see none, thank you, sir. Next testifier in support, please. [LB435]

MARK BOWEN: (Exhibit 11) I have a copy of my statement for you also. Again, my name is Mark Bowen, B-o-w-e-n. I am representing the city of Lincoln. I'm the mayor's

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Chief of Staff for the city of Lincoln. I'm here to express the city's support for LB435 which calls for a state fair plan. Lincoln is a proponent of the state fair. The city supports the state fair and is proud to serve as its host city and wants the state fair to stay in Lincoln. The city of Lincoln recently completed an examination conducted by the mayor's task force, which Dick Campbell described to you earlier, of the event venues in Lincoln with the goal of preventing duplication between the venues and making the most of our limited public dollars to ensure their success. Task force members represented all major venues in Lincoln, including the State Fair Board and the State of Nebraska Department of Administrative Services. The final task force report affirmed that there is an opportunity to prevent duplication of venues if there is cooperation between entities. The city of Lincoln is voluntarily providing \$275,000 annually to the state fair to make it eligible for \$2.7 million of state lottery funds. This is much more than the \$200,000 originally estimated. Section 2-101.01 of the state statutes says the state fair should work with municipal officials to enhance the board's participation in local planning efforts to create a partnership with local economic development and tourism. While the mayor's task force was a community driven task force, we invited the state representatives to participate. We also are encouraged that there should be a state fair study by the state itself. The city stands ready to provide any information to the state fair that you may need from the city of Lincoln to develop a plan as proposed by LB435. The capital city has a strong record of being supportive of the state fair and honors its role as the host city. The city of Lincoln wants the state fair to be the biggest and best it can be. [LB435]

SENATOR ERDMAN: Thank you, Mark. Any questions for Mr. Bowen? Just kind of an observation, Mark. [LB435]

MARK BOWEN: Sure. [LB435]

SENATOR ERDMAN: Both times you've testified you've mentioned the fact that the city of Lincoln is putting in the \$275,000 annually, which was more than you had requested, but we're not just giving you the \$2 million. We're giving you proportionally more as well. So I guess I'm making sure that you don't see that as a detriment to your community that even though you're putting more in you're also getting more money for that effort. Is that understand...or do you feel... [LB435]

MARK BOWEN: The \$2.7 million goes to the state fair not the city of Lincoln. [LB435]

SENATOR ERDMAN: Right. But it's a benefit to the community of Lincoln, is it not? [LB435]

MARK BOWEN: Eventually through the tourism provided by the state fair. Yeah. [LB435]

SENATOR ERDMAN: Okay, thank you. Thank you for your testimony. [LB435]

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MARK BOWEN: You bet. [LB435]

SENATOR ERDMAN: Next testifier in support. And I believe if my count is accurate, Mr. Seacrest is our last proponent. [LB435]

KENT SEACREST: (Exhibit 12) Good afternoon, Mr. Chairman, members of the committee. My name is Kent Seacrest, S-e-a-c-r-e-s-t. I am a planner, lawyer, and consensus builder. I wear lots of hats, and I want to talk about two of my hats with you today. One of my hats is I am my father's son and Tam Allan, who he and I are probably on different sides of this issue, we both had newspaper fathers that dragged us to the fair when we were very young, and then as we got into it we probably dragged our fathers around in excitement when that time came. So the fair has been very important to both of our lives. The second hat I want to talk about is an old hat I was asked to wear in 2003-2004. If you remember that era, that's when the state fair was in dire financial condition. There was public mention of potential bankruptcy and letting key staffers go at state fair. Then Governor Johanns, Mayor Coleen Seng, and Chancellor Perlman asked me to lead up a spearhead of a partnering committee that was made up of all the key stakeholders at the time in 2004 to stop the demise of the economics of the fair and to keep the fair going. The Department of Administrative Services was included. You had two state senators, Senator Schimek and Senator Beutler, Lancaster County board members, horse racing officials, university business leaders, and State Fair Board members and their staff worked with this partnering committee. The partnering committee tried to answer the question of the relevancy. They met almost every other week for four months. They wrote and approved over a 100-page report and that was presented to the State Fair Board, I believe, in 2003-2004. The State Fair Board received the report with many thank you. I was applauded and the board unanimously agreed to the conclusions of the 2004 Governor's Report. That report then was shared with the Legislature on January 5, 2004. I, along with others, testified to the Legislature would you please start implementing the one key part that was identified in the report and that was to get lottery proceeds, about that \$2 million that ended up being put on the ballot thanks to the Legislature, and the voters did approve in, I think, in the Fall of 2004. So that stopped what I call the difficult hemorrhaging that the state fair was experiencing. Well, I want to talk about the 2004 report because it had a lot more in it than just let's get \$2 million of lottery proceeds in there. There was a section in that report about collocating and relocating. We studied Grand Island and Husker Harvest Days all the way to Omaha and everything in between, and the consensus was the collocation at state fair back then was the best mousetrap with Lancaster County Fair again, because the economics of the equation. But the committee felt that because the economics were the real crisis that this collocation/relocation had to wait and needed further study. So the collocation/relocation issues were never officially part of the final recommendations but they were discussed along the way. Well, the last 12 months, the mayor's Arena Task Force, again, I wore that hat. I was asked to be, by the

