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Revenue Committee  
March 19, 2009

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[LB559 LB615 LB616 LB617 LB618]

The Committee on Revenue met at 1:30 p.m. on Thursday, March 19, 2009, in Room 1524 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB559, LB616, LB617, LB618, and LB615. Senators present: Abbie Cornett, Chairperson; Merton "Cap" Dierks, Vice Chairperson; Greg Adams; Mike Friend; Galen Hadley; LeRoy Loudon; Dennis Utter; and Tom White. Senators absent: None. []

SENATOR CORNETT: Good afternoon, and welcome to Revenue. I am Senator Abbie Cornett from Bellevue; to my left will be joining us Vice Chair Senator Dierks from Ewing; to his left will be Senator Greg Adams from York; and Senator Hadley from Kearney. Senator Adams is joining us as we speak. Research analyst is Bill Lock; and committee clerk is Erma James. To my far right is Senator Utter from Hastings; Senator LeRoy Loudon from Ellsworth will be joining us, as will Senator White from Omaha; Senator Friend is also from Omaha; and legal counsel is Shannon Anderson. Today our pages will be Katy Connealy and Elsie Cook. Before we begin the hearings, I'd advise everyone to please turn your cell phones either to off or to vibrate. The sign-in sheets for testifiers are on the tables by both back doors and need to be completed by everyone wishing to testify. If you are testifying on more than one bill, you need to submit a form for each bill you are testifying on. Please print and complete the form prior to coming up to testify. When you do come up to testify, please hand the form...testifier sheet to committee clerk. There are also clipboards by the back door of the room to sign in if you do not wish to testify but would like to indicate either your support or opposition to a bill. These sheets will be included in the official record. We will follow the agenda posted on the door today. The introducer or representative will present the bill, followed by proponents, opponents, and neutral. Only the introducer will have the opportunity for closing remarks. As you begin your testimony, please state your name and spell it for the record. If you have handouts, please bring ten copies for the committee and staff. If you only have the original, we will make copies for you. Please give the copies to the pages who will circulate them to the committee. With that we will be starting hearings today with LB559. Senator Gloor, you are recognized to open. []

SENATOR GLOOR: Thank you, Chairwoman Cornett, members of the Revenue Committee. My name is Mike Gloor, that's G-I-o-o-r. Last year a surprising, exciting, unexpected thing happened. Legislation was passed moving the State Fair to Grand Island, Nebraska. When discussion started on this whole topic, I think a lot of people were hopeful but felt that it was a long shot. However, the proposal that was put together by the representatives from Grand Island was very attractive to the State Fair Board. The resulting legislation, which was LB1116, laid out responsibilities for the state, the city of Grand Island, and the University of Nebraska on how to move the fair. As with any undertaking of this size, a year later we're doing some cleanup and transitioning from planning to improvement or in implementing the actual move. My bill,

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LB559, is one of a list of options that Grand Island needs to consider as part of supplying their piece of the puzzle to bring our state a renewed, invigorated State Fair. In Grand Island, the hope is to use the sales tax turn back mechanism to repay financing required to move the State Fair to grounds in Grand Island. And again, that's one of the options being considered. The plan is to use the sales tax turn back mechanism for ten years at an estimated \$190,000 a year. LB559 and the mechanism that it will make available to first-class cities is not the only option for the city of Grand Island, but it's a necessary backup because of the economic downturn. Private funds, municipal bonds, other public funding mechanisms have become very difficult within this economy, so we're looking at other options that can also be in our quiver. The community is working on a variety of ways to fulfill the bargain struck last year. Having the Convention Center Financing Act is an option; certainly would help in that endeavor. Representatives from Grand Island will follow my testimony to explain their progress in fulfilling LB1116 and how this tax turn back would assist them in their efforts to help build the best State Fair complex possible. The hotels in the area, by the way, are not only cooperative but excited about being able to contribute in this manner. Before the other representatives speak I'd like to give a quick overview of LB559 and the changes that it would institute. LB559 would amend the Convention Center Financing Act. This act was originally known as the Qwest bill and was used to build the Qwest Center in Omaha. Last year, you'll recall, I believe, it was amended to allow Lincoln to use it for their arena. This change will allow first-class cities, specifically outstate communities--smaller communities in our state but certainly important communities--to use the sales tax turn back mechanism. LB559 changes the definition of associated hotel to include hotels within one mile of an eligible facility in a city of the first class. It does not change the 450-yard limitation for other cities. LB559 will allow the state assistance to be used for amounts expended or borrowed by the political subdivision without requiring the issuance of bonds. However, a certified copy of the approving action of the governing body responsible explaining the terms of financing then becomes a requirement of the application that has to be submitted for assistance and approval. It also adds language to reflect an alternative mechanism to determine when the assistance ends. The language is: the completion of the term of years for which the political subdivision sought state assistance. LB559 also changes the Local Civic, Cultural, and Convention Center Financing Act to allow a city other than a city of the metropolitan, or primary, class that has received funding under the Convention Center Financing Act to receive funding under the Local Civic, Cultural, and Convention Center Financing Act. The Local Civic Center Financing Act is funded through the same tax turn back that funds the larger Convention Center Financing Act. It was not foreseen during the creation of the original bill that a city would be small enough to use both the Cultural Center Grant Funding or large enough to need to use the sales tax turn back mechanism in the Convention Center Act. Grand Island has developed over the years a terrific draw for medical care, retail services, now entertainment with the new Heartland Event Center, which will be part and parcel of the State Fair. Having the State Fair in the middle of our state will give so many more residents the opportunity to participate

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and attend. Husker Harvest Days, as most of us know, does a great job drawing, not just within the state or the Midwest, not just nationally, but internationally. We suspect that this draw will be similar and carry over to the State Fair in Grand Island. LB559 will be a part of making all this happen. I hope you'll come to the fair in Grand Island; if you do, I'll invite you over to the Gloor household for a barbecue, and I'll either make my famous beer can chicken or we'll have pork chops on a stick or corn dogs that we bring from the State Fair over to our place. Let me make one final comment; it has to do with the fiscal note. The estimation on the fiscal note is a modelling of first-class cities based upon the Revenue Department's past experience with incentive programs, but this particular estimate included the city of Kearney's arena. In just the past couple of days, it was announced that the city of Kearney had dropped out of the purchase of this arena in order to proceed with the sale of the arena and the associated hockey team to an investor from Las Vegas. Whether other projects could crop up is questionable given the 2010 deadline for applications for this source of funding. So I believe that that fiscal note is kind of, very inaccurate. The dollars listed on there, I do not believe, especially if modelled after what they think was going to happen in Kearney, show any degree of reality. I'd be glad to answer questions; there will be other people who follow me. Thank you for your time. [LB559]

SENATOR CORNETT: Senator Utter. [LB559]

SENATOR UTTER: Thank you, Senator Cornett. Senator Gloor, if in fact the fiscal note could use some adjustments, what do you suggest the appropriate figures might be? [LB559]

SENATOR GLOOR: I think the appropriate figures would relate to just the Grand Island community. I don't know of any other communities out there that are in fact considering anything that would come close to some sort of an event center or arena. To me, the reality of the size of community that may exist, that would need to start the process of developing something large enough that... [LB559]

SENATOR UTTER: And given that, what do you think those figures would be? Do you have a figure in mind? [LB559]

SENATOR GLOOR: Let me get the fiscal note. I think the \$191,000 was an accurate figure. The jump to \$1.4 million totally represents Kearney, and I think the \$879,000 would also come down considerably also, but I don't have a solid number for you. Hopefully somebody who follows me might be able to give you what they consider to be a more accurate number. We're looking at an estimate of roughly \$190,000 a year as the turn back tax component. It should increase somewhat as Grand Island continues to grow over what could be a 5-10 year period. [LB559]

SENATOR CORNETT: Senator Hadley. [LB559]

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SENATOR HADLEY: Senator Gloor, thank you. Yes, I agree with you; the Kearney...is very happily out of the arena business at this point in time. Quick question: this is really similar to a TIF type of financing in a way, isn't it? Because these are new sales tax revenues that you wouldn't have if you didn't have this project, is that correct? [LB559]

SENATOR GLOOR: Well, let me say it a different way. I don't believe that it is that similar. It would be sales tax that is already collected that is the state's portion of sales tax that would then be turned back over to the community. [LB559]

SENATOR HADLEY: But you're not collecting the tax right now. [LB559]

SENATOR GLOOR: No. [LB559]

SENATOR HADLEY: Because you don't have... [LB559]

SENATOR GLOOR: Well, actually, yes--that sales tax is being collected right now, but going to the state. [LB559]

SENATOR HADLEY: Oh, it is? [LB559]

SENATOR GLOOR: Yeah. [LB559]

SENATOR HADLEY: Okay. [LB559]

SENATOR GLOOR: So...and that would be the reason for the terminology turn back: that ultimately those dollars, if this goes through and is approved, would be turned back, then, to the community. [LB559]

SENATOR CORNETT: Senator Louden. [LB559]

SENATOR LOUDEN: Thank you, Senator Cornett. Senator Gloor, as I look at this then is...Hall County, do they have their occupation tax? I mean, was that...would any of that tourism money in the occupation tax be used on any of this? [LB559]

SENATOR GLOOR: Yes, and individuals who follow me, I think, will have some additional information on that. But yes, there will be occupancy tax money that is part of what Grand Island will be also contributing, as well as public monies or private monies that are being raised as part of their overall obligation. [LB559]

SENATOR LOUDEN: Now, when I see that, according to the bill, you're making the area larger than what was ordinarily in the statute. Will this take in all of Grand Island, in other words, for some of this sales tax on these motels, hotels? Will that take in the

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whole city of Grand Island or just some of that on the east side? Or how far west will that go? [LB559]

SENATOR GLOOR: Great question. And geographically, it takes in most of what is determined to be South Locust. There are two areas in Grand Island that have most of the motels and that would be on South Locust; the other would be along Highway 281. But this is less an issue of drawing a radius that relates to what motels are within it, and more an issue of drawing a radius that will, in fact, generate enough revenue because it encompasses enough motels to be able to come up with some of the dollars that are felt to be needed. I had a number of people who asked why this didn't incorporate, say, two miles--it would have taken in all of Grand Island. But it wasn't felt that it was necessary to take back all the turn back, even though that would have allowed a quicker retirement of the obligation out there. But it was felt South Locust and those motels, as I understand it, was...took in enough of that turn back revenue to be able to generate the funds that are needed. [LB559]

SENATOR LOUDEN: Now, the South Locust area...that's that street, the first one when you turn off the interstate and you come into the east side of Grand Island there, is that Locust Street over there? Where the four-lane isn't completed yet? [LB559]

SENATOR GLOOR: Correct. [LB559]

SENATOR LOUDEN: Okay, that was my next question: what's the plan on that? [LB559]

SENATOR GLOOR: I can't tell you what the plan is on South Locust, although I know that as constructed, the further end that goes out to the interstate is built and designed for an additional lane. But I haven't been involved in any discussions on what the plans are for that. But it's part of the overall expansion of Grand Island. That will be a four-lane someday, but I don't know that it directly connects with what they're planning to do with the State Fair. [LB559]

SENATOR LOUDEN: It isn't tied to this? [LB559]

SENATOR GLOOR: No. No, there are other components of bringing the State Fair to the community that will involve widening some streets but south of Highway 34, to my knowledge, is not directly tied to the use of these monies. They're not...it's not going to be used this way. And for those wondering what South Locust, and where South Locust is, those have been around for awhile. It's the street that Dreisbach's used to be on. [LB559]

SENATOR LOUDEN: Now, one other thing: I always ask this question finding somebody from Grand Island talking about the fair. Are they going to try and put in a

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quarter horse track along with the one they have? [LB559]

SENATOR GLOOR: Well, you and I have talked about that, Senator, and I haven't gotten an answer. I think part of the challenge might be having a long enough stretch to run quarter horses on, and I have a engagement with Fonner Park a week from tomorrow, and I will be sure and bring that up with the owners. [LB559]

SENATOR LOUDEN: Okay, thank you. [LB559]

SENATOR CORNETT: Senator White. [LB559]

SENATOR WHITE: Senator, just a couple of things...I want to see if I understand this. In the case of the Qwest Center, and given the case of the Lincoln proposed arena, the turn back was limited to new structures not previously in existence. And one could argue that if you build a new hotel next to a new arena it will take away business that we would get taxes on; but at the same time, they were new structures. The argument was it was new money and we weren't giving up any existing streams of income. Is that the case here, or is that one mile going to ask the state to give up money we are currently getting? [LB559]

SENATOR GLOOR: The plan at this point in time is to have those dollars specifically attached to a building that will be a new construction. [LB559]

SENATOR WHITE: Okay. Well, I understand that, but the tax dollars right now, are there...if there are hotels within this one-mile radius and they're paying sales tax... [LB559]

SENATOR GLOOR: Correct. [LB559]

SENATOR WHITE: ...Grand Island's asking the state to give up sales tax we're currently getting. [LB559]

SENATOR GLOOR: Correct. [LB559]

SENATOR WHITE: Not just on a new building that might be built, but existing structures and existing income streams. Is that correct? Because if so, that is different than Quest. And it is different than Lincoln. So would this only apply to businesses that build? [LB559]

SENATOR GLOOR: No, this would relate to existing... [LB559]

SENATOR WHITE: Okay. [LB559]

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SENATOR GLOOR: ...motels, hotels, that already exist along that South Locust corridor. [LB559]

SENATOR WHITE: Just so you're aware, that is different than both Quest and Lincoln. Lincoln asked for a larger extension, and there was an amendment in this committee to shrink it back so it wouldn't include existing hotels. I think, for example, Embassy Suites, the way they initially drafted, it was in the turn back and they had to shrink it because of that. [LB559]

SENATOR GLOOR: I was aware of that with the Hilton, I believe, attached to the Quest but I did not know that with the arena. [LB559]

SENATOR WHITE: The Hilton was part of the new construction. That is one question that also I'm concerned because, and I asked Senator Friend this but, if this comes out of committee is we'll be asked on the floor: Grand Island made a number of representations as a condition of getting this, and the state paid...I don't remember exactly; \$8-10 million to transfer the fairgrounds to Grand Island, and Grand Island committed that it would raise, I think it was \$10 million--again that's rough--and it's my understanding Grand Island's not able to do that. And so what's happening here--so we just have the cards on the table--Grand Island's now asking us, after having put \$10 million in, to put in more state money so that they can build the fair. And given what happened when we moved the fair, do you think that's a reasonable request on Grand Island's part? And if they are changing the deal, what's the basis for changing it? [LB559]

SENATOR GLOOR: Sure. That's a fair question, and the basis for that answer I'll get to in a second. But the reality is, this is not the only option that Grand Island is pursuing. There are still opportunities for private gifting; there are other venues for raising those dollars that are also still being followed up on, and I'll let those involved actively in that also speak to that--I know they will in their testimony. But the main change has been the downturn in the economy; the ability to raise less money than was originally thought. The downturn in the overall economy and what that means for revenues within the committee already. It's the economic downturn that has made this more of a challenge. Grand Island has, I think, done a great job coming close to raising...I'd be careful of numbers, but I know at least 70, and it may well be well above 70 percent of the total dollars that they obligated themselves to; so they're getting there. Looking at this is an option: it's not this or Grand Island's unable to meet that obligation, but it's one of the things that was felt to have available if necessary. And your question's a fair one. [LB559]

SENATOR WHITE: Thank you, Senator. I appreciate your courtesy. [LB559]

SENATOR GLOOR: Sure. [LB559]

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SENATOR CORNETT: Further questions from the committee? Seeing none, thank you, Senator Gloor. [LB559]

SENATOR GLOOR: Thank you. [LB559]

CINDY JOHNSON: Good afternoon, Chairperson Cornett and members of the Revenue Committee. My name is Cindy Johnson, spelled C-i-n-d-y J-o-h-n-s-o-n. I'm the president of the Grand Island area Chamber of Commerce, and I'm here today speaking in support of LB559. Last year, Grand Island community leaders and officials engaged in ongoing discussions with Senator Erdman, this committee, and Speaker Flood working with members of the State Fair Board, the University of Nebraska, Lincoln's 2015 group to arrive at a compromise that provided for the relocation of the Nebraska State Fair to Grand Island. Just one year ago, the Legislature adopted LB1116 providing for this relocation, and the Governor signed the bill into law; the public signing ceremony in Grand Island on April 18. We were, and remain, very excited about being the home of the newly revitalized Nebraska State Fair. Much has happened in the last year. Under LB1116, Grand Island is responsible for providing \$8.5 million toward the relocation costs of \$42 million. Our \$8.5 million is roughly 20 percent. To meet this obligation, a variety of revenue sources were identified, reviewed, considered, and implemented. To date, the following funding has been secured: the City of Grand Island has implemented a new 1.5 percent occupation tax on served food and beverages that will generate roughly \$5 million. Hall County has allocated \$1 million through keno revenues and an increase in the Hall County agricultural society tax. Approximately \$700,000 has been raised to date from private sources with fund raisers confident they will be able to grow this amount, even given one of the worst possible fund-raising environments with regards to the economic decline. It has been absolutely the most challenging time imaginable for a fund-raising undertaking. Last year, we reviewed potential funding sources. We were reminded of the use of turn back taxes by Omaha in the construction of the Qwest Center. Knowing that Senator Bill Avery had introduced a similar bill for Lincoln's construction of their downtown arena, then-Senator Ray Aguilar approached Senator Avery about the potential to amend LB912 to include a provision that would allow financial assistance to the city of Grand Island. Unfortunately, the request was late in the session, and Senator Avery did not feel it prudent to his bill's best interests to add a modification that late in the session. He did, however, agree to support Grand Island in its efforts if the issue was brought forth this year. LB559 is that issue being brought forth. We thank Senator Gloor for his leadership on this legislation that will permit a portion of state sales tax dollars generated from hotels and motels within this limited area to be used toward the retirement of debt undertaken to construct a public convention and business center. We also believe it important to note that this act is limited to applications being received by June 1, 2010, a date that is acceptable to Grand Island, although we understand that Senator Avery's bill this year, LB402, would extend that date until December 31, 2010. We remain confident that Grand Island will