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mayor, on that committee as well. Did talk about further location and that report of the mayor's concluded every member except the representatives from state fair did support collocating and relocating out at 84th and Havelock. Now that's a Lincoln study. That's what's so important about what you're doing. This is a state question. It needs to be answered by the state of Nebraska, and so that's why it's time to ask it from a state perspective and do the study at the state level along the way. You know, there's been lots of costs, you know, in the paper about collocating and relocating, and it will be expensive. But what's not being discussed yet, and that's what the study will I think identify, is the cost of staying. In 2000, that master plan indicated that it had about \$27 million of needed improvements. If you put construction inflation factor on there that would be about \$39 million today. Okay, so you know, maybe the 2000 master plan is out of date. In 2004, when we were working with the State Fair Board leadership and the staff, we came up with another modified version of the master plan and we priced that, and that, again, is shown to you on page 2 titled 2004 Action Plan Expenditures. If you study those expenditures that were in the Governor's Report in 2004 you will see that they total about \$37 million in 2004 dollars. So again, we got pretty big costs for state fair to stay where they are and go forward along the way. They were talking about all sorts of new exhibits, infrastructure was needed of about \$10 million, arena possibly, horse racing track, etcetera. Well, page 3 of your handout shows you the 2004 Action Plan Revenues that we came into proposing. And if you look, they matched about \$37 million too. But what was interesting is to date we have only implemented the first one--the lottery proceeds. The other two recommendations of the Governor's Report said we needed to go get the county lodging tax of about \$225,000 annually appropriated to help the state fair and the State Fair Foundation needed to raise, from the private sector, about \$800,000 annually. Those last two things haven't happened quite yet and there's about \$1 million that means our 2004 plan doesn't balance, okay? So we had state fair support in 2004. Again, they can change their mind and they reserve that right, but we are short annually about \$1 million. I want to then point out the other real issue of the 2004 report--horse racing. We did an economic analysis in 2004 that if horse racing was not successful and was not part of the real long-term plan, our \$37 million had a \$20 million bust in 20 years. Horse racing was that key to the success of State Fair Park. And so as a result, we've got to talk about horse racing. We have an old track, five-eighths of a mile. The industry wants a mile. The grandstand is hard to heat, not very comfortable, not very popular. We need to, you know...if that's a strategy you've got to study that and figure out if a new horse racing facility could be part of the equation. The last page I want to point out is page 5 and I took this from the proposed budget of state fair. They show an operating deficit for 2007 of \$1.9 million with \$940,000 of depreciation. It then resulted in a cash operating deficit of about \$1 million after we got the \$2.4 million of lottery proceeds along the way. So we had an operating deficit, \$2.4 million, lottery proceeds will come in. That then put us back in the black as a state and the State Fair Board of about \$1.4 million. Now that's this year. If you look at the 2000 master plan, you look at the 2004 plan, \$1.4 million is not going to serve programming and capital expenditures very easily. Here's your dilemma. We can talk

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about collocation and need to study it and it has a price tag, but so does them staying where they are given their antiquated facilities that aren't totally been kept up to date and the deferred maintenance that we have suffered. The funding sources might not match. So in either case there's a state issue here. Our thought is that by collocating we have more partners and the private sector is more supportive, we will get other dollars besides the state's involvement here to make it go forward. The bottom line is we do need you to do the study. We do need accuracy. We do need professionalism. We do need consultants that are independent of the fair to do this, because it's time for you to study it. We've studied it as a Lincoln community. We studied it in 2004 on behalf of the Governor and the conclusions really haven't changed. They've done a great job with what they have, but it's not going to be enough given the hole that they find themselves in, given some of the buildings and the condition of their infrastructure out at State Fair Park. And with that, again, as a kid that went to the fair all the time and still goes to the fair, I want it around. With that, I'd be glad to answer any questions you might have. [LB435]

SENATOR ERDMAN: Thank you, Kent. Any questions for Mr. Seacrest? Senator Karpisek. [LB435]

SENATOR KARPISEK: Thank you, Mr. Chair. Thank you, Mr. Seacrest, for...I didn't hear too much about the university from you so I'd like to see the change there or the split. I guess my question is , though, even though we see how much it's going to cost us or what it's costing to do what you want to at the State Fair Park, how much is it going to cost to move all that and then, you know, where's that money going to come from? [LB435]

KENT SEACREST: I skipped over one exhibit. The mayor's Arena Task Force estimated, on page, I think it's page 4, that if you were to take the 2000 master plan, bring it up to date and do other things to make it bigger and better, they came up with \$57 million estimate. So if they stay where they are it's \$57 million. The collocation numbers, I think, were around \$65 million to \$70 million to move. But here's some new opportunities when you move. To date, they've not been very successful privately fund-raising. 2015, for example, went to the December board meeting and said we put in approximately \$6.5 million. If you do the land exchange, State Fair Park today is about 175 acres. It's bigger, but the part that you and I would call the fair is about 175 acres. And with the state of Nebraska lands of 411 acres along with Lancaster County's land, you'd have about 580 acres. Now that's probably...that would be a very big, big, big fair. Maybe we'd sell 100 acres. And if you know Lincoln real estate values of land that's dry, doesn't flood, and a sewer bowl, you would discover there's some money there that could be turned around as an asset. The mayor's Arena Task Force did not propose asking the state of Nebraska. They came up with a series of other funding sources that looked at tax increment financing, federal highway bonds, some LB500 bills that might come about, some other things. And they showed that the economics

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could fund the \$70 million and that was assuming the private sector would fund about \$1.5 million, when in reality 2015's proposed about \$6.5 million. So, you know, that's what you've got to do. You've got to study, determine if these numbers are fair and real before, because you've got an issue of the state's got a bill coming due, in my opinion, and the 2004 report showed that if they stay and they've got a bill coming due if they collocate. Now what's the better economic mousetrap to the state of Nebraska and gets the bigger and better fair? [LB435]

SENATOR KARPISEK: Okay, thank you. Thank you, Mr. Chair. [LB435]

SENATOR ERDMAN: Senator Karpisek. Further questions for Mr. Seacrest? I don't see any, thank you, sir. [LB435]

KENT SEACREST: Thank you very much. [LB435]

SENATOR ERDMAN: We will now have one last call for proponent testimony. Anyone else wishing to testify in support? I see none. We will now proceed to opponent testimony. Again, if you'd have your sign-in sheets prepared as you come forward that will assist us in our process. [LB435]

TAMAS R. ALLAN: Mr. Chairman, members of the committee, my name is Tam Allan. I'm vice chairman of the State Fair Board and you have all heard a lot of testimony on the same thing today so I'll try to keep my comments brief. We are testifying in opposition of a number of components on LB435. What I want to assure you is we're not afraid of studies. We do studies all the time and that's our last six years of studies. You see the 2000 study of the master plan that we still are reference over here. Kent Seacrest was referencing the 2004 Governor's Study right here and this baby right here, that's the task force study that was adopted by the city. And just to make things brief is this provides a guideline that we still follow and it talks about the further development of the Bob Devaney Center on that. This one, I might take a little bit of issue with Kent, that it didn't come to a conclusion because, under this one--and I believe that Rick has said the staff does have this report--is that the committee's preference is the joint state and Lancaster County fairs at State Fair Park. If we were just talking about money on things, it has been suggested some of my outstate board members, the best way to save money is that we can let the Lancaster County fair come back and use our facilities for four days a year for free, and we can do away with their levy ability and also the taxation ability that provides a support of \$930,000 to the Lancaster County fair each year. The things that we oppose on LB435 specifically is who is going to run it? It was used as a threat during some time of their process is that if you don't do what we want is we'll take this to the state Legislature. I'm delighted we're here. This is a state issue. This needs to be considered by this committee, by the Legislature, by the Governor. The state fair, we are very cognizant of this that we're just managers of state property, state assets, and we do this with careful supervision that's also statutory by the Department of

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Administrative Services, the Legislature, and the Governor. We think that the suitable people to run any study and we are not opposing a study so long as it's a legitimate study, would be this committee, the Legislature, and the DAS. The inclusion in LB435 of Lincoln and Lancaster County sort of runs contrary to what our next opposition is that we would not want to make the possibility of collocation to be site specific. This is Lincoln Lancaster County study. We just did this. That's a lot of material that is there and quite frankly, it was one of the most different studies that I've ever been involved in and I would suggest that each of you talk to Gerry Oligmueller, the state budget director, to ask what his opinions on that. The final recommendation of the group that we voted on was that there would be four sites considered for collocation--State Fair Park and three variations on the 84th Street. It was clear that that was the end of that discussion. I was gone for business reasons the next meeting. During the time that I was gone, it was voted on as no, we need to move it to one of the specific locations on the 84th Street. Gerry Oligmueller's objection to that is contained in that report. The other thing that we're opposing on this is the absolute freeze. And I do understand what Senator Raikes is talking about except for fire safety and just general repairs of activities at the State Fair Park. Like I said, we are already governed. Everything that we do we have to run by DAS. Anything of any consequence has to go through the Legislature, DAS, and the Governor's Office. That was in the provision of the bill that was enacted last year and it's also an important provision of our management agreement with the state of Nebraska and we honor that. A couple other things that were stated before that I need to clear up is we pay a lot of money for exit studies of the state fair by qualified people. Fifty-one percent of the people were from Lancaster County, not 70, and the rest of the people from greater Nebraska. We had 290,000 people that agree that we're doing something right at State Fair Park. I guess our point is that we'd like to continue to try to prove that. Kent's characterization, again, and this is another thing that we have disagreement about and I've asked Joseph McDermott to clarify that is that we don't have the cash deficit that he spoke of. Matter of fact, we have done preliminary 15-year plannings, which is anticipated in this legislative bill that will be finalized at our next board meeting for board approval. We have approximately \$1 million a year in the depreciation. We are allocating, perhaps, \$750,000 that in addition to our other maintenance that we can use for new projects at the State Fair Park. The income sources and the different taxing sources that Kent is talking about that the task force and Vision 2015 came up would require a debt serve alone just for \$40 million of general obligation bonds is \$3.2 million for relocation out at the Ag Society ground. Senators, we simply can't afford that. That would be a financial disaster to enter into something like that and that is combined with that the Ag Society right now runs at a deficit of approximately \$800,000, is fully subsidized by tax levy. As you well know, we don't have any tax levy on that and maybe that's the most important message that I would try to leave to this committee and that's into the Legislature is we don't want to spend taxpayer money unnecessarily. We don't think that it's necessary. We are in full compliance with any of the DAS and this group's oversight and the Governor's Office oversight. We are not here...we don't want to ask you for any money. Again, one of my