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be successful in raising the additional funding necessary to meet the provisions of LB1116. We do feel, however, it is prudent that we pursue any options available to us. Thank you, and we ask for your support of LB559. [LB559]

SENATOR CORNETT: Questions from the committee? Senator Hadley. [LB559]

SENATOR HADLEY: Senator Gloor mentioned that he felt the fiscal note was incorrect. You must have some idea of what you think this might raise in the city of Grand Island. Do you have a number that you think is a ballpark figure? [LB559]

CINDY JOHNSON: Actually, we do. We had our city finance director run a report and analysis of what is received by the city under its current hotel/motel occupation tax, and he used those figures to generate an estimate of what he believed the amount of state sales tax that would be generated in this smaller area of the community... [LB559]

SENATOR HADLEY: This one-mile area? [LB559]

CINDY JOHNSON: ...would generate. And that's where the \$190,000 comes from. [LB559]

SENATOR HADLEY: So the approximation is \$190,000, and I think that was Senator Utter's question about what...the actual impact, and that would be the answer to Senator White's because the \$190,000 is being generated right now... [LB559]

CINDY JOHNSON: Exactly. [LB559]

SENATOR HADLEY: ...and remitted to the state so this would be the state... [LB559]

CINDY JOHNSON: Turning that back... [LB559]

SENATOR HADLEY: ...turning back. Okay. [LB559]

CINDY JOHNSON: to the community of Grand Island. Now that does not take into account any new growth. [LB559]

SENATOR HADLEY: Right. [LB559]

CINDY JOHNSON: There was also a question raised to Senator Gloor in regards to the South Locust Street widening project, the completion of that highway on South Locust Street. That is the city's priority request for the stimulus dollars that will be coming to the state and completion is expected in their fiscal year 2009-10 which runs October 1 through September 30. [LB559]

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SENATOR CORNETT: Any further questions? Seeing none, thank you. [LB559]

CINDY JOHNSON: Thank you. [LB559]

SENATOR CORNETT: Next proponent. Are there any further proponents? [LB559]

LYNN REX: Senator Cornett, members of the committee, my name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities. We appear here today in strong support of LB559. We think this is an important piece of the puzzle for the city of Grand Island to pursue the State Fair issue and to find funding for that. And we think, in addition, the State Legislature has expanded the Qwest bill to include the city of Lincoln--we thought that was appropriate, we supported that effort and we support this effort as well for all the reasons that have been stated. I'd be happy to respond to any questions that you might have. [LB559]

SENATOR CORNETT: Questions from the committee? Senator Hadley. [LB559]

SENATOR HADLEY: Thank you, Ms. Rex. [LB559]

LYNN REX: Yes. [LB559]

SENATOR HADLEY: Just so I get this straight, was the bill for the Qwest Center...did this specifically talk about the Qwest Center? I guess I'm wondering, we're expanding this to all Class I cities, right? [LB559]

LYNN REX: Well, the reason why I think that has to be done is because if you did it any other way, perhaps it would just be a special legislation. There might be a way though to do it based on the size of the county and just like you've done, Senator Cornett, with Sarpy County, to address some of those issues. But quite frankly, Grand Island is the only city that we know that would be utilizing this and that can meet the deadlines that are established in this bill. [LB559]

SENATOR HADLEY: Okay, because there are the deadlines. I guess my concern was that, you know, Kearney decides to get back into the arena business and suddenly we've got an \$800,000 bill for sales taxes... [LB559]

LYNN REX: Um-hum. [LB559]

SENATOR HADLEY: ...or something like that for them. I want to be sure it isn't open ended--that down the line we've approved something that we didn't... [LB559]

LYNN REX: Well, you've got deadlines in there. [LB559]

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SENATOR HADLEY: Deadlines. [LB559]

LYNN REX: So they would have to meet those deadlines. [LB559]

SENATOR HADLEY: Okay. [LB559]

LYNN REX: Thank you. [LB559]

SENATOR CORNETT: Thank you. Is there any further proponents? Are there any opponents? [LB559]

JEFF HIX: Good afternoon, Senators, my name is Jeff Hix, H-i-x, and I live in Abbie's--I'm sorry, Senator Cornett's district. [LB559]

SENATOR CORNETT: Abbie's fine. [LB559]

JEFF HIX: Okay. I just have a simple question on some things I didn't hear covered by the people here today. If memory serves, there was a vote to amend the lottery, Powerball lottery, fund so that the State Fair gets a certain amount of that money which, to me, is an unsightly amount of money considering the status of the fair at that point in time, where it was...they were just trying to remodel and put the fair back in condition here in Lincoln. The move to Grand Island is a fact accomplished and I'm not trying to oppose that, but I'm saying if you're being asked to take money that belongs to other sources, that how you...those particular places that money would go if this was not passed, how are they going to be taken care of or will they take a reduction in what they are going to have to allow for police, fire, roads, other purposes that you're asked to vote on? So my basic opposition to this is I don't think you're considering the exorbitant amount of money that's going from Powerball into the State Fair as it is. Because all of a sudden a few years ago they had more money than they knew what to do with; they had to build buildings...they were building buildings to justify what they were doing. As a political matter, I personally am opposed to this type of funding because I believe these particular matters, and I'll be back on your other bill, Senator, are matters that should be voted up or down as a General Fund item. I remember going back, historically speaking, some of the early things that started some of this was when the Memorial Stadium that became, when Coach Devaney was still a young coach here at Nebraska, was funded by cigarette tax. And that was a new way of doing things back then. Yes, I'm telling my age, how long I've been here. And with that I'll wait for the next bill unless you have any questions. [LB559]

SENATOR CORNETT: I'm sorry, I didn't...did you spell your name for the record? I wasn't... [LB559]

JEFF HIX: Sure. [LB559]

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SENATOR CORNETT: Oh. [LB559]

JEFF HIX: Jeff, J-e-f-f; Hix, H-i-x. [LB559]

SENATOR CORNETT: Thank you very much, Mr. Hix. [LB559]

JEFF HIX: Thank you. [LB559]

SENATOR CORNETT: Are there any further opponents? Is there anyone here to testify in a neutral capacity? With that that will close the hearing on... [LB559]

SENATOR GLOOR: I'll waive closing. [LB559]

SENATOR CORNETT: Oh, I'm sorry, I thought...did you? Okay, I thought you were going to. That will close the hearing on LB559. Senator Friend, would you take the chair? [LB559]

SENATOR FRIEND: I will. [LB559]

SENATOR CORNETT: Thank you. [LB559]

SENATOR FRIEND: Senator Cornett to open on LB616. [LB559]

SENATOR CORNETT: (Exhibit 1) Good afternoon, members of the Revenue Committee. My name is Abbie Cornett, C-o-r-n-e-t-t, and I represent the 45th Legislative District. There are four bills for hearing today that I introduced, and will use this first bill as a means to give a brief overview. These bills come down to two key matters. First, a major economic development project with tremendous long-term impact on the state, namely retaining a Triple-A professional baseball team in Nebraska. And secondly, the ability to enhance economic development in the state on terms that are similar to those that have been extended in the past. Accommodating the Omaha Royals is a very substantial economic development project for the state of Nebraska. It is worth doing and the entire state will benefit. And the testimony that will follow will make this case. My home county is Sarpy County. It has agreed to construct a facility that meets the reasonable requirements of a Triple-A baseball, and just this week the Omaha Royals have agreed to play there for 25 years from 2011-2035. Examination of our statutes indicates that retention of the Omaha Royals or the economic impact of a Triple-A professional baseball is exactly the type of major project with economic benefit to the entire state that has been received with favor from this body in the past. These bills would provide sites throughout the state with the opportunity to obtain proportionate type of state assistance for projects of similar importance to all of us as Nebraskans. These bills, of course, are a work in progress. They are, by design, conceptual in

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nature. The project to retain the Omaha Royals has moved quickly and in an unorthodox manner, and the legislation was drafted to provide flexible means to address the issues that continue to arise. There are those who will focus on particular elements and I would urge them to consider the totality of the project, rather than pointing the potential pitfalls that may or may not ever occur. We will work with all the interested parties as this process goes forward, and it is wrong to assume that anything in any of these bills is fixed in stone. In summary, these bills present a reasonable, balanced approach, similar to initiatives that have been received in the past. Sarpy County seeks merely to make use of the types of tools and resources that have permitted successful projects in other parts of the states to go forward for the benefit of all citizens of the state of Nebraska. With that I will explain LB616. It would reinstate the use of the cigarette tax for statewide, local infrastructure funding, a principal in place from 1989-2003. It would extend the principal to include counties in addition to cities. It would permit the use of such funding for bonds, a principal in place from 1989-2008. It would expand the allocation of cigarette tax for local infrastructure beyond the two cities which have been, since 2003, the only two recipients of such funds. LB616 would reinstate the funding for the Municipal Infrastructure Redevelopment Fund Act, or MIRF, which was adopted in 1989. MIRF took \$3 million of funding from a state cigarette tax and allocate it to all cities across the state for the use of local infrastructure. Although MIRF is still on the statutes, the funding was removed from the budget beginning in 2003, with the exception for Lincoln which has been receiving funding up until this year. LB616 would reinstate the MIRF funding at the level of \$2.5 million per year, which equals the amounts that the Omaha and Lincoln received under separate cigarette tax allocations for the Riverfront and Antelope Valley redevelopment projects. Also, the bill would add counties to the distribution of such funds and amend the MIRF act accordingly to make it CMIRF, or County Municipal Infrastructure Development Fund. The practice of allocating the cigarette tax is not new or unusual. This is a dedicated revenue source that is valuable in providing a revenue stream across more than one biennium. What ought to be clear is this resource has been utilized primarily in limited areas of the state. If it is to continue to be utilized, there needs to be an effort to spread the wealth to the entire state. LB616 reflects this approach. I would like to submit to the committee an amendment to LB616. The bill was inadvertently drafted to the wrong section of statute, and that amendment would correct this. With that I will waive closing on LB616 and submit the amendment. Thank you. [LB616]

SENATOR FRIEND: Thank you, Senator Cornett. Are there any questions from committee members, first of all, for Senator Cornett? [LB616]

SENATOR CORNETT: One quick note: a number of the testifiers here will only be testifying on the last bill. [LB616]

SENATOR FRIEND: Okay. That is a good transition. Can I see a show of hands of people wishing to testify in favor of LB616, right now? I see one. Any opposed to

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LB616? I see one; okay. [LB616]

SENATOR CORNETT: (Exhibits 2, 3) With that I was going to submit these after...on the last bill, but I will do that now. These are letters of support for all four bills from both the city of Bellevue and the Bellevue Chamber of Commerce. [LB616]

SENATOR FRIEND: Okay, with that we will start with proponent testimony; first testifier. By the way, we are not using the green, the yellow, or the red lights, but I also have a clock straight ahead of me and I'm notorious, if somebody gets over five minutes, for shutting them off. And Senator Cornett knows that, so if we could use some decorum as far as that goes, that would be great. I trust you will, sir. (Laughter) [LB616]

KERMIT BRASHEAR: (Exhibit 4) Mr. Chairman, of course. Members of the Revenue Committee, my name is Kermit, K-e-r-m-i-t; Brashear, B-r-a-s-h-e-a-r. I appear here as a registered lobbyist for the Sarpy County, Nebraska, and I appear in support of LB616. I too would like to do as Senator Cornett did, with regard to an overview. I have asked that you be presented with an exhibit and I'd like to talk about the growth potential of all four pieces of legislation that we'll serve you out and come before you. Sarpy County is a wonderful place for growth. I learned that during this body's work on redistricting. SMIRF has done wonderful things for...or MIRF has done wonderful things for development in Omaha and in Lincoln, and now we turn to the dynamicism or exceptionalism that I point out as creating synergy for growth and development in Sarpy County that will benefit all of Nebraska. It is amazing to examine. I find that even people who live within the area are not aware that since 1990, Sarpy County has had the highest rate of population growth in the state of Nebraska. Sarpy County has had the highest rate of families with young children. Since 1990, Sarpy County has had the highest median household income in the urban areas of the state, with a dramatic growth in education and housing values. In fact, by 2020 about 25 percent of the metropolitan area of the state of Nebraska is projected to live in Sarpy County. It is, indeed, an engine of growth in a state that has always needed and wanted growth for the sake of all Nebraskans. It's clear that Nebraska has an excellent opportunity to take advantage of that growth by providing a new home for Triple-A professional baseball in Sarpy County. As Senator Cornett stated, the first part of this debate is about the economic opportunity presented by retaining the Omaha Royals in Nebraska. The first element of this discussion needs to be some clarification that will dispel some myths or assumptions that are on the record but simply not true as to why the retention of the Omaha Royals franchise in Nebraska is worthy of everyone's attention. While we may not all be aware of it, the difference between affiliated baseball, that is a team with a contractual agreement with a major league baseball franchise; and independent baseball, a team with no such agreement, is clear. Retaining the Omaha Royals is the only chance for affiliated baseball to remain in Nebraska, and affiliated professional baseball has an almost 200 percent greater economic impact for the state of Nebraska compared to an independent team. In fact, the exhibit which has been shared with you

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uses data available in the public domain and also from the consultant that Sarpy County used initially in this process to demonstrate that the estimated difference in the economic impact is \$211 million to the state of Nebraska, and that the estimated difference in the total tax revenue is, in fact, \$9 million difference. The situation in Nebraska is highly unusual. Although Omaha is building a new world-class baseball stadium for a world-class sports event, it does not accommodate the reasonable business requirements of a Triple-A professional franchise. If you examine, as Sarpy County has, the type of stadium projects that have been built for Triple-A teams during the last 20 years, you will note that none are of the size and type planned for downtown Omaha. Professional teams seek right-sized ballparks with family-friendly environments. An analysis of the most profitable and valuable minor league baseball teams by Forbes magazine in 2007 found that every one of those teams played in a ball park environment of the type sought by the Royals. The fact of the matter is that examination of the data indicates that without the Royals franchise, there will not be affiliated pro baseball in Nebraska. The Pacific Coast League will not play here, and there is no other minor league that would locate here, and those statements have been made on the record. This has been documented by those statements, so the choice is the Royals or an unaffiliated, independent team. Does it matter? We suggest that this exhibit demonstrates, that for all of the people of the state of Nebraska, the revenues of the state of Nebraska and the economic multiplier effect, it does matter. More games, more fans, more tickets, higher prices, more revenue. The overall economic impact is demonstrated as over \$335 million for the term of the 25-year lease, and \$200 million greater than an independent team. Now to the second issue of today's hearing: is it reasonable and fair to extend the same types of economic development tools for this project that have been extended in the past? You have heard Senator Cornett summarize. The city of Omaha's Riverfront development project received direct grants of \$22.5 million from cigarette taxes, a turn back of 70 percent of the state sales taxes under the Convention Center Financing Assistance Act, as well as various tax incentives. The city of Lincoln's Antelope Valley and State Fair Park redevelopment projects have received \$15 million of direct grants from cigarette taxes, state assistance in moving the fairgrounds to Grand Island, and two sets of amendments to the Convention Center Financing Assistance Act. Sarpy County simply and respectfully requests that it have that level, or an appropriate level, of support in achieving this great economic developer. Although Sarpy County contains more than 8 percent of Nebraska's population, there is no other similar state assistance to projects for Sarpy County. These bills present a fair and reasonable approach, we suggest, to assisting with a major development that has brought excitement to the citizens and potential to retain and expand a great deal of economic impact. As to LB616, it is simply a continuation of a...an expansion of a methodology that has previously been used so that we have said we are taking revenue from no one; we are spreading revenue to counties and cities in the same amount that our largest cities have received that revenue, and we're making it proportionately eligible on a per-head population basis to the other counties and cities. And it can be used for their projects, and their growth, and their

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development, and we don't see a conflict in that. And the monies have not heretofore been utilized in the General Fund. With that I'd be pleased to answer any questions, or endeavor to. [LB616]

SENATOR FRIEND: Thank you. Thank you, Mr. Brashear. Are there questions from committee members on the items being discussed? Senator White. [LB616]

SENATOR WHITE: Thank you for coming, Mr. Brashear. I read with interest the progress of this project in the papers, and on several occasions that you had stated that no state money would be required or needed in order to fund this project. I read the fiscal note to indicate, in fact, \$2.5 million for years and years to come, just in this bill alone, will be pulled from the states general coffers. What's changed? [LB616]

KERMIT BRASHEAR: Well, I'm sure it's never happened to you, but I...and one particular individual, who may appear here, has repeated over and over and over that no revenues will be necessary from the state. That, in fact, is not something which I said. I have indicated that certainly we did not need all of this legislation. This legislation was drawn as an economic development driver for the whole state and it was meant to provide a multiplicity of options for doing the project. [LB616]

SENATOR WHITE: Okay. What of the legislation is superfluous? What do you really need? You said not all of it's necessary. What's superfluous? What do you need? [LB616]