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outstate board members said what if it would be if we were to be sitting in front of you requesting a \$75 million appropriation from the state to go make the move, because that's basically what it would be if we wanted to move the fair. I'd be happy to answer any other questions that you might have. [LB435]

SENATOR ERDMAN: Thank you, Tam. Any questions for Mr. Allen? Senator Dierks. [LB435]

SENATOR DIERKS: Tam, I need to have you straighten something out for me. I think that LB435 asked for the State Fair Board to do the study. Is that right? [LB435]

TAMAS R. ALLAN: In combination with the city of Lincoln and Lancaster County. Senator, I've been through that. That was the most directed study situation I have ever run into. And like I said, I don't think it would be appropriate if we were to consider any potential relocations if we considered other areas in greater Nebraska or perhaps in the Sarpy County Omaha area. [LB435]

SENATOR DIERKS: You say...say that again. [LB435]

TAMAS R. ALLAN: I don't think that, like I said, we just completed that study. [LB435]

SENATOR DIERKS: Yeah. [LB435]

TAMAS R. ALLAN: And I don't know if it would be appropriate to have Lincoln again be part of that study with Lancaster County, because it's directed to a Lancaster County... [LB435]

SENATOR DIERKS: Oh, okay. [LB435]

TAMAS R. ALLAN: ...and not technically location, but obviously includes Lancaster County. It's very specific to an agricultural location and, you know, I just don't think that's appropriate just for that it's a state fair owned by the citizens of the state of Nebraska that we would limit it to one area if indeed it would be the decision of this group and the Legislature and the Governor to move it to another location. [LB435]

SENATOR DIERKS: Okay, that brings up another point that hasn't been talked about and that is that there's potential for a theme park going in up around Mahoney State Park and it's a private enterprise. And I'm sure they'd be looking forward to something like this as well. [LB435]

TAMAS R. ALLAN: Well, Senator, we consider what we do and what we have as something that's very valuable, but more importantly, very important to the citizens of the state of Nebraska. We have made a firm commitment to stay at the historic State

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Fair Park for that. We do operate it essentially at the pleasure of the Legislature and the state. That is who our agreement is with. Because perhaps maybe of the media coverage we have received many interesting unsolicited proposals of...Barney Cosner just received one this morning from the Sarpy County area for the relocation of the state fair. The problem, Senator, that it is is again, if we wanted to do that and sat before you, there's no money to do it without having a very heavy taxpayer subsidy whether state of Nebraska, county, or city. [LB435]

SENATOR DIERKS: Thanks, Tam. [LB435]

SENATOR ERDMAN: Thank you, Senator Dierks. Further questions for Mr. Allan? I don't see any, thank you, sir. [LB435]

TAMAS R. ALLAN: Thank you. [LB435]

SENATOR ERDMAN: Next testifier in opposition to LB435. [LB435]

ROB J. ROBERTSON: (Exhibit 13) Good afternoon, Senator Erdman and members of the Ag Committee. I'm Rob Robertson, vice president of governmental relations with the Nebraska Farm Bureau. That's R-o-b R-o-b-e-r-t-s-o-n, and I'm here on behalf of the Nebraska Farm Bureau Federation to register opposition to LB435. I'm handing around our written comments made by our president, Keith Olsen, who has the flu bug this afternoon. So first before I...I'm going to try to summarize some of the comments to stay brief, but just wanted to make the observation that I think all the years that I've been covering and watching the Ag Committee this has got to be a record of the number of city officials and business leaders from Lincoln, Nebraska. So let's invite them back to the livestock markets hearings a week from today, Cap. So anyway the Nebraska Farm Bureau, we believe that the state fair is a primary event for agriculture to showcase itself to urban cousins and to all Nebraskans. It's the grand finale for the 4-H FFA contest. It's a chance for many in the state to get up close and personal with animal agriculture and machinery and so forth, and the agriculture area. Nebraska Farm Bureau has been a long time supporter of the state fair. We're a major contributor. We spend a lot of man and women hours out there supporting the fair. It's been the priority of us and other ag groups to bring agriculture back to the state fair, make improvements, and build on some of the things that its tradition and its heritage was recognized by many of us earlier in our lives. We think we've done a very good job at that. We think we made great strides over the last four or five years to reenergize the fair. Nebraska Farm Bureau is not opposed to a study to see if there is a better location out there. In fact, our policy supports a study before the fair is moved. However, we are concerned about LB435 as it's presented today. And I know the introducer, Senator Raikes, has indicated maybe some possible changes. First, the language to restrict the funding of the state fair so they cannot have anymore construction or renovation until the study is complete. That concerns us. It might curtail a lot of the momentum that we've gained the last four

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or five years of bringing agriculture back, making the improvements, and so forth to the state fair. Secondly, we're concerned about the limitation of just looking at the collocation with ag exhibits or exposition centers. We think if there is going to be a study, the whole state ought to be considered in the context of what the mission is for the state fair and with its partnership with agriculture. And finally, we have some overall concerns about the issue. There's been a lot of talk about the Vision 2015 effort and as it looks at the university research corridor and so forth, but we really believe that agriculture has kind of been left out of the table in the discussing of where we go with the state fair. You know, for example, it's been suggested maybe an ethanol facility might be located on the state fairgrounds to try to partner up with a private industry to grow that biofuels industry. What about locating the ethanol facility or biodiesel facility on east campus. It's compatible out there. A lot of other research areas in conjunction with animal science or agronomy are all suited for the biofuels energy growth. Has that been considered? And that would be maybe an agriculture question. If you start focusing on the research corridor at the fairgrounds are you taking away for potential research development at the Institute of Agriculture and Natural Resource, which is a key research and service for Nebraska agriculture in the state. Another issue, a lot of talk about the 84th and Holdrege site with the research farm that's out there. If you put a fair on the research farm, what happens to that land? It goes away. You lose 200-400 acres of research farm. You don't replace that by buying another plot of land. There are years and years of soil data and agronomy data on that farm ground. That consideration also needs to be made as well. You know, we very much hope that agriculture can be part of a study if something materializes. Agriculture has a lot at stake with the future of the state fair and we strongly believe that a study should look at the cost benefits and the numbers and the intangibles that the fair does bring to agriculture in the state of Nebraska. There's a lot of heritage, a lot of charm, a lot of atmosphere for our ability to showcase agriculture, and we believe that should be a part of the study as we look at the future of the state fair and its location. Again, we support a study, but let's make sure agriculture is involved with it and we'd be willing to be a part of that effort. So thank you for your time and I'll be willing to answer any questions if you have any. [LB435]

SENATOR ERDMAN: Thanks, Rob. Any questions for Mr. Robertson? [LB435]

SENATOR DIERKS: You did good, Rob. [LB435]

SENATOR ERDMAN: Any question, Rob? Are you sure? [LB435]

ROB J. ROBERTSON: I'm sure. [LB435]

SENATOR ERDMAN: You're going to answer any question? [LB435]

ROB J. ROBERTSON: Any question. [LB435]

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SENATOR ERDMAN: Really? Well, I'll think of a good one, but I won't ask you today. Thank you, sir. Next testifier in opposition to LB435, please. [LB435]

JOSEPH McDERMOTT: Chairman Erdman and senators of the Ag Committee, my name is Joseph McDermott. I'm the assistant director of the Nebraska State Fair. I am up here solely to correct what I believe was said earlier that was inaccurate and that is that the organization's 2007 budget, which was presented and approved at the December meeting shows that the organization, after operating income expenses and lottery proceeds after depreciation, that the organization has a million dollar shortfall. That is not correct. As Tam Allan mentioned, we are in the process of putting together a 15-year cash flow statement. That statement will be presented to the Nebraska State Fair Board at the March meeting and that will show that each year, for the next 15 years, the operations, the lottery proceeds, and after paying for depreciation, after putting money back into the facilities and equipment, that the organization each year will have in excess of a half million dollars. That money, which will be able to go to new projects, new facilities on the fairground. I'll be glad to answer any questions that you might have. [LB435]

SENATOR ERDMAN: Thank you, Joseph. Any questions for Mr. McDermott? No, don't see any, thank you, sir. [LB435]

JOSEPH McDERMOTT: Thank you. [LB435]

SENATOR ERDMAN: Next testifier in opposition to LB435. [LB435]

JOHN K. HANSEN: Chairman Erdman, members of the committee, for the record, my name is John K. Hansen, H-a-n-s-e-n. I am president of Nebraska Farmer's Union and also their paid lobbyist. At the risk of confusing the committee, we are in support of the Farm Bureau position today (laughter) and... [LB435]

SENATOR ERDMAN: Hold the press. What? I'm sorry. Could you repeat that? (Laughter) [LB435]

JOHN K. HANSEN: We actually are on the same side of this particular issue. I think Rob did a very nice job of summarizing a lot of the sentiments and the points that need to be made. And as I travel across the state of Nebraska, folks want a state fair. They want the state fair where it's at. They want it fixed up. They want a little improvement every year. They want to see some progress made. And from our standpoint, we think it is not prudent to put the State Fair Board in a position where they acquire a whole pile of debt and then our taking what should be money used, pay as you go, to fix up at the end of the day to service debt. And so we think that the state fair has made really positive progress and it would be a good thing for the state fair, we think, to heal up and move forward. And, you know, I think a lot of the sentiments that I wanted to raise were

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raised by Rob actually. So he did a very nice job and with that, I would be glad to answer any questions that I am able to answer as opposed to the questions that might be asked. [LB435]

SENATOR ERDMAN: Thank you, John. Any questions for Mr. Hansen? Senator Dierks. [LB435]

SENATOR DIERKS: Well, that would be your position that the study does need to be done and the bill could not be advanced. Is that right? [LB435]

JOHN K. HANSEN: We are not in support of this particular bill in this form. And it appears that this bill would adversely impact the ability of the Nebraska State Fair Board to go forward with improvements. And... [LB435]

SENATOR DIERKS: If we carried it one step farther, what about LB131? Feel the same way about that? [LB435]

JOHN K. HANSEN: LB131 is, in my view, a bill that in all likelihood already has a determined outcome relative to the university's interest of that particular land. And we think we're mixing issues there. If they want to have a research corridor and develop a plan for that, do that. But don't tie it to a specific piece of ground. And there is an agenda there and a bias there, and obviously the university would like to acquire that ground and build something there. And I think we need to keep apples to apples and oranges to oranges. And I think that the issue of the research corridor ought to stand on its own and not be tied to the land that the state fair is on. [LB435]