KERMIT BRASHEAR: Well, as a practical matter you can conservatively estimate that one-third of the proceeds of the totality of the legislation would permit the project to go forward. [LB616]

SENATOR WHITE: So instead of \$2.5 million, what you really need is \$750,000? [LB616]

KERMIT BRASHEAR: Well, \$2.5 million, Senator White, as I know you understand...\$2.5 million in the MIRF/SMIRF bill which we're discussing right now is not for Sarpy County. Sarpy County would only qualify for it's proportionate pro rata share of the \$2.5 million and the remainder, the great remainder of the \$2.5 million, would be available to any other city or county that qualified for it for all kinds of infrastructure projects: highways, roads, the like. [LB616]

SENATOR WHITE: Okay. Two caveats: \$2.5 million will be removed from the General Fund, right? So... [LB616]

KERMIT BRASHEAR: Right. [LB616]

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SENATOR WHITE: ...I think we might be robbing Peter to pay Paul. I mean we may, if that money comes out of the taxes in what's going into the General Fund now, correct? Isn't the MIRF money part of... [LB616]

KERMIT BRASHEAR: I have to respectfully disagree. [LB616]

SENATOR WHITE: Well, the fiscal note indicates it is. Is that an error? [LB616]

KERMIT BRASHEAR: The \$2.5 million of appropriation that previously went to other...to cities has lapsed. So yes, it's now counted back in the General Fund. But what I'm trying to illustrate with a little refinement is it's not been there previously and spent as a part of the General Fund; it's back for the first time. [LB616]

SENATOR WHITE: Okay. And also then, Lancaster and Douglas County under this bill, would not be eligible to apply or receive any of those monies. Is that correct? [LB616]

KERMIT BRASHEAR: That's correct, because they already get \$2.5 million under other special legislation that the body has passed. [LB616]

SENATOR WHITE: And that's still active? [LB616]

KERMIT BRASHEAR: And that's still active and will continue to be active into the future. [LB616]

SENATOR WHITE: Thank you. [LB616]

KERMIT BRASHEAR: Thank you. [LB616]

SENATOR FRIEND: Further questions? Senator Hadley. [LB616]

SENATOR HADLEY: Yeah, Senator Brashear, a couple of comments have been made to me that there had been quotations made that the users would pay for this stadium. Is that a correct statement, or is that an incorrect statement? [LB616]

KERMIT BRASHEAR: It is and it isn't. In the sense that it's not just the users, but under...for instance, under this bill...now, this is cigarette tax money. There's \$65 million of cigarette tax; \$2.5 million used to go to the cities. \$2.5 million has gone to Lincoln and Omaha over many years; \$2.5 million will continue to go to Lincoln and Omaha. And here, what we're trying to do, is before...as Senator White threw out in his questioning...before it reverts to the General Fund--I know it shows on paper that it has--then this \$2.5 million would be divided among all the counties and cities pro rata based on population. Those aren't users, except to the extent they're smokers. So that's LB616. In LB617, clearly it is the property owners that would pay the increased tax, and

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in LB617, which is the family entertainment destination, in that instance it would be specialized to the family entertainment destination. That's a long answer, but I'm saying your question is correct in that it draws a more sophisticated distinction. [LB616]

SENATOR HADLEY: Okay. Since I'm new I can ask questions that aren't probably very good, but with the new SCHIP and the proposed increase in cigarette taxes, will there...this won't cause a problem with the other funding that we use cigarette taxes for? Because I've heard they expect a significant decline in cigarette tax revenues from the state now that we have SCHIP coming in and total taxes will be over \$20 a carton. Does my question make sense? [LB616]

KERMIT BRASHEAR: I do understand the question, and I believe that's part of what will be reconciled by this committee and by the body as this legislation, if you so determine, progresses. Those are the analyses that have to take place. [LB616]

SENATOR HADLEY: Thank you. [LB616]

SENATOR FRIEND: Thank you. Further questions? Senator White. [LB616]

SENATOR WHITE: I have a concern also, Mr. Brashear, if you'd be so kind. You're extending functionally city powers to the county for the first time, and I serve on Urban Affairs and there have been ongoing struggles between the cities of Sarpy County and the county with regard to who gets to control zoning and different issues. Can you please explain to me why it is a good matter of public policy for the Legislature to set county government up to have the same power cities do when it appears, in many of the cities, and had been all of them until Bellevue apparently was saved on the road to Damascus, that they were all opposed to this? Why is it good to extend that to the county? It seems really...and we haven't done it in 120 years of statehood. [LB616]

KERMIT BRASHEAR: Senator White, you ask me if I could explain it. [LB616]

SENATOR WHITE: Yeah. [LB616]

KERMIT BRASHEAR: I can; I worry that it won't be to your satisfaction, but I appreciate the question that allows me to... [LB616]

SENATOR WHITE: Like Saul, salvation's within all of our grasps. (Laughter) [LB616]

KERMIT BRASHEAR: ...but I appreciate being given the opportunity to try. All of what you state is generally true. What I think and believe, passionately, makes Sarpy County different is that it is unique in Nebraska. If I mischaracterize in any way that offends some political figure somewhere I apologize, but I'm trying to be clear with the committee. I only get one opportunity. Douglas County is certainly significantly impacted

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by the city of Omaha; Lancaster County by the city of Lincoln; Hall County by the city of Grand Island; Scotts Bluff County by Scottsbluff; etcetera, etcetera. Sarpy County is literally the only place, in my understanding, where more than half of the population is in unincorporated areas. In fact, the unincorporated areas of Sarpy County are the third largest population center in the state of Nebraska. And so the fact is that just simply by virtue of the development and the growth and the perfectly obvious prosperity which is, in growth, of record. That is good for all of Nebraska because it's growth and development. It simply is an urbanized county without domination by one or even two municipalities. So it is an exception to the rules, I respectfully submit, and needs this unique approach. [LB616]

SENATOR WHITE: Does it need this, or does it need aggressive annexation by the cities, which are already equipped with planning departments and other matters to handle these issues? I think... [LB616]

KERMIT BRASHEAR: Well, with 140... [LB616]

SENATOR WHITE: ...(inaudible) the cities have come to me, at least, at different times and indicated that the plans that the county--which doesn't, at this time, have legal authority to engage in--are actually huge impediments to rational, orderly growth and annexation under a planned development, which is the current scheme for urban areas in the state. So I'm not sure the answer that you suggest necessarily follows from the situation you describe. And, in fact, may be antithetical to what actually should occur, which is the cities should be free to grow in an orderly fashion and correct that. [LB616]

KERMIT BRASHEAR: May I respond? [LB616]

SENATOR WHITE: Sure, please. [LB616]

KERMIT BRASHEAR: Thank you. Certainly if the cities came together and solved it, then that would be a solution. But I believe it is fair to assert the cities haven't come together, and they haven't solved it, and the public record indicates that they haven't. [LB616]

SENATOR WHITE: Well, I know that... [LB616]

KERMIT BRASHEAR: The second part of the answer would be that certainly the Legislature could solve it, but that isn't the issue before us. What we have here today is this very significant economic development opportunity for...I contend for all the people of the state of Nebraska, that enriches the entirety of the state; and in order to do it, Sarpy County had the vision and moved forward. [LB616]

SENATOR WHITE: Well, just to correct the historical record--having sat in Urban Affairs

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now for three years--the cities have regularly come in on things like strip annexation, other issues, and the county, on it's own notion, inexplicably, without precedent, has come in to oppose a (inaudible) number of those efforts. [LB616]

KERMIT BRASHEAR: And having not been a part of the county at that time or instructed by them in that regard, I have no comment. [LB616]

SENATOR WHITE: And I appreciate your courtesy and your forthright answers. Thank you. [LB616]

KERMIT BRASHEAR: Thank you. [LB616]

SENATOR FRIEND: Further questions from committee members? Senator Adams. [LB616]

SENATOR ADAMS: Senator, following up a bit on Senator White's comments: I look at an SID and the problems, I think, that generally they create for cities as the city develops toward that SID--assuming debt, all kinds of infrastructure issues that may be less than adequate compared to what the city needs to see as that growth occurs...in doing something like this do you foresee the same kinds of problems? [LB616]

KERMIT BRASHEAR: Senator Adams, I understand the question. I don't believe that LB616 will contribute to that issue. I think that is a very precise question with regard to LB617, but I'm not trying to duck the question. The situation is we often have to deal, I say respectfully, with reality. A situation exists now that has been permitted under law for Sarpy County to have, I am reliably informed, in excess of 140 sanitary improvement districts. So they're kind of there. A lot of economic activity that relates to the welfare of the whole state of Nebraska and a lot of its citizens--8.3 percent of the population--is taking place now. SIDs are in place and so if we're going to somehow extricate ourselves from that existing fact, then we have to develop a methodology for doing it. [LB616]

SENATOR ADAMS: Okay, fair enough. [LB616]

SENATOR DIERKS: Thank you, Senator Brashear. How are you today? [LB616]

KERMIT BRASHEAR: I'm fine, and you're all kind; I'm just here as a registered lobbyist and it's good to be here. [LB616]

SENATOR DIERKS: Good. [LB616]

KERMIT BRASHEAR: And I'm enjoying it, thank you. [LB616]

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SENATOR DIERKS: Well, that's great. We want you to enjoy it. (Laughter) [LB616]

KERMIT BRASHEAR: Maybe I spoke too soon (laugh). [LB616]

SENATOR DIERKS: It think if it...Senator Friend has a question for you. [LB616]

SENATOR FRIEND: Yeah, Speaker, Senator...I'm going to call you Kermit. Kermit, can Omaha and the Douglas/Sarpy area...can we support two minor league baseball teams? [LB616]

KERMIT BRASHEAR: Yes. [LB616]

SENATOR FRIEND: Do you think so? [LB616]

KERMIT BRASHEAR: Yes. Now, you say minor...I'm sorry, you're hitting my...you know of my sports expertise. Can we afford two minor league teams? I don't think that is going to happen, as a practical matter, for a lot of reasons, Senator Friend. And I don't know whether we can support it. I know there's a huge difference, which I've had to learn, between the Triple-A minor league franchise, affiliated, and an independent professional ball club, and I've tried to demonstrate that in the exhibit before the committee. But whether two can exist is a question, as somebody recently...a famous person recently said, is beyond my pay grade. But what I have tried to do is change the focus. I think it is exciting...and I'll be brief, Senator Friend, but if I may...I think it is very exciting that Omaha, in response to what I call a world-class event, is building a world-class venue that will draw great attention to the metropolitan area. I think the needs of this particular franchise are different, and the dynamicism and exceptionalism of Sarpy County allow it to do the other. And I would think that then given some cooperation and attention, maybe other great dramatic things can happen for the whole of the metropolitan area which will benefit all of Nebraska from east to west. [LB616]

SENATOR FRIEND: Thank you, and that's a big picture. I appreciate those comments and the only...and I'm going to ask you to comment on this because I think you may have a comment on what I have to say here. I don't think it...and I'm not trying to be arrogant here; I don't think it's beyond my pay grade. I don't think we can support two minor league teams, and the fear that I have--and this is what I'd ask you for the comment for--the fear that I have is...I guess we made our own bed and we have to lie in it, but we're going to have a stadium downtown that's used two weeks out of the year and then we're going to try to...I don't think it's beyond my pay grade because I think a stadium like that needs a tenant. A tenant that pays, you know, for the landlord to be able to put dinner on the table for its family. And Omaha...for me, I think Omaha's in a little bit of a predicament here because of the discussions breaking down and not having, maybe, the opportunities that I think Omaha should have had to keep the Royals in a brand new complex downtown. So A) I don't think we can support two; B)

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we're going to have a brand-new stadium and nobody to play in it. It will look like Field of Dreams. [LB616]

SENATOR WHITE: Filled with ghosts? [LB616]

KERMIT BRASHEAR: May I respond? [LB616]

SENATOR FRIEND: Please do. [LB616]

KERMIT BRASHEAR: Thank you. Senator Friend, I think we can either view the glass as half full or half empty. I've tried to demonstrate why we need to do what we need to do in the instant situation now and seize the opportunity. I recall having had some involvement when the Qwest Center was built, and the arena, and the convention center; there were doubts, and there were questions. I think the Metropolitan Entertainment & Convention Authority has demonstrated, to everybody's great pleasure and satisfaction, what can be done there. And as soon as we take away this easy solution to the tenant, there may well be other creative things developed. And I'm...I don't know, but I'm saying they will not quit trying to make that new world-class site even more beneficial. I'm sure; I believe in them. [LB616]

SENATOR FRIEND: Thanks; fair enough. [LB616]

SENATOR DIERKS: Any questions for Senator Brashear? It doesn't look like it, Kermit; thank you very much. [LB616]

KERMIT BRASHEAR: Thank you, sir. [LB616]

SENATOR DIERKS: Further proponents, please. Is there anyone else to testify in favor of LB616? Anyone to testify in opposition to LB616? [LB616]

JEFF HIX: Thank you for indulging me again on that, and (inaudible) what I'm saying applies to each of these bills so I don't know if I should show up once, twice, or three times. But I...my name for the record, I'm Jeff, J-e-f-f; Hix, H-i-x. I live in Bellevue, Nebraska. What I see in one of the notations on this item here is that they're going to change the distribution of funds and Senator Brashear made the comment, well, one of these things will be done like this before it's expired; we need another way to waste the money. Why not let it go back into the General Fund, because no matter what's going on on there, I know Senator Brashear was involved in this because he served in the Legislature for so long. We have had up and downs to the point that the Legislature was sweating blood to try and balance the budget in low years, and that's not that far ago. You're talking a 25-year period again. All the press is crying about the condition of our current economy; you're going to face shortfalls again in the future that are going to make you sweat blood like you did--I forget how many years ago it may have been--I'm

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thinking of ten or less. I may be wrong on the number, but the concept...I know you gentlemen have been in this position enough to know a little history of the Legislature, so I'll just defer to that as a general statement. The fact that Omaha didn't take them on...I would refer you to what I read in the press--that the Royals had what I call a sweetheart deal for Rosenblatt to the point that, what I read in the press if I...and I may be off a little bit on my number but the concept is there, when they made the decision to go from Rosenblatt to the downtown stadium, Rosenblatt had a deficit of about, what, \$9 million or something like that? But they had a large deficit that's part of the funding they're having to be handled out of what they're doing for the baseball stadium downtown. Part of that is is every so often Rosenblatt was set up...this is great, this is good, and it finally expanded and expanded and expanded until they used eminent domain to take families out of their homes on 13th Street at Rosenblatt many years ago. And they were still digging a hole when they decided to build the new stadium. And Senator Friend, I think you are correct; they finally got smart and said we're tired of this deal that's not working out for us in Omaha, and the Royals went elsewhere. Now I'm sorry to say the people in Sarpy County need a new T-shirt: Royal Sucker. And Senator White, I think from the points you were asking that your points were right on as well because yes, I do remember back when Bellevue didn't go beyond what is now known as Fort Crook Road, and John Gebbie (phonetic), newspaper publisher at the time, would get a famous individual to stand by the city sign and his caption, I don't care who it was, was children, you know where your parents are because at that time the population of our school district exceeded the population of our town. I diversified a little bit. Let me diversify one more point on this concept in general. We just went back on a bill about the State Fair moving from Lincoln to Grand Island. Part of what I have been doing for my economic well being is to drive up and down Interstate 80. I've been to your city several times, Senator. The one thing that has happened on numerous occasions is I've driven at night, been tired, pulled into the various rest areas on I-80. I would suggest to you that there's going to be more of that during the State Fair time because of the State Fair moving in your direction. I would suggest if you're going to look for a way to wisely spend tax development money you should spend a good portion of it trying to expand those rest areas because they're so overcrowded now the trucks are parking...I've had occasions when I was ready to leave I couldn't get out of there because of a truck in the car area. Please, I know it's not what you're talking about today, but think about that. If you're looking for a way of good, statewide tax development money. Thank you for allowing me to make that diversions. [LB616]

SENATOR DIERKS: Thank you, Mr. Hix. Questions? Any questions? I guess not. [LB616]

JEFF HIX: Thank you, sir. [LB616]

SENATOR DIERKS: You're excused, thank you very much. Further opposition? Anyone else in opposition to LB616? Anyone in a neutral position on LB616? Senator Cornett,

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do you want to close? [LB616]

SENATOR CORNETT: I've actually waived closing on all bills except LB615. [LB616]

SENATOR DIERKS: Okay. [LB616]

SENATOR CORNETT: So I'm free to open on LB617. [LB616]

SENATOR DIERKS: LB617. [LB616]

ABBIE CORNETT: LB617, yes. [LB616]

SENATOR DIERKS: LB617. [LB616]

SENATOR CORNETT: Good afternoon, Vice Chair Dierks and members of the Revenue Committee. My name is Abbie Cornett, C-o-r-n-e-t-t, and I represent the 45th Legislative District. LB617 expands on a policy adopted in 1977 that permits counties to form a community building district in order to use local resources for county projects that serve social, athletic, and recreational purposes. The 1977 law permits such districts to be formed in all counties. As drafted, the new form of community building district permitted by LB617 would only be allowed in substantially urbanized counties of which there will be few. The special district would be formed in the manner of a sanitary improvement district, or SID, as a voluntary act of the landowners seeking permission to impose a heightened tax burden on their land in order to assist in financing an eligible project. The projects are limited, as in the original 1977 act, to social, athletic, and recreational purposes. This is not a ticket to impose full-fledged general governments on unincorporated areas of counties. Instead, the bill addresses a situation that is probably unique to Sarpy County. Due to the flow of residential development outside cities, the legal and political bar to Omaha annexing across county lines, the path of the interstate, and other factors, Sarpy County has developed sites that are not within the limits or extraterritorial zoning jurisdictions of any municipality. There have been indications that the Royals had interest in one or more such sites. Cities, as you know, may have tools under the Local Option Economic Development Act and Community Development Law that counties do not have. Sarpy County recognized that it needed means to develop a site without the aid of a city if such were to be the case. This bill expands on county authority granted in 1977 in order to facilitate such development. It's narrowly drawn to apply to specific needs and can easily be made narrower. And were a site to be selected that is within the jurisdiction of a municipality, then the power sought would be unnecessary. I would thank you for your consideration of LB617 and will waive closing on LB617 also. [LB617]

SENATOR DIERKS: Thank you, Abbie. Questions for Senator Cornett? Senator White. [LB617]

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SENATOR WHITE: Is Cabela's covered by this? [LB617]

SENATOR CORNETT: Cabela's... [LB617]

SENATOR WHITE: Is Cabela's... [LB617]

SENATOR CORNETT: ...would be in...I believe is in an ETJ. [LB617]

SENATOR WHITE: So it's already...it would be exempt under... [LB617]

SENATOR CORNETT: It...I believe that...Cabela's... [LB617]

SENATOR WHITE: If this passed. [LB617]

SENATOR CORNETT: Right. This is unnecessary if it is in an ETJ, if I understand it correctly. [LB617]

SENATOR DIERKS: Other questions? [LB617]

SENATOR CORNETT: I'm sorry; extraterritorial zoning jurisdiction. [LB617]

SENATOR WHITE: Well, I'm (Inaudible). [LB617]

SENATOR CORNETT: I know you are, but other people might not be. [LB617]

SENATOR DIERKS: Okay, thank you very much. Are there proponents of LB617? Whenever you're ready, Kermit. [LB617]

KERMIT BRASHEAR: Thank you. Mr. Vice Chairman, members of the Revenue Committee, my name is Kermit Brashear. I'm a registered lobbyist appearing on behalf of Sarpy County and in support of LB617. As Senator Cornett has indicated, and we thank her for introducing this bill and all of these bills, it would allow local government to use local resources for a community project. We've described it and touched upon it so I'm going to abbreviate. This law has been on the books for years and has, to our knowledge, has not been used. It's a community building district that we equate with a super SID. It's important to consider that a sanitary improvement district is a district created voluntarily by a petition of the landowners who are subject to the application of the sanitary improvement district, and we are contemplating exactly the same thing. The local land owner or owners who want to have this benefit extrapolated from their land would apply to form this super SID, as we call it, or the community building district. They're not within the jurisdiction of a municipality and the county board would have to agree. This form of community district would operate in great similarity to an SID.

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Senator Cornett mentioned this was authorized by the Legislature in 1977. It's residential and commercial development in Sarpy County that has made the...as brought out by prior questioning...where you have 150,000 people outside municipal boundaries and governance, it simply makes this kind of approach a local option for an urbanized county to be able to utilize it. We do not believe that it would be applicable in any other case in any other county, and it is an attempt to put a menu of opportunity on the table, legally, to seize the economic driver of this stadium for the Omaha Royals. I urge your support and thank you for your consideration. [LB617]

SENATOR DIERKS: Thank you, Kermit. Questions for Senator Brashear? Senator Adams. [LB617]

SENATOR ADAMS: Senator, I'm kind of back to where I was on the previous bill. So a project like this, if it were to succeed...obviously there's going to be wastewater issues, there's going to be potable water issues, which...well within the realm of engineering can all be worked out until any one of these communities annexes into that area and now we've got wells to deal with, and sewer lagoons, or whatever it is. Has that been a point of discussion as this has been developed? [LB617]

KERMIT BRASHEAR: No, Senator Adams. I want credibility above all other things. We have taken the sanitary improvement district law as it exists and is being utilized in Nebraska with its benefits and its burdens, and we simply have endeavored to utilize it and expand upon it where the pain and penalty falls to the owner of the property that would benefit from the dynamicism of the development. But it is not a solution for problems that exist heretofore. [LB617]

SENATOR ADAMS: If I might, the only other thing...and you, in effect, have answered it: kind of an umbrella example, but what I also envisioned here was the good thing would be you have a lot of people using this area; the bad thing, there's no ordinance power, so now noise and emissions and all of these things could become problematic? [LB617]

KERMIT BRASHEAR: If I may... [LB617]

SENATOR ADAMS: Please. [LB617]

KERMIT BRASHEAR: ...certainly all growth and potentiality and progress brings with it corresponding issues, but what I've not understood in this discussion to date is there has been complaint that, well, one might not want to annex it. I remember when I moved to Omaha--oh, so long ago--I lived right in the middle of the city as far as I was concerned, and it's really the middle of the city now. But it was an SID. You know when...and so we had to pay for our own garbage disposal and so on and so forth. You know when it got annexed? At the first moment that it was economically desirable and revenue positive for the city of Omaha to annex it, they annexed it. And what I don't

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understand in this particular situation is we're reaching out to grab and retain this dynamicism, and I would expect that some city will be real happy to annex it with all of its surrounding development and the activity that goes on there and so on, just as soon as it makes economic sense to them. In the meantime, it's not their burden. [LB617]

SENATOR DIERKS: Senator White, please. [LB617]

SENATOR WHITE: Now this law would be completely unnecessary if, for example, the stadium's built in Bellevue which already has these powers, correct? [LB617]

KERMIT BRASHEAR: That is correct. [LB617]

SENATOR WHITE: But the stadium's not really going to be built there, it's going to be built on 370 and I-80, correct? [LB617]

KERMIT BRASHEAR: Well, you're really dealing tough now, because I know where the sites are and I'm not going to pretend I don't, but I am not in a position to disclose. But I will tell you that we have indicated we have nine property owners who have submitted 12 parcels of property and I, with all due respect, Senator White, I can neither affirm nor deny what you say. But I know there's evidence to the contrary. [LB617]

SENATOR WHITE: You've got 140-plus SIDs in Sarpy; you've indicated that it's a mess down there because that's why the county's got to have the previous bill. So we're going to make it a bigger mess by having a super SID. Is that the solution to the problem--more of the same trouble? [LB617]

KERMIT BRASHEAR: You're leading me, Senator White, and you're doing it very well and I'm at the disadvantage, but... [LB617]

SENATOR WHITE: Oh, come on, no, no, Senator, come on. [LB617]

KERMIT BRASHEAR: ...no, I didn't say it was a mess; and no, we don't need the previous bill because it's a mess; and this is just another creative opportunity for economic nexus to do a project. [LB617]

SENATOR WHITE: I'm just glad you're here having...twice; it's like Harry Caray would say, let's play two. (Laughter) [LB617]

SENATOR DIERKS: Other questions for Senator Brashear? Senator Hadley. [LB617]

SENATOR HADLEY: Yeah, Senator Brashear, you know, I guess I...one of the concerns is always a sales tax that's imposed just by the county board and not going to the vote of the people. Any comments on that? [LB617]

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KERMIT BRASHEAR: Without going astray from...what I would simply would indicate is that the idea that most comes to fruition in the next bill, LB617...pardon me, LB618...is that around this Family Entertainment destination, other businesses will want to exist. And one that's been prominently featured in media stories is, for instance, if you have two sheets of ice and if people are going there for ice activity with their children and children's hockey teams and so on; and if you have baseball then you also will have restaurants, you will have other things. And so there is a revenue generator concept that makes it possible to pay for the infrastructure and so on you would be putting in in the SID if, as Senator White points out, you're not in an area where the infrastructure already exists. And among the 12 sites there are sites that have infrastructure and sites that don't. [LB617]

SENATOR DIERKS: Any more questions for Senator Brashear? I guess not. Thank you, Kermit. [LB617]

KERMIT BRASHEAR: Thank you. [LB617]

SENATOR DIERKS: Next proponent, please. Anyone else in support of LB617? Anyone in opposition to LB617? [LB617]

JEFF HIX: I think this is getting to be a bouncing chair. My name is not Jack-in-the-Box; I'm Jeff Hix, H-i-x. I live in Bellevue, Nebraska. Other than to state the principal that I don't think this type of financing is the appropriate purpose of government, that our government's legitimate purposes and functions are more restricted than this, let me add a couple of things here. Somebody asked about some of the annexation problems that have occurred. For example, Bellevue was not all that happy initially for an area called Fontanelle Hills because the cost of Fontanelle Hills was all high. Of course, as any SID would be they've got a bunch of hills and so on and so forth made it hard to do the road maintenance, snow plowing and stuff. But one of the issues that when they were ready to annex the housing portion of Fontanelle Hills was the golf course. And for many years, because of the golf course, Fontanelle Hills was not annexed; I would point you to that. There's another thing that somebody asked about: lagoons and an SID. One of the ones I can think of--and I'm sorry, I forget its name--it was 132nd Street and Highway 370 to the southwest of that corner. I don't know if they ever finally annexed it, but one of the things that is there that would make me wonder about is they did, for many years if they don't still, have a lagoon right within eyeballs' distance of that housing area where they named a bunch of the streets after astronauts. So again, I would tell you that this is not the appropriate use of government; this is not the appropriate thing for government should be doing with our tax dollars; and we should not be in the business, as a county, of being a landlord. Let me paint one more thing that comes to mind is that was a gentleman by the name of Chip Davis and Mannheim Steamroller. Some years ago there was a proposal out by Mahoney State Park that Mr.

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Davis wanted to, through private enterprise, put up a facility. That didn't fly; don't know the reasons why. But if that didn't fly in through the opposition that it did, why would a bunch of people say yes now when they said no then? Mr. Davis's proposal met my likes a lot better because I like his music, I admit it; I'm not a sports fan. I'll disclose that too. One other thing I'll disclose is that yes, I have received some economic benefit from the Royals being where they are from the job that I did. The grand total of my profit wouldn't buy lunch, but I have had a service that I did provide them at one time and a couple other times. Questions? Shall I go back and sit in my seat? [LB617]

SENATOR DIERKS: Questions anybody? I guess the questions are all answered. [LB617]

JEFF HIX: Thank you. I try to, each time I come, to say something new anyway. [LB617]

SENATOR DIERKS: I thought your were going to break out in song there for a minute. (Laughter) [LB617]

JEFF HIX: If I sang, this body would empty. [LB617]

SENATOR DIERKS: Anyone else in opposition? Anyone in a neutral position? Well, that will close the hearing on LB617 and we will move on to LB618. Senator Cornett, whenever you're ready. [LB617]

SENATOR CORNETT: Good afternoon again, Vice Chair Dierks and members of the Revenue Committee. My name is Abbie Cornett, and I represent the 45th Legislative District. LB618 would adopt the Family Entertainment and Sports Attraction Act. The focus of LB618 is the ability to attract or retain sports franchises and events with significant attendance by means of Family Entertainment Districts. In order to qualify for assistance under the bill, such a franchise or event would need to draw over 100,000 spectators annually, and the project being assisted would need to result in long-term occupancy agreement for 25 years or more. We have come to realize that Nebraska State Fair is another worthy family entertainment event and that the definitions in the bill ought to be revised so as not to strictly limit to sports events or attractions. Aside from the creation of a Family Entertainment District, the terms of the proposal are very similar to the provisions in other statutes, including the Convention Center Financing Assistance Act. Namely, a project can be submitted to a state board seeking status as a qualifying project under the act. Once approved, then a majority of the state sales tax generated by the project itself--again, I reiterate, sales tax--by the project itself and a portion of surrounding new development is turned back to the local jurisdiction financing the project. The main difference in LB618 as opposed to the Convention Center Financing Assistance Act is a broader Family Entertainment District is included within turn back rather than a hotel only. On the other hand, LB618 is strictly limited to projects that result in long-term commitment from a team or event with a proven track record of

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high attendance. In that regard, it is narrower than the Convention Center Act. As we have stated, no part of any of these bills is set in stone. They are intended to give the body and Sarpy County options. You may hear concerns about a 400-acre district. The number represents a preliminary choice and will not necessarily reflect the ultimate needs related to the underlying project. Again, it is important to stress how these bills are an attempt to build upon the types of tools that have been made available to communities in the past. We view them as reasonable and balanced, particularly in light of what is available to other jurisdictions. At the same time, we continue to offer to work with any and all parties to improve the work product going forward from today. Thank you for your consideration of LB618, and I waive closing on LB618 also. [LB618]

SENATOR DIERKS: Thank you, Abbie. Questions for Senator Cornett? Okay, thank you. Proponents for LB618? [LB618]

KERMIT BRASHEAR: Vice Chairman Dierks, members of the Revenue Committee, my name is Kermit Brashear. I appear as a registered lobbyist for Sarpy County, Nebraska and in support of LB618. We have, in the course of prior testimony, covered a number of issues that relate to LB618 and so I'm going to abbreviate. It is important to stress that with regard to LB618 we have...we've dubbed it a FED, the family entertainment destination. We are only talking about asking the state to turn back the new and newly created revenue that occurs within that destination district created for the purpose of achieving the bondable financing to build, in this instance, a stadium. We expect that there will be surrounding activity, and the like, that will be new revenue to the state of Nebraska, and new economic dynamicism. And we're simply asking for the ability to tap into that as a sustained revenue stream in order to achieve this result. It is exactly the same approach that was used for the Qwest Center, and it is narrowly written. And as Senator Cornett has alluded and has been a part of the discussion, we've come to realize it's too narrow, because as a practical matter we tried to design all these bills so that they were good for anybody who could use them and not negative for anybody. Not taking anything away. There is no reason that we can't tweak this--and it literally would only be tweaks--to make it also work for the State Fair if there's interest in that regard. Because this is about significant...this is not about personal interests and this is not like STAR bonds in the sense that it's private enterprise. These are about public facilities, public destinations, and public activities that draw attendance and economic drivers for the benefit of the social well-being and the economic well-being of the people of the state of Nebraska. I have heard the term before in life, "death by fiscal note," and I have friends in the Fiscal Office and I know they only do good work, but I must respectfully dissent from the fiscal note attached to LB618. You see, what they do is they give us too much credit. They assume that there absolutely will be growth in Sarpy County whether we do this or not, and it will be the explosive, booming growth that we project whether we do this or not, and it will be so hugely successful so that to do this will be an economic detriment. And the fact is that if we achieve the dynamicism which they're talking about so that the fiscal note of \$5.3 million would apply, Sarpy County would

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have already, with the hundreds of millions of dollars of revenue, already paid off its share of the stadium by 2013. So it indeed would be an extraordinary leap forward of economic progress for the state of Nebraska, and so we'd like a chance to discuss, as often happens, the concept of the fiscal note: how it was arrived at and how it may be refined. And we appreciate the Fiscal Office's very optimistic view. [LB618]

SENATOR DIERKS: Thank you, Kermit. Questions? Senator Adams. [LB618]

SENATOR ADAMS: Senator, then, it sparked a thought, and I didn't...I'm not as familiar with how the Qwest Center, the bonding went, so you can clarify for me. But if the fiscal note is as you say, blown a bit out of proportion by great optimism, let's go the other way. What if the sales tax revenues don't happen at the level that's necessary to finance these bonds? What backs these bonds? Is it the general tax base of Sarpy County then, if the sales tax generated in this district... [LB618]

KERMIT BRASHEAR: It depends on whether we...excuse me... [LB618]

SENATOR ADAMS: No, if the sales tax district can't handle the flow on the P&I annually, then what's the backup? Is it the general tax base of the county? [LB618]

KERMIT BRASHEAR: Yes. Ultimately, if you take all worst-case scenarios, then we cannot construct it so that there's an ironclad absolute guarantee that you will never go to the tax base of the county. But if you use all available data and use it conservatively and project carefully, the Sarpy County board of commissioners has been absolutely unequivocally and repeatedly clear to me that they want this done without property tax, and there is at no time that we have ever undertaken any projection here that we've ever included one penny of property tax. And we have financial models that indicate, as Senator White drew out, revenues in excess of those necessary, and that's, of course, what we know we'll trim back: the result of these bills. [LB618]

SENATOR ADAMS: Okay. Thank you. [LB618]

SENATOR DIERKS: Senator Hadley. [LB618]

SENATOR HADLEY: Senator Brashear, I was literally going to ask the same question because I follow up with my earlier question on the last bill, that the citizens aren't going to get to vote on the 1.5 percent sales tax, yet ultimately they could be left holding the bag. You're saying it's a...you know, it's maybe a possibility that'll never happen, but it's possible that it could become a general obligation of the citizens of Sarpy County without ever having been put to the vote to them for the tax, the 1.5 percent tax. [LB618]

KERMIT BRASHEAR: I am not trying to avoid your question, but we're talking very generally here as if there's no distinction between general obligation bonds and revenue

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bonds, and there's no distinction as to whether we are within or outside a municipality. And I simply cannot answer the questions because this...the totality of this transaction has been on a very unusual time line, and we are having to make decisions that will impact, for instance, that question, as we go. And I don't want to misrepresent. [LB618]

SENATOR HADLEY: Okay. One other question. I do happen to be a baseball fan, and in each...I'd like to...it says in each case the facilities must result in a long-term occupancy agreement of 20 years or more. And following minor league baseball, turnover of franchises and teams moving in and out of town, such as that, is not entirely uncommon in minor league baseball. Who would the agreement be with? Would it be with the parent Kansas City Royals, the agreement, or is it with some owners of the club, or who is this long-term occupancy agreement going to be with? [LB618]