SENATOR DIERKS: Thank you, Mr. Chairman. [LB435]

SENATOR ERDMAN: Thank you, Senator Dierks. Further questions? John, I'm reminded of a ceremony that I was a part of on a regular basis as a member of the FFA organization and it sounds like that there's new sunlight of brotherhood and cooperation, which is generally how we started most of the meetings in referring to the president. But obviously you're both presidents of an organization so you'll have to work that out. But I'm grateful for the cooperation and brotherhood that appears to be forming at this committee. [LB435]

JOHN K. HANSEN: Well, thank you, Mr. Chairman. As a former chapter and also a state farmer in FFA, I certainly had I think about all the positions that you can have in FFA and memorized them all. And in fact, still from time to time can recite the FFA creed. [LB435]

SENATOR ERDMAN: Very good. Thanks, John. [LB435]

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JOHN K. HANSEN: Thank you. [LB435]

SENATOR ERDMAN: Next testifier in opposition, please. And quickly can I see a show of hands of how many others wish to testify in opposition? I see one and I think we still have one neutral. Two neutral. Okay. [LB435]

BARNEY COSNER: (Exhibits 14, 15, 16, and 17) Mr. Chairman, Ag Committee members, Barney Cosner, executive director of the Nebraska State Fair. I have several pieces of information that I want to bring, but I'm also going to keep this very brief and in terms of what experiences I've had in a very short time coming here from the state of Wyoming and the Wyoming State Fair. This morning, I had multiple e-mails from people in Wyoming that sent me a Casper Star-Tribune printable version of: the Governor's not behind plans to move the state fair. So the people in Wyoming, as well as myself, followed the Amendment IV process in 2004 very, very closely. It was a tremendous amount of issue to a lot of states around and the people of Nebraska said a tremendous vote of confidence for the state fair as well as for the fair system. But the Governor also has made it very clear that the people of Nebraska voted to support the state fair at State Fair Park under those conditions. But when you look at the situation that occurred--and I'm going to tell you that I drove down the road on Saturday, the 28th of October--I had calls come in and said that there was a new group that had just released a study or a vision that wanted to move the state fair. That was a tremendous shock for us--and I say us, my family--and looking at what I saw was the opportunities to come to the Nebraska State Fair and the guidelines that were put into place. You have in front of you, as Mr. Allan and Mr. McDermott put very clearly, there are very specific guidelines established by statute that allow the Nebraska State Fair to operate, maintain, and run Nebraska State Fair Park as long as the Nebraska State Fair Board utilizes the proper procedures. The annual report that is required is in Section 2-111 and I can go through several of these that are very, very distinct operational procedures that the Nebraska State Fair board as well as the Nebraska State Fair staff need to do. That, in itself, was very well highlighted to me by the Nebraska State Fair Board. These are things that you shall do. We are going to be very good stewards of the lottery proceeds that are provided by the statute and you will be a steward of the guidelines of the Nebraska State Fair. Within that framework, there has been some very erroneous information put out about Nebraska State Fair Park on several different occasions. The term that Nebraska State Fair Park is under-utilized, not used effectively, its facilities are decrepit and rundown. We have not done a very good job of maintaining it. If you look at the sheet that you have in front of you--a peach-colored sheet--you will see the number of days that Nebraska State Fair Park has been utilized in this last fiscal year and it's over 900 days. Now 900 days divided into the weekends you have shows that there's a tremendous amount of usage of that State Fair Park. That is to the dedication and credit of the Nebraska State Fair staff. That excludes me because I was not a part of that, because I did not show up until October 30. But what you get into is Nebraska State Fair Park is well-utilized. That does not include, as Chancellor Perlman gave me, the

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information about 60 athletic events. That does not include the Lincoln Star's usage of the coliseum. Nebraska State Fair Park is well-utilized. Could it be improved and more utilized? That could be a possibility and that's what the staff is there to do. And if allowed the opportunity, they will do that. The opportunities that Nebraska State Fair Parks presents is tremendous and I am privileged to be a part of that opportunity. Move State Fair Park and the Nebraska State Fair forward and make it the strongest entity we possibly can. But I will also go on record as being an opponent of LB435, because it is a handcuffing bill the way it is presented. It is damaging to the state fair in terms of being able to move forward and do the job that that staff is very capable of doing. It is also a bill that is very site-specific. It makes references to two entities that have already brought forward their proposals and have already had a predetermined outcome as to what they see is the benefit for the Nebraska State Fair and State Fair Park. So with that, Senators, I would close and ask for any questions that I may be able to answer. [LB435]

SENATOR ERDMAN: Thank you, Barney. Any questions for Mr. Cosner? Casper is the location of the Wyoming State Fair. Is that accurate? [LB435]

BARNEY COSNER: Is 50 miles west of Douglas. Douglas is a metropolis of 5,200. [LB435]

SENATOR ERDMAN: Well, I think in the passage of what became Amendment IV, Senator Loudon had an amendment to move the state fair to Mitchell, which is... [LB435]

BARNEY COSNER: Very close to Wyoming. [LB435]