KERMIT BRASHEAR: Thank you, Senator Hadley, for the question, because I think the answer is uniquely Nebraskan: interesting and fun to give. The agreement is with the limited partnership that holds the franchise rights to the Omaha Royals and we have...we know that and we have done the due diligence. And let us all remember as a matter of public record, although there sometimes seems to be some confusion that we have two very significant citizens of the state of Nebraska who have been great contributors over a long period of time in eleemosynary activities that are 50 percent owners of this limited partnership and then there are two other gentlemen who are owners of the limited partnership who handle the operations. This is a solid 25-year lease. Public information that we have compiled...they have never represented this. I'm not speaking for anybody except, based on public domain information, this is a \$20 million franchise that has committed to a \$13.5 million-plus contribution to build a \$26 million development that has the economic driving potential of the exhibit. Is that responsive? [LB618]

SENATOR HADLEY: Thank you. Yes. [LB618]

SENATOR DIERKS: Senator Friend. [LB618]

SENATOR FRIEND: Thank you, Vice Chair Dierks. Can you...Kermit, can you characterize the...can you give me a characterization of the risk/reward analysis of this agreement? I mean, if you...are the Royals taking more risk than Sarpy County? Is Sarpy County taking more risk than the Royals? I mean, if the bond...if the revenue bonds would fail, and of course we know the...you and I have... [LB618]

KERMIT BRASHEAR: You mean fail to issue, Senator? [LB618]

SENATOR FRIEND: Fail to issue even to the degree that we're hoping, and I think that we all probably know or expect that they should succeed. I mean, I think we're all in agreement. There's some valuable potential here. But there's always a risk of reward

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and I've had a few bonding items this session and people are bringing those out in clear black and white terms. Can the Royals get out of here and go, you know what--whatever--Brownsville, Texas, looks awful good now after four years. And then you see Sarpy County holding a bag, if you will. I mean, characterize the agreement of the risk/reward here, if you would. I mean, maybe that's unfair because it's a little esoteric, but... [LB618]

KERMIT BRASHEAR: No. No, it's not unfair at all. It was the kind and type of thing we worried about in the beginning of the project and we don't talk about anymore. There have been some, with no criticism expressed or implied of anyone, there have been some things that have been too blithely and casually discussed. One of them, I would assert...and the reason I provided the data in the exhibit is the difference between a Triple-A minor league franchise and an independent league. There's a world of difference. But let's talk about the Omaha Royals. They are projected to have attendance--I'm a round numbers person--of 400,000. When we just assume that they can just pick up and move, there's, in our judgment based upon our analysis, there's a \$2.5 million additional expenditure to go generate 400,000 fans somewhere. This is all controlled, the franchising is, as I indicated in response to Senator Hadley's question, this is...you know, this is owned and controlled and you have to have permissions from...and those are built into the agreement, etcetera. So we do not view that part of it as being some questionable contractual obligation, and that's a solid \$3.5 million of it. Now when we were proceeding on the basis of speculation in the public media that it would be a \$40 million installation, that was very difficult to achieve. But we now know that having proven by actually dealing with reality of multiple stadiums built across the country, knowing that we can do the thing for \$26 million, we've achieved half of the revenue or a little better from the Omaha Royals, and we know, based on an analysis of the market and comparing it to every other transaction that's been done in the United States of America, that is at or above market. So Sarpy got at or above market, and we are reliably informed by experts that you could not be building a facility of this kind at a better time in the economy of the world; that the prices are down and people are seeking the jobs. And I assume the jobs and the economic development and the expenditure are as precious to us here in Nebraska as anywhere else. [LB618]

SENATOR FRIEND: So the assertion is that the investment...the investment is significant enough because the risk of actually, of the Royals sitting there, the risk to them is actually...we...forget about the idea of the percentages and who's holding the bag. The last thing we want to be doing is holding even a percentage of that bag, because it's going to end up costing us twice as much to get out of here as it would if we did it right now before we made this decision. I mean, that's what I'm hearing is the assertion. [LB618]

KERMIT BRASHEAR: That would be one factor that I would offer in response to your question. It's called leverage. [LB618]

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SENATOR DIERKS: Senator White. [LB618]

SENATOR WHITE: Is it accurate that if the bond financing fails, the Royals can terminate the agreement and Sarpy County must pay the Royals \$2 million? [LB618]

KERMIT BRASHEAR: That is accurate. That is a breakup fee but it doesn't become operative until after June 1. [LB618]

SENATOR WHITE: Well, how come if the Royals fail you, Sarpy doesn't get \$2 million? [LB618]

KERMIT BRASHEAR: Senator White, it has all to do with the difficulty of the negotiations. I tried. [LB618]

SENATOR WHITE: Now, and you assure us that or the people of Sarpy County that the Royals will stay because it makes sense. I know folks in Brooklyn are still upset about the Dodgers. I mean, baseball...and Seattle with the Sonics and now the Oklahoma Thunder or whoever they are... [LB618]

SENATOR FRIEND: Basketball. [LB618]

SENATOR WHITE: Basketball. I'm sorry, you're right. And Baltimore, now Indianapolis. Do you catch the drift? I mean, they move all the time. Some new city looks prettier. [LB618]

KERMIT BRASHEAR: I catch the drift. I'm thinking this might be a good opportunity for me to understand that you're the senator, I'm the witness, and you get the last word? [LB618]

SENATOR WHITE: No, no. I'm...(laughter)...I mean, Senator Friend asked a really good question about where the risk went, okay? And I would tell you, I'm not a contracts lawyer although I've cleaned up a few in court, and the risk looks like it's overwhelmingly on Sarpy. [LB618]

KERMIT BRASHEAR: I'm sorry. I don't agree with that. [LB618]

SENATOR WHITE: Okay. Well, Sarpy County wants the stadium, right? [LB618]

KERMIT BRASHEAR: No, Sarpy County just doesn't want the stadium. It wants the economic activity, the driver, the nexus, the ripple effect: all that goes with it. [LB618]

SENATOR WHITE: Okay. [LB618]

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KERMIT BRASHEAR: There are people we have...I can tell you for a fact, because it's personal knowledge, there are people waiting to see this be committed. The agreement that happened last Tuesday before the board of commissioners was the first step. This hearing is another step. Selecting three sites by April 22 is the next step. Making the commitment that could cost \$2 million by June 1 is the next step. And there are developers and people lined up who want to talk about being on location. [LB618]

SENATOR WHITE: Two questions then. The revenue bonds ultimately will have to be backed by property tax to be saleable. Isn't that accurate? [LB618]

KERMIT BRASHEAR: I really...maybe. I'm not trying to say no but I can envision situations in which they will not need property tax backing. They may need the general obligation of the county. [LB618]

SENATOR WHITE: Same difference, different name. [LB618]

KERMIT BRASHEAR: Okay, okay. [LB618]

SENATOR WHITE: Okay. So we're looking at, if this deal goes sour, without a vote of the people, a potentially substantial property tax increase on the folks of Sarpy County. If it goes south. [LB618]

KERMIT BRASHEAR: If it fails, which I am not trying to consent to by the answer... [LB618]

SENATOR WHITE: No, I know you don't think it will. [LB618]

KERMIT BRASHEAR: ...yes, there will be some risk. I mean, you have to satisfy it. It's like... [LB618]

SENATOR WHITE: And even if it goes (inaudible) property... [LB618]

KERMIT BRASHEAR: ...Great Archways or whatever. [LB618]

SENATOR WHITE: ...but the cigarette funding drops dramatically because of the huge new federal tax increase, you might also have to raise property tax. You won't get the money because you've got a percentage of that cigarette income tax you want. And if people really drop smoking fast and also because other people kind of want that money for children's healthcare, so you're in a tussle with children. So assuming that doesn't come through on the levels that you project, you may also have to raise property tax. [LB618]

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KERMIT BRASHEAR: No, Senator White, I won't agree with that because based upon the financing plans that we have developed, we are millions of dollars to the positive. We do not have to hit a home run on every single issue in the manner you're very effectively presenting it. We don't have to have all this cigarette tax, all of the super SID, and so forth. [LB618]

SENATOR WHITE: Again, thank you for your courtesy. [LB618]

KERMIT BRASHEAR: We have put forth a broad menu. [LB618]

SENATOR WHITE: It's a broad menu. [LB618]

KERMIT BRASHEAR: We're trying to overachieve. [LB618]

SENATOR WHITE: There might be another word following over: Reach. [LB618]

SENATOR DIERKS: Other questions for Senator Brashear? Senator Louden, please. [LB618]

SENATOR LOUDEN: Well, thank you, Senator Dierks. Senator Brashear, I guess I've known you for a long time and I've listened to your dialogue for many years; some of it I understood, some of it I haven't. But as I look at this, I have to kind of put this in a perspective that I grew up dealing with, and it looks like to me it's kind of like sorting replacement heifers. You've got several of them here to pick through, and the trick is to find the one that's going to go ahead and produce and make you some money. You've got to sort out the ones that will be barren, the freemartins and everything else. Now I'll use your expertise. Which one of these is the one that's going to ahead and make some money and produce, of these, what, four bills or so we're working through? You only get to choose one. [LB618]

KERMIT BRASHEAR: I only get one? Let's do LB615. (Laughter) [LB618]

SENATOR WHITE: That would be the heifer with four heads? (Laughter) [LB618]

SENATOR FRIEND: And eight legs. (Laugh) [LB618]

SENATOR LOUDEN: And you've got to choose right or else it won't work. [LB618]

KERMIT BRASHEAR: Well, I tried to choose right, but I don't want to get...I don't want to be in trouble with you, Senator Louden, later. The reason I picked LB615 is because it's a combination of all three of these bills, and so that way, by picking one, I get them all. [LB618]

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SENATOR LOUDEN: Okay. Okay, thank you. That's what I wanted to know. [LB618]

SENATOR DIERKS: Senator Hadley. [LB618]

SENATOR HADLEY: Thank you. Senator Brashear, you know, I just have to editorialize for just a minute. It's too bad it couldn't have been worked out because I think Omaha deserves to have the College World Series. It deserves to have a great Triple-A team. And it's just too bad that...you know, I just wanted to go on record that it's too bad it couldn't be...you know, have been worked out in one stadium. And maybe this is the only alternative but it is...it does become a two-headed cow at times for doing it, so I just wanted to make that statement because I think both of these are just great things for Omaha. And the state would be a lot worse, the entire state, if we didn't have both the College World Series and a Triple-A farm team for Omaha. [LB618]

KERMIT BRASHEAR: Thank you, Senator. [LB618]

SENATOR DIERKS: Any other questions? I guess not. Thank you, Kermit. [LB618]

KERMIT BRASHEAR: Thank you. [LB618]

SENATOR DIERKS: Further proponents? LB618, further proponents? Is there opposition to LB618? [LB618]

JEFF HIX: I'll just put my paper in and wait for the next one, please. [LB618]

SENATOR DIERKS: Whenever you're ready, Jarel. [LB618]

JAREL VINDUSKA: Senators, members of the Revenue Committee, my name is Jarel Vinduska. It's spelled J-a-r-e-l V-i-n-d-u-s-k-a. I came here in opposition to all these bills. I didn't know which one I should come up and speak on, but this one particularly strikes a nerve with me so I figured I come up here now and kind of touch on why all of them are bad. There's a very good reason why counties have never been granted these powers that are sought after today, and that's because counties shouldn't be in the development business. My family, I live in Sarpy County and my family has farmland there, and I believe that county governments should manage the rural areas of the county and the cities should manage the growth and the development. In this case, Sarpy County is a pretty small county. There's five cities within the county. And it's the fastest growing, by population, in the state, and those cities are more than adequate to handle the growth because that's where growth should occur, is from the edges of the cities out. And what we've got a situation, you know...I think it was Senator White said we've got kind of a mess going in Sarpy County, and we do because what we've got is a turf battle between the five cities and the counties. And as a result, a lot of waste has occurred. Millions and millions of dollars of waste. And I could give you many examples

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but I know you've got a lot of people to listen to, but there's been a lot of dollars of waste. I mean, millions; not just hundreds of thousands. Millions. And Senator Friend, you asked about the risk to Sarpy County. Well, in layman's terms, it's easy. Last Tuesday, the board...a board approved a tentative agreement. Now, it doesn't take any math expertise. You look at it. It's estimated \$26 million. The Royals are going to put down \$2 million. That leaves \$24 million. If you sell bonds at 2 percent interest, that's \$480,000. They're going to pay a little bit extra here and there for that stuff, other things, \$350,000 or something. But basically over \$400,000, close to pushing \$500,000 worth of interest on those bonds. They're going to pay the county \$450,000. So somewhere in the ballpark it doesn't even...ballpark--I shouldn't use that (laugh)...it doesn't even pay the interest on the bonds, you know. So that is why Senator Cornett said it's been unorthodox negotiations. Well, from a citizen's standing out here and looking at this, it's been very unorthodox negotiations because you've got the county putting Mr. Brashear under contract to do the negotiations, and the agreement doesn't...just pays for the interest on the bonds and doesn't...and you've still got the \$24 million left to pay somewhere. Somehow you've got come up with \$24 million in 25 years. And so now he's under contract as a lobbyist to come to you to ask to find a way to get the money to make it work. So, of course, negotiations would break down with Omaha, because why wouldn't you go for a better deal if you can find a place where, for that little money, you can get somebody to build a stadium. And it's just a real bad deal. You know, taxes are high in Sarpy County and getting ever higher, and the reason they're higher and it's created so many...because the county has always wanted to promote growth at any cost. I mean, you guys have read in the paper. I mean, the Pflug Road interchange, trying to get growth for a developer out there along the interstate when the state says that there's no need for it. Got the land fill being mismanaged, stinking to high heaven, that they're even suggesting maybe we can take some landfill funds. We've got to somehow stop the hydrogen sulfide gas from hurting people's health, you know. And we've got \$7 million that had to turn back because we've got so many SIDs out in the rural areas, we're trying to pave roads out there, and then somehow we don't give the feds the right amount of information. We've got to turn nearly \$7 million back. We've got to issue bonds for those. I mean, just one thing after another. We've got Omaha Steaks that Papillion wants a nice corridor coming into town, and the other cities, rightfully so. So we pass a highway corridor overlay district to make nice buildings when the county doesn't even go by the own ordinance and approves things, so we lose a lawsuit in court. We lose a...and no telling what it's going to take to reimburse that. We just shouldn't have the county getting in the development business. It should occur from the cities so that you get...I mean, storm water out of control. Look at the Papio NRD. We've got to be paying millions for stormwater control because all of these projects have been built without any controls built into the projects. I could go on here all day, one after another. It's just foolish. And I hope you realize that I'm probably looking at this and listening to your questions. I'm probably preaching to the choir because you're rightfully wary about this, but I just hope none of this goes through because it's foolishness. Thank you. If you've got any questions... [LB618]

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SENATOR DIERKS: Questions for Jarel? Senator White. [LB618]

SENATOR WHITE: Thank you, and you have said it better than I could. You summarized just a portion of what we've seen over three years in the urban/county struggle in Sarpy County. It's really a serious problem, and it's tragic. The people of Sarpy deserve better. But one of my deep concerns here is that we're going to put in a bidding war. Omaha is going to end up with a stadium that seats 20,000-plus. Sarpy will have a 6,000-seat stadium. At some point Omaha may decide, gee, the Royals out now in Sarpy are drawing over 6,000; they could sell more tickets; and we starting bidding against our neighbors in Sarpy to lure the Royals away from you back downtown. I mean, that has happened in city after city, where professional teams have gotten communities into bidding wars against each other. And I'll be honest with you, the worst thing I can think of is you're encouraging the Sarpy citizens to build this thing and then get them into a bidding war where they might lose their own tenant. Do you share those concerns? [LB618]

JAREL VINDUSKA: Well, yeah, and...I mean, there's lots...I mean, I don't want to take up a lot of time, but I mean even in this particular bill you're even giving eminent domain power for this. Me, as a landowner, I don't think the counties should be able to draw a line around a bunch of land and say, okay, if somebody don't want to sell in there, we can take your land. I mean, in the southwest part of the county, those beautiful bluffs along the river, we wrestled with the county for years to try to get a conservation district there, but we ran into a brick wall constantly because Mr. Seldon (phonetic) had a bunch of land and he wanted an interchange to put there, even though the state said you didn't need one there. Then...so anyway. Any other... [LB618]

SENATOR DIERKS: Other questions for Jarel? I guess not. Thank you very much. Other proponents? Anyone else in opposition to LB618? Anyone in a neutral position? That will end the hearing on LB618 and we'll go to LB615. Senator Cornett, LB615. [LB618]

SENATOR CORNETT: (Exhibit 5) Good afternoon, Vice Chairman Dierks and members of the Revenue Committee. My name is Abbie Cornett and I represent the 45th Legislative District. LB615 is simply a combined bill that encompasses all the concepts that we're included in LB616, LB617, and LB618. Using this bill as the vehicle allows for the concept to find the most favor to go forward. It was introduced for that purpose so that, and on all of the ideas, and all of the ideas included could be discussed. Again I have a technical amendment, a correction to the section of the bill that would was drafted to LB616. I handed that amendment out with LB616 and will hand it out with this bill also. To answer some of the concerns or questions that have already occurred. These bills are drafted, like Senator Brashear said, to be very, very encompassing. And we have been working very closely with parties involved in regards to their concerns,

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and are looking at numerous amendments, plus paring the bills down to meet the minimum financial requirements. These bills were drafted, one, so other municipalities and counties could use them. And we have looked at amendments to allow the State Fair to also use some of the concepts involved. And we will be working closely with parties involved to answer their concerns. As to the last testifier, the Royals are not putting up \$2 million. They're putting over \$13 million for the stadium. They're meeting more than half of the required amount to build the stadium. That is quite a bit of buy-in. But I wanted to assure the committee that the one thing that we have worked on is looking at options and financing that we would not have to rely on property tax. And looking at different areas, like the sales tax turn back, the cigarette tax money, different areas where we could finance this without taking large amounts from any one particular area, and offer myself and my staff to work with the committee on any possible amendments to any of these bills and/or to LB615. And I will waive closing on LB615 also. [LB615]

SENATOR DIERKS: Okay. Thank you, Abbie. Questions for Senator Cornett? Senator White. [LB615]

SENATOR WHITE: Senator Cornett, I have one, only one question. A number of different residents of Sarpy County from the cities have talked to me about urban blight now occurring in Old Town in Bellevue, La Vista on 84th Street, and other areas. And they have deep concerns that what an effect is going to happen is that a lot of the existing retail and other businesses will be moved from the cities in to this new county development, thereby causing urban blight in the various cities, Ralston, La Vista, Papillion, Bellevue, and will starve them of necessary sales tax and other funds. Does it concern you that we may, in effect, really we are setting up a new city in competition with taxing power and eminent domain power to compete with the existing cities. [LB615]

SENATOR CORNETT: Actually, Senator White, it has been a concern in regards to site location, and that is what we are working very closely with former Senator Brashear on. Depending on where the stadium is located, that is why you see the city of Bellevue supporting... [LB615]

SENATOR WHITE: They have hopes. [LB615]

SENATOR CORNETT: ...and the Bellevue Chamber. We have those problems that you mentioned but this could open up redevelopment along Fort Crook Road. A lot of the concerns, from what I understand, from the opposition, also depend on that site location. And this is something that we are working very closely on. [LB615]

SENATOR WHITE: Thank you. [LB615]

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SENATOR DIERKS: Other questions for Senator Cornett? I guess not. Thank you, Abbie. First proponent, please, to LB615. [LB615]

KERMIT BRASHEAR: Vice Chairman Dierks, members of the Revenue Committee, my name is Kermit Brashear. I appear as a registered lobbyist for Sarpy County and in support of LB615. And for all of the reasons previously discussed and questions asked and answers given, unless there are further questions I would simply ask the consideration of the committee, and I would thank you for your courtesies and your consideration this afternoon. [LB615]

SENATOR DIERKS: Senator Friend, please. [LB615]

SENATOR FRIEND: Thank you, Mr. Vice Chair. Kermit, we can't let you get away with that. I have to...plus I like seeing you and talking to you. [LB615]

KERMIT BRASHEAR: Thank you. [LB615]

SENATOR FRIEND: Look, you and I have talked, and one of the...and I wouldn't even call it a buzzword. I mean, I think what's been drawn up here today verifies a lot of your thought process here, and that is a do-no-harm type of mentality. But one of the things that I raised earlier on was a fear that I had. And allow me to just get quickly--bear with me--quickly provincial here. For years...you know, I grew up with the Royals, and for years they have existed, I would say somewhat harmoniously, with the College World Series. And I enjoyed both. I also enjoyed going to Rosenblatt Stadium and be able to go anywhere you want to find a seat. I mean, that was part of the fun of it. We knew that it didn't fit the Royals but we didn't care. Now everybody seems to care. The problem that I have and being the provincial person that I am at this very moment--I'll try not to be forever--but at this very moment, is that we're creating a potentially harmonious situation again with the College World Series, building a stadium downtown, more or less, in the city of Omaha and to a certain degree, the county and the state, saying we want the College World Series here, but darn it, we want the Royals too. And I think everybody would agree with that and I appreciate Senator Hadley's comments. My...I don't mean to editorialize too much but my fear--and I'll reiterate it one more time and let you comment--is that we have an opportunity to continue that harmonious relationship in Omaha where the Omaha Royals can have almost the best of both worlds. And I wasn't at the negotiating table with any of these folks. And again, I'm unelectable. I could never be mayor in Omaha. I'll explain that one to you later. (Laughter) But if I were, there is no possible way I would have let the Royals get away from the bargaining table without me saying, you know what, we will give you some sort of sweetheart deal. We want you in this stadium; we need a tenant. We'll put tarps out in the outfield; we'll run marketing gimmicks; we'll help you; we'll maintain the field; we can continue this. So I hope you understand you can see where my esteemed colleague from District 8 and I are going...we're getting a little provincial. I mean, we have....there's some history here and

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we're a little worried about that field of dreams sitting there, and, you know, if you build it, we just don't know if they're going to come. Now, a lot of people would say, well, Omaha, you made the mistake; you decided that that two-week--and you and I had this discussion too--that is a two-week deal that's worth so much. So many cities would love to have it. So maybe that's all we get. I just can't believe that's it. And based on my thought process that we can't support two teams, you see where my trepidation lies? I mean, can you understand that we're not attacking you. We're very concerned about the idea of a stadium sitting vacant and kept up pretty darn nicely for no one to run around on it. And I guess I would just leave it at that. I'd like your comments on that because we're about done here, and I don't know that my concern has been alleviated. [LB615]

KERMIT BRASHEAR: I am sorry if I haven't alleviated your concern. [LB615]

SENATOR FRIEND: I thought you were going a different direction with that apology. [LB615]

KERMIT BRASHEAR: I understand your concerns. I do choose to regard the glass as half full, and all that's being done with regard to the College World Series as very important, and that's a 25-year agreement. So I think we should be very thankful for what was done there. This is a 25-year agreement for something that a lot of communities would like to have, but we have it. And I think what we ought to do is accept the challenge of the future. We are where we are today. We can wish many things were different but we are where we are. Let's make a winner out of all of it for the benefit of all Nebraskans. [LB615]

SENATOR FRIEND: Fair enough, Kermit, but I...and I can't speak for Tom White. I feel like I'm sitting up in northwest Omaha with a stadium that we have to fill. But we...I understand your glass half-full mentality, but I feel like we're losing. I guess that goes without comment. [LB615]

SENATOR DIERKS: Senator Utter. [LB615]

SENATOR UTTER: Senator Brashear, I...your reputation proceeded you here as far as I'm concerned, and you truly are the golden voice orator that uses great big words that this country banker wished he would have brought a dictionary along to understand. But my question is, is...and as I look at these bills just in the next two years, and maybe there's some problems with the fiscal notes. I don't know. But I was wondering how I'm going to go talk to the folks that I represent in south-central Nebraska that are--some of them are losing jobs, some of them are struggling--that I came down to the Legislature and I'm going to commit \$13 million in funds that maybe we don't have, to Sarpy County to build a ballpark. How am I going to talk to those folks? What am I going to say to them? Help me with that. [LB615]

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KERMIT BRASHEAR: You are very kind, Senator Utter, and I thank you, one. Two, what you're going to say. You're going to say whatever you want to say. But what I would respectfully suggest you say is that with regard to LB616, this is truly a piece of legislation that allows every city and every county in the state of Nebraska to have a little additional resource on a fair and proportionate basis to do its projects with. That's LB616. LB617 is truly and only a Sarpy County bill, and I admit that, but that is the fact of dealing with the reality that exists rather than having things the way we wish they were. When you've got 8.3 percent of the population there, and it is the dynamic, growing area of the state of Nebraska, we have to work with it, with no disrespect to my client, good, bad, and ugly, what's right, wrong, and otherwise. And that's LB617. LB618 is, as a family entertainment destination, it's...that bill was drawn so that if for instance Henry Doorly Zoo wanted to use it for the handling of and dismantling of Rosenblatt, could use it. Now, they aren't going to. They've got their other resources. But it was drawn so everything was good for everyone because it's all about what you build and grow and realize. It's not about a handout. It's all new revenue, newly created. And I think we should want the State Fair, the zoo...the Royals are second only to Henry Doorly Zoo in terms of tourists attractions in the state of Nebraska. And we're all one Nebraska, and we want, we need to be responsive to the economic drivers for the future of children and grandchildren. Is that responsive? I'm trying to be responsive. [LB615]

SENATOR UTTER: Well, it is except that, frankly, my...a lot of my constituents in Juniata and Kenesaw and Roseland and Holstein and clear across the state really don't give a squat about that because they've never been to a Royals game. And then they're talking to me about spending, some of it their money, to help the Royals out. [LB615]

KERMIT BRASHEAR: Contrary to popular opinion, lobbyists, I believe, have a role. And in my life now, I exist to serve you public servants, and I would be pleased to try to present for your consideration materials that you could utilize to share with your constituents in order to make the case for why this is good for them and for all of Nebraska. [LB615]

SENATOR UTTER: And particularly, Senator, in this year. You know, if there was ever a time that might be bad timing it may be in 2009. [LB615]

KERMIT BRASHEAR: I understand. But we do need vision. Even in tough times we have to look up and out and march forward. [LB615]

SENATOR UTTER: Thank you. [LB615]

KERMIT BRASHEAR: Thank you. [LB615]

SENATOR DIERKS: Senator Hadley, please. [LB615]

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SENATOR HADLEY: Thank you. Just a couple comments, or questions, I should say, Senator Brashear. Are these deal breakers? If this body does not pass one, two, or three of these, are the Omaha Royals no longer in existence? [LB615]

KERMIT BRASHEAR: No. The Omaha Royals would be in existence. [LB615]

SENATOR HADLEY: Someplace else? [LB615]

KERMIT BRASHEAR: They would do...they're not...I don't want to put it on to deal...I've always said we don't need all three. I've tried to provide variety and something that works for everybody in Nebraska positively, not negatively. We don't need all three. I believe LB615, which Senator Cornett has prioritized, is the right vehicle for the rest of the legislative process. I respect, admire, and love the legislative process. What, this is Day 45 or 46? [LB615]

SENATOR HADLEY: It's 46. We know that. (Laugh) [LB615]

KERMIT BRASHEAR: Forty-six. And I still keep them on my calendar. And there's a long way to go. There's half the session to go and it's really, in many ways, the most creative part of the session. So there's an opportunity to work here for the good of everybody, proportionately and rationally. [LB615]

SENATOR HADLEY: And secondly, it still does concern me when we have taxes without a vote of the people. And, you know, and it does bother me that we have four or five communities, at least the mayors have talked to me. And I, being a former mayor, I just have to be up-front and say it does bother me... [LB615]

KERMIT BRASHEAR: Certainly. [LB615]

SENATOR HADLEY: ...when a mayor comes in and says we're not voting on these things and my citizens are not... [LB615]

KERMIT BRASHEAR: And I would respectfully suggest...and that's something that ought to be addressed. It's not like it never happens. I have heard it much in this instance, about SIDs have been doing it for decades, and a lot of development in Nebraska has been done that way. [LB615]

SENATOR HADLEY: Thank you, Senator. [LB615]

KERMIT BRASHEAR: Thank you. [LB615]

SENATOR DIERKS: Other questions? [LB615]

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SENATOR WHITE: I have one, Cap. [LB615]

SENATOR DIERKS: Senator White. [LB615]

SENATOR WHITE: Senator Brashear...and first I want to thank you for your courtesy and your patience. You handle being a witness extremely well. [LB615]

KERMIT BRASHEAR: Thank you. [LB615]

SENATOR WHITE: What would stop the Royals, which are now, you say, averaging 5,700 attendees a game in a 6,000-seat stadium, what would stop Omaha, three years from now, saying to the Royals, hey, times are better for you; come to our stadium. What penalties are in place to protect the people of Sarpy County to keep the Royals from just walking across the county line back to a gleaming new stadium that would hold a lot bigger crowd? [LB615]

KERMIT BRASHEAR: Senator White, it's obviously a good question. It's a 25-year lease. [LB615]

SENATOR WHITE: And therein (inaudible) penalties? [LB615]

KERMIT BRASHEAR: And they would have to buy their way out of a 25-year lease, the revenues of which are pledged to the bonds. [LB615]

SENATOR WHITE: Okay. [LB615]

KERMIT BRASHEAR: It's a 25-year lease. With a couple people, it's a limited partnership, but... [LB615]

SENATOR WHITE: No, no, no. Don't go there. [LB615]

KERMIT BRASHEAR: Yeah, but no...but it's... [LB615]

SENATOR WHITE: That's not true. Are they personally going to guarantee this number? [LB615]

KERMIT BRASHEAR: No. [LB615]

SENATOR WHITE: Then that is not right and you know it. You are not going to say there are certain prominent citizens who are part of that, when it's an LLC and they're not on the hook. [LB615]

KERMIT BRASHEAR: I agree with that, but their integrity and their contribution within

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the community counts for something--a lot, with me. [LB615]

SENATOR WHITE: Well, if you're going to take it to the bank, the FDIC would cash your chips for counting on that. It's not fair. Now...and believe me, they're busy (inaudible). [LB615]

KERMIT BRASHEAR: Well, I am sorry. I didn't mean to be unfair. It's a \$20 million franchise. [LB615]

SENATOR WHITE: Okay. [LB615]

KERMIT BRASHEAR: And they're signing a 25-year lease by the organization that owns the franchise. [LB615]

SENATOR WHITE: I understand that. [LB615]

KERMIT BRASHEAR: I'm sorry. I was trying to be responsive. [LB615]

SENATOR WHITE: But the principals are not going to be guaranteeing the bond. [LB615]

KERMIT BRASHEAR: No. [LB615]

SENATOR WHITE: Or the contract. [LB615]

KERMIT BRASHEAR: No. [LB615]

SENATOR WHITE: Okay. [LB615]

SENATOR DIERKS: Other questions for Kermit? I guess that does it, Kermit. [LB615]

KERMIT BRASHEAR: Thank you. [LB615]

SENATOR DIERKS: Thank you very much. Further proponents, please, for LB615. Other proponents. Anyone in opposition? Whenever you're ready, sir. [LB615]

JAMES BLINN: (Exhibits 6 and 7) Thank you. My name is James Blinn and I am the mayor of the city of Papillion, and I've attached or handing out a couple of items here. [LB615]

SENATOR DIERKS: You need to spell your name for us. [LB615]

JAMES BLINN: Sorry. I should know that, you know? James, J-a-m-e-s, Blinn, B-l-i-n-n.

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A couple of points. We decided, and I won't be the only one testifying here, to testify on just one of the bills, but just address the concepts instead of routinely continuing to come up. But throughout today's testimony there's been a couple things that probably deserve to be addressed, at least. One of the maps that I handed out, one of the things that has been talked about, about being unique in Sarpy County, that I heard today in today's hearing is that there are 150,000 residents outside municipalities, and half of the population of Sarpy County is outside the municipalities. This larger map has the actual figures for you. The total population of Sarpy County is 146,000--total population--94,000 of which is inside a city; 32,000 of which is inside the ETJ. So 127,000 of the 146,000 residents are inside a city or its ETJ. There are 19,000 of the 146,000 residents that are not inside a city or its ETJ, and of course I'm sure you know the ETJ is the planning that goes on for cities. So approximately 19,000 of 146,000. You know, you've heard a lot about the SID mechanism, and that varies from state to state, and even communities in Nebraska. In some areas, I know that SID is not a popular development mechanism. In other areas it is a very popular development mechanism. In Papillion, one of the things that comes up is how do you end up with this many SIDs? Well, instead of doing street improvement districts and having this inside the city to begin with, we have an SID. And the SID, we talked about the problem of the control of the SID finances. This is why a city should be responsible for planning and growth in a county. Because a city, when it reviews an SID, looks at the finances to see if it will be solvent and see if it will be annexable before it allows the SID to be created. That's not a factor for the county, because they will never be annexing the SID, so they do not look at the finances. So when we approve an SID, we have a typical 4 percent debt to property value ratio that we will not allow the developer to exceed on the SID when he creates the SID. And that makes it where it will usually end up being solvent and profitable and annexable. It has a route to get there. It is designed to get there. And how do we do that? Because we have been in the development business for years. We have two full-time planners for the city of Papillion; two full-time planners in a planning department, and a series of people that review items as they come forward, and one of those is SID finances. I'll note that 19,000 number that's outside of the municipalities and the ETJs, represents about 13 percent of the population of Sarpy County. Sarpy County is unique in the fact that it grows very fast. It is the fastest growing county in Sarpy County. But let's be clear. Three of the five fastest growing cities in the state are in Sarpy County. The city of Papillion is one of the five fastest growing cities. The city of Gretna is one of the five fastest growing cities in the state. The city of La Vista is one of the five fastest growing cities in the state. The county gets to include the growth of these cities inside their population increases, so those population increases are a result of city growth, frankly, and that is a fortunate benefit for the residents of the cities and of the county. I am in agreement that counties and cities should try and work together...should work together, frankly, in encouraging development. We each have different functions in how we work. Cities serve mass populations and have the resources available for that, and plan accordingly. That is the purpose of how a city develops and that's the purpose of having a city. The county generally serves land masses, and so they kind of have a