SENATOR ERDMAN: ...amendment that failed by like eight votes, so it was actually closer than some thought, but I'm 30 miles from there. So it's closer to your state fair than ours, but we appreciate your being here and look forward to working with you on these issues. Any further questions for Mr. Cosner? I guess just one final one. The letter that you distributed to us from the--I'm assuming this is from you... [LB435]

BARNEY COSNER: Lincoln Star's Jim Pflug. [LB435]

SENATOR ERDMAN: Lincoln Star's...from Jim Pflug. That's in opposition to LB435? Or does it not address it, it's just a statement of their working relationships with the board? [LB435]

BARNEY COSNER: I think it just shows they are a working partner and that part of the partnerships that are ongoing at State Fair Park to allow the opportunity to utilize those facilities as efficiently and to the maximum level possible. [LB435]

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SENATOR ERDMAN: Okay. Very good. Thank you, sir. Appreciate your testimony. [LB435]

BARNEY COSNER: Thank you. [LB435]

SENATOR ERDMAN: Next testifier in opposition to LB435. [LB435]

KEN KILLION: (Exhibit 18) My name is Ken Killion, K-i-l-l-i-o-n. I'm from Marquette, Nebraska in Hamilton County and I'm the executive secretary of the Nebraska Association of Fair Managers. And although this resolution is being handed out, doesn't name LB435 specifically, it was passed at our annual convention held just two weeks ago or three weeks ago in Kearney, Nebraska by our voting members, and passed unanimously. And the bottom line is that we support the Nebraska State Fair Board and their authority to manage the Nebraska State Fair and State Fair Park. And that's in essence what it is. Our association made up of 91 county members from the state of Nebraska--county fairs, fair boards, Ag Societies. And we have an annual convention in Kearney and that's where this came from. [LB435]

SENATOR ERDMAN: Thank you, Ken. Any questions for Mr. Killion? Senator McDonald. [LB435]

SENATOR McDONALD: Mr. Killion, do you think that if the state fair is moved to any location that that would be devastating to the state fair? [LB435]

KEN KILLION: Well, Senator McDonald, I could not answer maybe for the association, but personally I think it would be very detrimental to the state fair. And of course, I'm a little sentimental and I go back a long ways in the fair business. And I place some value on the historic part of the state fair, the buildings, the memories. And I know that I have, as I said, been involved in county fairs and livestock shows for 60 years now and it makes me a little bit sad to think that the old 4-H building and all those are going to be destroyed and we're going to have an ethanol plant there. And we've got one in our backyard at Aurora, Nebraska and that will be an experience for somebody, you know, when you put one of those on your back porch. But I think at another personal aspect, we'd like to see this state fair--and I won't speak for all of the counties--but I think most of them would like to see this issue put to bed, to know that we've got a place to go at the end of our county fair. It's not mandatory that we go to the state fair. It's a privilege I think. And a lot of little kids dream of the days that they can go to the state fair and win a purple ribbon or a trophy or pick up a frog at the frog pond or something. And we grew up with that and I think it's an opportunity and maybe a responsibility for county fairs and the state fair to showcase not only agriculture, but our most valued treasure and that's the young people in our state. And if you want to see them in action, hang around the livestock show or the 4-H show or an FFA convention and watch these little kids that grow up and become leaders of today and tomorrow. So I think that's my personal

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feeling of the county fairs and the state fair. Other questions? Does that answer your question? [LB435]

SENATOR McDONALD: Thank you for all your service. [LB435]

SENATOR ERDMAN: Thank you, Senator McDonald. Further questions for Mr. Killion? Ken, just you said you have 91 members. There's obviously 93 counties in the state. Do you represent all counties but two? [LB435]

KEN KILLION: I went to Texas A&M so my math is not real good. (Laughter) Give me a big chief and a lead pencil I can figure it out in a little while. We have 91 paid members, two fairs, two counties have two fairs. And that's Frontier County has a fair at Stockville, which is their Ag Society, and then they have one at Eustis, which started out as the Eustis corn show or something. And then the other one is the county fair in Dodge County and that's at Scribner, and then the 4-H fair at Fremont. And that's kind of more of a regional fair, I think. [LB435]

SENATOR ERDMAN: So are... [LB435]

KEN KILLION: Then we have four members. Sioux...I think your question was going to be who's not. [LB435]

SENATOR ERDMAN: Right. [LB435]

KEN KILLION: Sioux County, McPherson, Banner, and Blaine are not members. [LB435]

SENATOR ERDMAN: Okay. [LB435]

KEN KILLION: Banner and Kimball have a fair together and then...it doesn't quite add up, but Thurston and Dakota have a fair together. [LB435]

SENATOR ERDMAN: Sure. [LB435]

KEN KILLION: And I think Blaine and Thomas now have fairs together. [LB435]

SENATOR ERDMAN: Okay. [LB435]

KEN KILLION: Most of them are Ag Societies. There are five, I think, county fair boards. [LB435]

SENATOR ERDMAN: Okay. And I represent Banner County so I understand the Kimball-Banner connection. Any further questions for Mr. Killion? Thank you, sir.