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little bit different roles and philosophies as they move forward. I would like to have the opportunity to...and let me talk a little bit more about development, by the way. Two projects. We keep hearing about \$26 million in development. That is good. We encourage any economic development in the city, or in the state, frankly. I'll tell you a couple projects we had recently. Shadow Lake shopping center and the adjacent...it was all accompanied, the residential area, \$180 million in valuation; \$230 million valuation in the housing that we required to be attached to it; \$400 million total, approaching half a billion dollars in development. And that was development that occurred inside the city of Papillion or right adjacent to it as a result of our planning, and we annexed that. \$3.9 million worth of sales tax revenue a year at full billed out will be returned to the city. The state obviously gets multiples of that as well. Market point. \$50 million worth of valuation; \$2 million a year in sales tax returned to the city. Multiples of that will go back to the state. Obviously, we don't use...we did not use city finances to build walls to go vertical, so to speak, in doing that. I think it's important that we work together. If the county has a goal of bringing in the Royals and that is their goal, they are able to make that policy and decision if they want to do that. They are an elected body and I don't want to step on their toes anymore than I would want them to tell me how to run the city of Papillion. And if they've made that decision I don't question. That's their right and their role to make that decision. What I want to look at is the things that will affect the city of Papillion. This legislation is the things that affect the city of Papillion. I'll note that we put our concerns on the record very early on this as to what they were, and when I say on the record, I mean with the county. And so I hope to have an opportunity to continue to meet with Mr. Brashear and other individuals from the county to work out and see if there's ways to make this work. We don't want to certainly be viewed as an obstacle to a desired goal of the county. We think cooperation is good but we also have the responsibility of looking out for what is are, in fact, what is it...our area, on what will affect our area. A couple of items that come up of concern and related to this, I don't want this legislation in any way to be government-sponsored economic development competing against private development. And ultimately if their goal is to attract economic and retail around this, we just had people at Southport up the street in La Vista have invested 50 hundreds of millions of dollars. Hundreds of millions of dollars went in the two developments that I just told you without benefit of government-sponsored dollars, and now they are going to have to compete against an entity that has been infused with government money. And so that...as a fairness factor, that concerns me. In addition to that, it takes possible existing revenue...now, if you build a 400...the second thing I showed you, now this is approximately 395 acres, this diagram here. I don't have any idea where the stadium is going. So this is just a representation of what 395 acres looks like. If you were to build a 395-acre, one of these developments, anything that was existing tax revenue inside this development, by the way, will now be diverted from what was going to state money, what was going to possibly city money, will now be diverted into the bonds that are going into this. So you could be taking existing revenues and rediverting them now into another project. The goal, if you were to have bare ground, I assume, is that that would not be a redirection

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but it would be new development. But we're not assured that there will be bare ground throughout the 400 acres. Also you have the opportunity of basically stealing revenue from development that may already occur. Many of you will probably know that...and we don't know where the stadium is going but in this case look at I-80 and 370 or I-80 and any of the areas, 370 in any of the areas, frankly. Economic development is coming along that area. You know, Shadow Lake at 72nd and 370, that did not require us to infuse government money to encourage that development, and I can tell you that there's economic development that will occur in different areas throughout the county, I assume in a proper orderly manner. Now, if you want to develop it in what may not be a proper orderly manner, you may need to infuse government money. But it will occur in an orderly manner if given the opportunity and proper planning principles in place. So I will tell you that we are not opposed to the idea of the Royals coming to Sarpy County, or Omaha metropolitan area, frankly. I think this staying in Nebraska is a good thing, in Papillion, any of the areas, and I'm not asking for that either, frankly. I'm just commenting on the legislation at this point. You know, Kermit Brashear correctly pointed out that somebody, in this case me, was going to identify a few of the quotes that have been there, and I don't do that out of gotcha-ness. We're both lawyers. This isn't a courtroom, this isn't a jury that we're dealing with. We're all people that have said things that can be...I can assure you I've got quotes I would probably rather have back. But the problem sometimes that you have with is that the public relies on this information. The public relies on this information when they determine whether you have a good deal or not. And, you know, we are adamantly using taxpayer dollars. Well, LB615, LB616, LB617, and LB618 are using taxpayer dollars, and that was Ms. Jones's quote of the county board. "The money is coming from users of the facility, so if you don't go to a baseball game you're not paying for it," County Attorney Lee Polikov, [Omaha World-Herald](#), March 11, 2009. MIFR funds are not people that attended the baseball game. Retail that is right next to the stadium that would be in this district are people that did not attend the baseball game. Property owners are people that did not attend the baseball game. If you want to just get the people that are attending the baseball game, you can do that in a contract. You don't need a special taxing authority. It's not going to be property taxes. If you spend money in the district, you'll pay for it, County Attorney Lee Polikov. I want to be clear it expanded it to now include the district and not just the area. The problem, of course, is we may have other retail in that area. And if you don't like baseball, you don't want to go to a baseball game, you're not going to pay for the stadium improvements, Mark Wayne, Channel 6, WOWT, on March 17, 2009. It would certainly make the project easier if some or all of them pass, but we are not labeling them do-or-die. That's correctly...what Mr. Brashear correctly quoted himself earlier, January 22. It's not that...it's not the issue of baseball that we have issue with. The issue...and we don't second guess their deal that they strike in this. That's their decision. They're the elected body to determine that deal, from my position, especially as a city that's in the area. But my concern is, is that development and taxes that may affect and make annexation very difficult and the proper orderly growth that's going to occur. If the development occurs inside a city, location is important, and I don't mean

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just in my city. Any city. Any city. That does change the dynamics of the situation, I can tell you that. It does change the dynamics. I still wouldn't want the legislation in place because the legislation is the law, and so...but if it ends up developing in a city, that does change the dynamics of it. But on its face, LB615 ultimately has the possibility to impede or impact growth. It is not a good piece of legislation for proper orderly growth, and so we would...and when I say LB615, I mean the group as a whole. And you know, we...and I will say that I will be happy to sit down and discuss possibilities for solutions. I will tell the county and Mr. Brashear we'll be happy to talk about our concerns again, and we've made those known. I don't think we're playing hide-the-ball in any way, and so I just want it to be clear that that's the stance where I stand, and I'll tell you that there are far smarter people than me that are going to speak after me about planning issues. I'm just a lawyer. Mr. Brashear is a lawyer. We have a certified planner that's going to come up and speak in just a minute, and so he'll have an opportunity to probably address those planning issues and some of those things. I'd be happy to answer any questions that you may have, and. [LB615]

SENATOR DIERKS: Questions for Mr. Blinn? Senator Hadley. [LB615]

SENATOR HADLEY: Thank you. Mayor, just so I understand it, were you saying that if it were to be located in Papillion, you're still opposed to this legislation, is that what you're saying? [LB615]

JAMES BLINN: The legislation allows...and I don't think the legislation is limited to, quote, Omaha Royals. So the legislation would still allow a development district to occur someplace else. And so my feeling on the legislation probably will not change regardless of where they go. Now the realities of how they come into the area will change because they will not need some of the vehicles that are contained in this legislation in order to make it happen if it's in a city. We...I will tell you, have had no discussions about having them in Papillion. Not because we're for or against it; just because those haven't occurred, frankly. And I'm not advocating or pushing, trying to get them in or out of any city or my city or any place. I'm just saying that that would be more orderly growth. I don't want it to seem like I'm up here because Papillion is or isn't getting them. Nobody knows where they're going at this...well, a couple people might but I don't know where they're going at this point, so. [LB615]

SENATOR HADLEY: So you think the...if Kearney gets the arena, the Kearney Royals would not be a possibility then? [LB615]

JAMES BLINN: Well. [LB615]

SENATOR HADLEY: Okay. I just wanted to make that clear. [LB615]

JAMES BLINN: Thank you. Does anybody else have any questions then? [LB615]

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SENATOR DIERKS: Any more questions? I guess that does it. Thank you, Mayor. [LB615]

JAMES BLINN: Thank you for your time. [LB615]

SENATOR DIERKS: Next opponent, please. [LB615]

JOHN K. GREEN: (Exhibit 8) Good afternoon. My name is John Green, J-o-h-n G-r-e-e-n, and I'm the city attorney for Gretna. [LB615]

SENATOR DIERKS: John, we're having some complaints about people in the back room unable to hear, especially... [LB615]

JOHN K. GREEN: Do you want me to speak up? I have no problem doing that. [LB615]

SENATOR DIERKS: If you would, please, John. Keep that mouthpiece right in front of you. [LB615]

JOHN K. GREEN: And I know no souls are saved after the first ten minutes now. (Laughter) I'm the city attorney for Gretna and have been for 25-26 years. Gretna is a member of the United Cities of Sarpy County, and the United Cities and Gretna have certain concerns about this proposed legislation, which the county is promoting for the financing of a new baseball stadium. Gretna has no objection to Sarpy County building this stadium. We encourage the Royals to come to Sarpy County. Our objection is the immediate long-term impact on the growth of existing communities by this proposal, as set out in the legislation, and setting the county up as competitor for growth rather than an advocate for growth by its municipalities. Senator Friend, you felt uncomfortable, and as somebody who is an elected official in Douglas County and an appointed official in Sarpy County, I think I have some of your same concerns. But I decided that the Royals coming to Sarpy County and building this stadium might be good for the entire metropolitan area, because of the possibility that they would leave and we would lose this benefit. I thought any negotiations for the future of that is irrelevant to the legislation at this time, because if those issues have become part of the mayor's race, the mayor's race won't be decided in time for you to make your determinations as to this. And I thought once that the ownership of the ballpark moved to MECA, and with the influence of the NCAA any attempt at negotiations at that point in time would have been futile. So in that regard I agree with the Royals. You know, the primary goal of this is to create this super entertainment district of up to 400 acres outside of the extraterritorial zoning jurisdiction of existing cities, which would advance the...which would impede rather than advance the needs of the existing communities to grow. Gretna is on the verge of becoming a first-class city, and then I see from the materials that Mr. Brashear has taken from the Census Bureau that we are already at that, but I'd ask that you not tell

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the Secretary of State that yet because we'll wait until the official census comes out in 2011 to make our determination at that time. In the current law in Nebraska, you can't create a new city within five miles of another city. There is no area in Sarpy County that's not within five miles of another existing city. This legislation is intended to create one. A one-mile square city competing with the neighboring cities for businesses, restaurants, motels, shopping, and living areas. It will be a hybrid mechanism of funding which takes their traditional general obligation bond and the traditional revenue bond, and merges them together into a STAR bond without a vote of the taxpayers. As a result of litigation brought by Sarpy County against the municipalities, including my own, the Supreme Court has indicated that growth of the municipalities must occur from the center core out, rather than the cities reaching out to incorporate pockets not immediately adjacent to the city. But then the county wants to come along...the county was the one that sued and the county now wants to come along and create these independent pockets out there, which the cities have to go to provide services to. It's inconsistent with the county's past actions to prevent the sprawl of cities and create urban sprawl on its own. The financing mechanism proposed in the legislation prevents municipalities such as Gretna from annexing the areas developed even though they're within their growth areas; and in fact, when you look at the materials submitted by Mr. Brashear and take the intersection of I-80 and Highway 370--and Highway 370 is the new Dodge Street for Sarpy County--that bull's-eye puts it right in the east orderly growth area of the city of Gretna, as the city of Gretna tries to grow towards the interstate, and to connect the city of Gretna with the areas that the county has already created such as the Tiburon area and the area around Sapp Brothers. The debt paid by the new sales tax guaranteed by the property tax because of the relative value of Sarpy County and the relative value of even a 10-, 15-, or 20-year grow in Gretna, since Gretna is the fastest growing city in the state, the taxpayer guarantee from the county would always be greater than the taxpayer guarantee of a municipality like ours. So not only would the city have a difficult time with the county annexing the area because they'd have to take over the entire project, it would also be subjected to challenges by the investors in those bonds who would feel insecure by the amount of property tax available to pay in case there are not sufficient revenues or sales tax to fund the bonds. In effect, developmentally and financially, this district would create a black hole around which Gretna would not be able to grow sufficiently to combine the areas together between I-80, the 370 development, and the city of Gretna. Now in the materials submitted it's called the hole in the doughnut, and then so when I use the term "black hole" and not having seen that, the concept is exactly the same. One is an opportunity for the county; the other is a disadvantage to the municipality. Imagine a district like this stuck at 180th and Dodge Street, and how the city of Omaha would react to something like that. Simply because we're one one-hundredth the size of them doesn't mean that we don't have the same concerns. In fact, our concerns are even greater because it could control so much of our territory and so much of our growth. As I said, we have no objection to the ballpark, we have no objection to the county financing the ballpark. If the county was just going to build a ballpark and encourage the development around it,

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in cooperation with one of the cities, which is how this whole STAR bond thing started because it was a cooperative effort between the city of Overland Park, Wyandotte County, Kansas, and the state of Kansas, to create the area around there as the new interchange for the new 435 went in, so they put in the racetrack, they put in Cabela's, they put in Nebraska Furniture Mart. And the running joke in Kansas is that the number one tourist attraction in Kansas is Nebraska, with people going to the Furniture Mart and going to Cabela's. We just have this concern about this adverse effect that this is going to have on Gretna. If the county wants to build a ballpark, more power to them. If they want to use that ballpark as economic development for the entire county, including the municipalities which will be the eventual recipients of that, more power to them. But if they want to use it as a competitor to the cities, then I don't think that that's the right idea. [LB615]

SENATOR DIERKS: Thank you, Mr. Green. Senator Friend, please. [LB615]

SENATOR FRIEND: Thank you. Mr. Green, thanks for the testimony. You don't agree that this whole scenario, you don't agree that a baseball stadium on the river front in Omaha being vacant for every bit of except for maybe two weeks out of the year is...I mean, you think that that's really not detrimental to the Omaha metro area at all? [LB615]

JOHN K. GREEN: I don't think...you're asking to renegotiate the contract between MECA and the Royals. And I'm saying that having observed that, I think the whole thing, over a \$6 parking charge, is beyond my comprehension. But the decisions have been made. And the decisions having been made, Sarpy County has the right then to step forward on behalf of the entire metropolitan area and say we're willing to step up and put our financial resources at risk here in order to preserve this amenity for the community. [LB615]

SENATOR FRIEND: Fair enough. But your testimony was that you don't think...you don't think that it's... [LB615]

JOHN K. GREEN: I don't like the funding mechanism. [LB615]

SENATOR FRIEND: ...going to be detrimental to the city of Omaha or the metropolitan community. Let me give you a quick analogy and then I'll shut up. I'd love your comment on it. The city of Los Angeles, back in the, I believe it was the '20s, built a coliseum for the Olympics. Well, they built the coliseum for the Olympics, 110,000 seats, but they also found a tenant because they realized they now have a coliseum in the middle of the city of Los Angeles that they need a tenant for. And they've gotten the Olympics back since then. How is it positive for the Omaha metropolitan community to have an empty stadium for 50 weeks out of the year? I mean,...and that was your testimony. [LB615]

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JOHN K. GREEN: No, it's not positive. What it is is it's a fait accompli is how I view it. And those decisions were made long ago. In my observation as a lifetime resident is that at one point in time the Royals were important to the College World Series because the NCAA insisted that we have the field played on rather than leave it as a museum for two weeks of the year. Then all of sudden, when the new stadium is being built, that's no longer a problem. And those decisions go back to the NCAA, they go back to the contract with the negotiations with the city of Omaha. The city of Omaha turns the ballpark over to MECA. MECA and the Royals can't make an agreement. I don't see where Sarpy County is in an inappropriate place to come step forward and say we're willing to build it. [LB615]

SENATOR FRIEND: And I never said that. [LB615]

JOHN K. GREEN: I know. [LB615]

SENATOR FRIEND: And I never said that. Thank you for the clarification though. [LB615]

SENATOR DIERKS: Other questions? Senator White. [LB615]

SENATOR WHITE: I have a couple of questions. One of the concerns I have in this is the discussion of who owns the Royals and somehow they'll do the civic right thing. When the negotiations for the downtown stadium were ongoing, that same argument was placed to say, well, don't worry about the Royals; prominent Omaha citizens with owning interest, we'll make sure they do the right thing by Omaha. And one of those prominent citizens, and I think quite properly, said this is a business and I'm not going to interfere with the management of that business; it's a business and I'm going to let them negotiate as a business. And they did it. And they've said at this point they're not going downtown. And they're treating this like a business. What concerns me is we subsidized competing facilities. I'm not sure we should have built the first stadium but it's going to happen and there's no state money in it. But...so it's going to go in. Now we're going to subsidize with state money a potentially competing facility, and guess what, does it worry you? I'm trying to follow Senator Friend's thing, that we're going to get played, back and forth, whether Omaha decides to attract--and they're already talking about attracting a different minor league team to compete with the Royals. [LB615]

JOHN K. GREEN: I don't...I know your question but it doesn't change any of my view for everything, which is I don't understand why one business within the same standard metropolitan statistical area can play off two states and three governmental units to get the best deal. And we see that all the time in the metropolitan area, between businesses going to Council Bluffs, businesses coming back, businesses going to Sarpy County, businesses coming back to Douglas County. Until you can get all of that under control,

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this is small in comparison. [LB615]

SENATOR WHITE: Well, the difference is, in this case, we will have a stranded asset--two stranded assets--one of which will be built with state funds, at least in part. [LB615]

JOHN K. GREEN: Well, and it's the funding mechanism to which I'm objecting to. I'm not objecting to the fact that the county can build the stadium. [LB615]

SENATOR WHITE: Thank you. [LB615]

SENATOR ADAMS: Are there any other questions for this testifier? Seeing none, thank you. [LB615]

JOHN K. GREEN: Thank you. [LB615]

SENATOR ADAMS: Next opponent. [LB615]

JOHN K. GREEN: Oh, by the way, the senator was reminding me that I will work with her and her staff and with Senator Brashear, my former partner, in coming up with some solutions for you. [LB615]