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Appreciate your testimony. Anyone else wishing to testify in opposition? I see none. We'll move to neutral testimony. I see one, two. Anyone else wishing to testify neutral? Three. Okay. [LB435]

BOB PUSCHENDORF: (Exhibit 19) Good afternoon, Senators. My name is Bob Puschendorf, that's spelled P-u-s-c-h-e-n-d-o-r-f, and I'm deputy state historic preservation officer with the Nebraska State Historical Society. Under provisions of Nebraska statutes, the Nebraska State Historical Society has been delegated to identify and collaborate with state agencies in the preservation of state-owned historic buildings. Three buildings on the fairgrounds are potentially eligible for listing or listed in the National Register of Historic Places. These are the youth building, the 4-H complex, the industrial arts building and the state arsenal. In the planning process identified in LB435 we would respectfully ask you to consider the State Historical Society in this planning process. Thank you. [LB435]

SENATOR ERDMAN: Thanks, Bob. Any questions? I see none, thank you, sir. [LB435]

BOB PUSCHENDORF: Thank you. [LB435]

SENATOR ERDMAN: Next testifier in a neutral position. [LB435]

DONALD EVERETT: My name is Donald Everett and I'm at 5931 South 58th Street in Lincoln here. And I am fairly neutral. I'm a horseman and I could represent the horseman in Nebraska, because I am the president, but I'm only doing this on my own, okay? [LB435]

SENATOR ERDMAN: Donald, can I get you to spell your name for us? [LB435]

DONALD EVERETT: I'm sorry. [LB435]

SENATOR ERDMAN: Can I get you to spell your name for us. [LB435]

DONALD EVERETT: Okay. E-v-e-r-e-t-t, Donald. Donald Everett. [LB435]

SENATOR ERDMAN: Very good. Go ahead. [LB435]

DONALD EVERETT: All right. Mainly, and I'm going to only probably address this--the freeze. I don't know how you can manage anything if you've got a freeze. And I think what I'm talking about there is that they're going to wait two years from now to do something about it. I know there's a lot of things that the horsemen would like to get going and so I would really like to see you take that out. How can the management of State Fair Park work under that? It would be very hard on them I believe. I mean, the only thing I really made go right around here is their lobbyist is...I've turned him around

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quite a bit to help him out. So, you know, if you see him in the place say hi to him for me. [LB435]

SENATOR ERDMAN: All right, Donald. Any questions for Mr. Everett? I don't see any. Senator Wehrbein, I think you're going to be our last testifier today. Is there anyone else wishing to testify in a neutral position after Senator Wehrbein? We saved the best for last, sir. Welcome back. [LB435]

ROGER R. WEHRBEIN: Okay, thank you. Roger Wehrbein, R-o-g-e-r W-e-h-r-b-e-i-n. I'm here representing myself. I came mostly to listen, but I did have a couple questions raised in my mind so I decided to go neutral. I generally support what the Farm Bureau's position was in concern with agriculture. There are two issues that I wanted to probably bring to the forefront. One is that loss of ground for experimental purposes that would probably happen if the fair was to move out on 84th Street. But I'm mostly concerned about the implication of relocating to the 84th Street. If I may go back, whenever it was, 15 years ago or so, when the Lancaster County Agricultural Society and supported, as I understand it, by the Lancaster County board split from the State Fair Park and went out on their own and spent several million dollars. I think there was a quote of \$11 million today. I've understood maybe it's even more than that. But my concern is if that split, I was really almost shocked today to hear the support now of going back and merging the two fairs. I tried hard sometime in the mid-nineties, obviously not hard enough, to mediate that so that they wouldn't split, because I felt it was a mistake like many of us did. But it went ahead and happened. And I am really skeptical at this point that those two could merge back and have similar grounds, because I think it would still turn into the turf battle that it apparently was back then. I don't know all the ins and outs. I don't have a real problem with the university seeking an alternate place for research. In fact, I think it isn't really a bad idea, but there's got to be a money available to relocate if that's what it is. And then of course, there would be a battle of where to be. I have some personal reservations, ideas about where it might go, but it's not an expert's viewpoint. But I am probably would be opposed to collocating on the 84th Street at this point. I think that would be a big mistake based strictly on previous history. [LB435]

SENATOR ERDMAN: Thank you, Roger. Any questions for Senator Wehrbein? Roger, you are one of three former members who are here today. We saw Senator Don Pedersen and Senator Baker. So a number of you came back to view it and we haven't probably done this since you've been gone, but we appreciate your service to the state and are glad that you're still involved in the issues and the discussion. [LB435]

ROGER R. WEHRBEIN: I'm watching you from afar. (Laughter) [LB435]

SENATOR ERDMAN: We know you and others are. We appreciate that. So thank you, sir. [LB435]

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ROGER R. WEHRBEIN: Thank you. [LB435]

SENATOR ERDMAN: Senator Raikes, you're recognized to close on LB435. You're going to waive closing after my pleading to get you to close? (Laughter) [LB435]

SENATOR RAIKES: I am. [LB435]

SENATOR ERDMAN: Okay, you're done. We have no letters to enter into the record. We appreciate your attendance today. As with the other issues that are before this committee, we will take your testimony under advisement and we'll be working hard to find some solutions for these issues. That will close the hearing on LB435 and the hearings for today. Thank you. [LB435]

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Disposition of Bills:

LB131 - Held in committee.

LB435 - Advanced to General File, as amended.

Chairperson

Committee Clerk