SENATOR ADAMS: Go right ahead. [LB615]

MARK STURSMA: (Exhibit 9) All right. Members of the Revenue Committee, my name is Mark Stursma, and that's spelled S-t-u-r-s-m-a, Mark is spelled with a k. I am the planning director for the city of Papillion. And the concerns that I'm going to speak to are planning-related. As is often said, the devil is in the details, and we are missing some very important details: most importantly, the location. Without knowing the location, how can we know if there is adequate infrastructure: roads, streets, and sewers, to serve a new stadium? If existing infrastructure is not available, what are the costs to install this infrastructure? These are some... [LB615]

SENATOR ADAMS: Mark, can I interrupt you for a second? I bet you better speak up because people in the back might not be able to hear. [LB615]

MARK STURSMA: Okay. Thank you very much. So location and how it affects the cost of infrastructure is a critical question that I have. Location is a key issue not only because it affects infrastructure costs, but also because it is key to effectively attracting new development that is claimed to be a funding mechanism for this project. Without knowing the location, what guarantee do we have that the stadium will actually attract new development? Traditionally, sporting arenas are located in an existing urban environment such as a downtown, and not the other way around. In downtown Omaha,

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for example, you've got Rick's Boatyard Cafe and the Hilton Omaha that had to be subsidized, even though they are adjacent to the largest arena conference center in the state. If the Qwest Center can't attract new development in downtown Omaha, how is a minor league baseball stadium going to attract development in a potentially rural environment? That's another question that I have. And for that matter, how much new development did Rosenblatt create in terms of economic development related to new construction adjacent to that facility? So I really question how much economic development a stadium will actually create without knowing the location. Sarpy County has a history of approving what I would consider unplanned and poorly planned development. I'm a certified city planner and that's my professional opinion. This unplanned development creates a real impediment to city growth and I'll explain why. There are pockets of development throughout the county's jurisdiction with limited infrastructure improvements, poor street connectivity, and low-quality design. Using one example, along Highway 370 the county failed to enforce its own design standards, and when challenged, the county board voted to create exceptions to the standards rather than promote quality development. Given this track record, how can we have confidence that this project will be an asset to the county or the state? And also what burdens will this development create for cities when it comes time to annex? Based on the county's numerous opposition to city annexation, it is clear that Sarpy County officials do not value the city's right to manage their future growth areas. It seems they want to reap permit fees from development and, only then, turn over the responsibility to the cities. This mentality of us versus them leads to competition for revenue and inefficient use of public resources. The better scenario would be a partnership between county and cities to promote new development adjacent to cities or defined growth areas. Cities have all the necessary tools and expertise to review, implement, and manage urban development. By partnering with cities and promoting development adjacent to existing services, the county could minimize development commonly known as sprawl, thereby avoiding duplication of costly infrastructure and services. There would be no awkward transfer of jurisdiction and the county would receive the same property taxes; in fact, probably higher taxes, because the valuations would be higher, without having to provide as many services. Again, location will be the key to this project's success. Without knowing the location it is difficult to support a bill that promotes what I will call a 400-acre gorilla at an undefined location that could turn out to be a major impediment to orderly city growth. Thank you. [LB615]

SENATOR DIERKS: Thank you, Mark. Questions for Mark? I guess not. Thank you very much. Next opponent, please. [LB615]

DOUG KINDIG: (Exhibit 10) Good afternoon. I'm Mayor Doug Kindig, D-o-u-g K-i-n-d-i-g from the city of La Vista. I appreciate the time the senator has given us this afternoon. There's been a lot of testimony and a lot of questions; and instead of going over the letter that's being passed around, I ask that you please read it and I'll try not to repeat. There are a couple of issues that I would like to address though on this legislative bill. It

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is true the mechanism proposed in this legislation could place the county's property tax receipts in jeopardy. The concept utilizes the same mechanisms as Kansas when it comes to the use of sales tax revenues to pay down the debt. Should the financial projections not be achieved, the bond debt could be backed by property taxes. Any number of reasons could jeopardize projections: a down economy, attendance figures don't meet projections, the length of time before full build out and actual revenues are realized, a competing professional team in Omaha, etcetera. Counties would be able to provide additional funding by virtue of their own tax increment with respect to the valuation within the district. Cities are limited to using tax increment financing for redevelopment and must verify that the site is blighted and substandard. It would be extremely difficult for any site chosen for stadium development to comply with these standards and it would be a significant departure from current legislative philosophy. The proposed legislation would only apply to projects that result in long-term occupancy agreements and entail at least \$20 million of new investment and 75 new employees. This brings up questions. The project development agreement requires the levels of employment and investment to be obtained by the end of the third year and maintained for only four years. This raises the question: What happens in the event of a default? What kind of employment does this generate? Are these full-time, part-time, seasonal employees? Why only a four-year minimum for meeting investment and employment obligations? The proposed legislation would allow a supermajority of the county board to establish a sales tax without a vote of the citizens. There is a significant lack of opportunity for meaningful public participation. The proposed legislation will allow the county board to create a district, appoint the board of trustees--which can be themselves, levy a sales tax, issue warrants and bonds, pledge a portion of the ad valorem tax of the general fund with no opportunity for meaningful public input or participation. I would like to talk a little bit about the city of La Vista. Mayor Blinn talked about some of the great growth in the city of Papillion, and there's also been much growth in the city of Gretna, Bellevue, and Springfield. I'm very proud, as the mayor of the city of La Vista, to say that we've been a leader in economic development in the state of Nebraska, along with many partners, which have included the Omaha Chamber, Sarpy County Economic Development, and the state of Nebraska. We've been able to bring some premier projects to the state of Nebraska, Sarpy County, and the city of La Vista. Included in those is PayPal, the John Q. Hammons Conference Center, Cabela's, and just recently Yahoo. We have a very qualified team of planners at our city. I'm a firm believer that economic development should be the city's job. You can look at what the city of La Vista has done. The John Q. Hammons project long-term investment was a \$3 million investment, plus interest. That investment has already generated over 300 jobs; over \$1.2 million in revenue, between motel tax, sales tax, and property tax to the city of La Vista; and over \$900,000, once the second hotel is built, to the county of Sarpy. It has been a good investment. It is something that we are proud that we have. I fully believe that cities should be the one to do economic development. I'd like to reiterate: We are not against the stadium. We are not against the Omaha Royals moving to Sarpy County, if it is a fiscally viable project. We are in opposition of

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the bills as they stand, and if you would like to ask any questions, I'd feel free to take those at this time. [LB615]

SENATOR DIERKS: Thank you, Mr. Kindig. Questions for him? Senator Utter, please. [LB615]

SENATOR UTTER: Mayor, we have heard now from you and other folks that indicate that you all want the ballpark but there's a divided opinion on how it could happen, how it should happen. And I understand those arguments. In a perfect world, give me a synopsis of how you would suggest that...how can this be done? Particularly, how could it be done without the intrusion, involvement, or help of the state? [LB615]

DOUG KINDIG: Without offending the county and not knowing their finances completely, I guess what I would like to point out, something that maybe I can talk about a little bit, is the tourism tax or our hotel occupancy tax. The John Q. Hammons, the second hotel...or, excuse me, the third hotel is opening up in a month. We will have 680 rooms at that time out at the Southport development. The county does receive a 5 percent hotel tax; so does the city. That generates just this last year, in new tax dollars for the county, of almost \$500,000. Their hotel tax up until that time, which is to be used for tourism, has generated \$360,000. So I know that just our project alone, not counting property tax, because I think when it's fully on the books that will generate almost another half million dollars for the county. So I see some revenue sources there that they could use. Again, that's their budget. I just know that that's new revenue that they haven't had in the past. [LB615]

SENATOR UTTER: So are you saying that if you folks get down and start working together, that there may be a way this could be done without the adoption of the bonds or these bills or any form of them, and get this job done? You folks could do that? [LB615]

DOUG KINDIG: Sir, I think if this was to go into a city, that the county could enter into a partnership, I think a deal could be done. I think if the city that the site may be at could work with the county--and I wish we could have done that from the very beginning on this but that's not how the process has fallen out--but I still think that is possible; that if they can go into partnership with the city, these legislative bills or at least a majority of them are not needed. [LB615]

SENATOR UTTER: Thank you. [LB615]

SENATOR DIERKS: Other questions? Senator Louden, please. [LB615]

SENATOR LOUDEN: Thank you, Senator Dierks. Mayor, where was Cabela's built, in whose town over there? [LB615]

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DOUG KINDIG: I'm very proud to say La Vista, sir. [LB615]

SENATOR LOUDEN: And we went through that process, what, about four or five years ago when they were...we were going to have give them some tax money and sales tax. And I guess nobody did anything and Cabela's built anyway. Is that correct? [LB615]

DOUG KINDIG: Yes, sir. We did work with them. We were allowed to do a parking lot improvement district, so the city--which it was already on the state statute--and we purchased the ground. We built the parking lot. We own the parking lot. That facility, that parking lot facility is not only used for Cabela's, it is used for the entire Southport development, which does now include the hotel conference center, hopefully a theatre soon, restaurants, bars, all of that type of business. So we did make an investment in the parking lot improvement district, which did save Cabela's money... [LB615]

SENATOR LOUDEN: But there wasn't any state sales tax returned or anything on Cabela's. [LB615]

DOUG KINDIG: No, sir. We're not capable of doing that. [LB615]

SENATOR LOUDEN: I know, but that was the question at the time, that Cabela's had to have that in order to locate there, if I remember correctly, is about... [LB615]

DOUG KINDIG: Right. We probably saved them some money coming to La Vista, sir. But between sales tax dollars and property tax dollars, that is a revenue source to the city of over a million dollars. Almost...approximately \$500,000 to \$600,000 in sales tax, which the state also gets a large share of. [LB615]

SENATOR LOUDEN: My point is that that got built without intervention from the state or doing...putting up any (inaudible). [LB615]

DOUG KINDIG: Correct, sir. The city used what we could to get that done. [LB615]

SENATOR LOUDEN: And as Senator Brashear has mentioned, there's some well-heeled people that own the Royals and they've already put up \$13 million. Why can't they put up the rest of it and do like Cabela's or whatever, and work with the city, and have this thing going? I mean, is this all necessary or is this just a way to get by on the cheaper side and get somebody else to help finance and write off part of the, what would you say--not the debt--but I guess part of the funding that could be dubious, at times. Is this what we're looking at more than the fact that whether it will or won't be built? [LB615]

DOUG KINDIG: I will not speak for Kermit Brashear. I think he does a very good job of

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that. So I think I'll use his quote and I think maybe I will refuse to comment on that issue. I don't know what their logic is, sir, and that's not up to me to say. We're here to oppose the legislative bills and we would hope that they would have other options to make this work. [LB615]

SENATOR LOUDEN: Okay, thank you. [LB615]

DOUG KINDIG: May I add one thing, and I'm sorry about this, but when they talk about projected income I can tell you that, when we did the hotel conference center, we hired our experts and they told us who was going to come; and when we put in Cabela's we had people that told us, man, it's going to fill up tomorrow. Because of the economy the hotel projections are down, the conference center is up. We're still paying our bills--that is good. Cabela's is still running very strong. But because of some other issues, no other businesses have come out there yet and it's been almost two years. Now, if we had banked on paying our debt on the money that we invested into those two businesses to pay all of our debt, if we had given that away and had counted on the future development around it, the city of La Vista would be in trouble at this time. Because of many outside factors and misprojections by the experts, those businesses have not come yet. If we are patient, they will come. It was a great long-term investment, but it's not going to happen. So I would be leery of believing projections, even of experts. Thank you. [LB615]

SENATOR DIERKS: Thank you, Mr. Kindig. Senator Utter, please. [LB615]

SENATOR UTTER: Just one final thing. It just seems to me like you folks need to have a barbecue and sit down over a barbecued sandwich. I believe you'd do the right thing for Nebraska and the Royals, and do the thing, and it sounds like you've got the resources to do it yourself if you cooperate. [LB615]

DOUG KINDIG: We were going to have a softball game, Senator, but we couldn't agree on a location. (Laughter) [LB615]

SENATOR LOUDEN: Besides, they don't have any more Storz beer. (Laughter) [LB615]

SENATOR DIERKS: Other questions? Thank you very much, Mayor. [LB615]

DOUG KINDIG: Thank you. [LB615]

SENATOR DIERKS: Further opponents, please. [LB615]

PEG O'DEA LIPPERT: Good afternoon, or early evening. I'm Peg O'Dea Lippert, a resident of Papillion, Nebraska, and I have three commonsense comments, the same that I made at the county board meeting on Tuesday. I think that building this ballpark in

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Sarpy County is a duplication of effort and potentially of revenues. And I, for the powers that be, I would ask them to go back to the Royals and ask the Royals to go back to the city of Omaha. I think it's almost criminal to have that magnificent new stadium that will be sitting empty for 50 weeks out of the year. On the other hand, if this is to go forward I think it all sounds good; it actually sounds kind of glamorous and exciting. But as we heard in the testimony today, there is no guarantee that any of this will turn out as projected. [LB615]

SENATOR DIERKS: Peg, would you spell your name for us? [LB615]

PEG O'DEA LIPPERT: Oh, pardon me: L-i-p-p-e-r-t. [LB615]

SENATOR DIERKS: Thank you. [LB615]

PEG O'DEA LIPPERT: Pardon me. When the Shadow Lake mall was built the projection was, oh, the property taxes--which are very high in Sarpy County--will go down. Well, they haven't. My concern is if this does not go through, with all the projections, we cannot afford any more property tax in Sarpy County. My third comment is: if this project were to go to the vote of the residents of Sarpy County, how would that vote turn out? Thank you. [LB615]

SENATOR DIERKS: Questions for Peg? Thank you very much, Peg. Further opponents, please. [LB615]

LYNN REX: Senator Dierks, members of the committee, my name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities. First of all, I'd like to indicate that the League has absolutely no position on where the Royals would locate and with whom and with which entity. However, we strongly oppose these measures today for several reasons. First and foremost, the fact that we're here to talk about planned growth of cities and what cities really are designed to be. I think Mayor Blinn and Mayor Kindig have already covered that, but I want to underscore that. I know we have a couple of mayors here, former mayors here, and it's very important to understand the distinctions and what counties were formed to do and what municipalities were formed to do. And while I was sitting throughout this hearing I thought, Senator Friend, especially for you as Chair of the Urban Affairs Committee, this must be *deja vu*. In the words of (inaudible) and in the words of Yogi Berra because this is reminiscent of Urban Affairs Committee hearing after Urban Affairs Committee hearing. And those who are involved specifically in Sarpy County and the cities of Sarpy County, Sarpy County, to my knowledge, is the only county that has challenged the ability of municipalities to annex. Sarpy County is the only county that has come forward wanting to do and having certain powers that are reserved for municipalities. Sarpy County wants to be a city; Sarpy County isn't a city. But you have five municipalities within Sarpy County, three of which, you've already heard, are the fastest growing cities in the state of Nebraska.

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These cities would be truly impaired in terms of their ability to grow and have planned growth because growth is supposed to be, what John Green indicated, from the inside out of the city. It is supposed to be not just a mishmash here and there throughout a county. And indeed, one thing that gave me great pause was when Kermit Brashear made the comment that this, I think he called it a community building district and LB617, would be like a super SID. Well, that does not give anyone that knows about SIDs and what has happened with them over the last three years any comfort at all. SIDs were formed to essentially become parts of cities. That's why the SIDs were there; it's a development tool. It is not intended to be yet another huge black hole where cities cannot annex into it or around it and have to compete with it. And indeed, as Senator Cornett and other senators on this committee know, especially those of you that have served or are now serving on the Urban Affairs Committee, and certainly those of you who are mayors may know, in terms of Douglas County, Sarpy County, and Lancaster County that's where most of the SIDs happen to be located in the state of Nebraska. Almost predominantly, frankly, in Sarpy and in Douglas. But the reason why we have black holes throughout those counties where cities don't annex into them is because of the high debt that was created when that was formed by the developer. And what we're here to say today is that municipalities in the state of Nebraska need to have the right to continue growing; they need to determine their own destiny. They don't need to be impaired every step of the way by a county that chooses to operate this way. And frankly, I know of no other county in the over 30 years that I've been involved with the League of Nebraska Municipalities, working on legislation during that entire time, that has done everything it could do to try to stop cities from growing. And that is what Sarpy County has done. Sarpy County has every right to have any agreement they want to have with the Royals. The League, again, has no position on where the Royals decide to locate, but this is about, fundamentally, not just in the last decade but since its inception, the way in which the state of Nebraska has viewed the role of municipalities and viewed the role of counties. So we strongly oppose these measures. We appreciate that Senator Cornett is trying hard to get this into Sarpy County. And we would respectfully suggest that the way to do that is by working with the municipalities there. And she has a long history of doing so and doing so very effectively. I'd be happy to respond to any questions that you might have. [LB615]

SENATOR DIERKS: Thank you, Lynn. Questions for Ms. Rex? [LB615]

LYNN REX: Thank you very much for your attention. [LB615]

SENATOR DIERKS: Guess not. Thank you. Further opponents, please, to LB615. [LB615]

JEFF HIX: I'm glad to know while I'm here I've got some company anyway. My name, again, is Jeff Hix, H-i-x. I'm a private citizen; I don't represent anybody. I just don't see this as a legitimate purpose of government. We don't need the government to be going

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where private enterprise can and should be going if it's going to happen at all. I mentioned earlier, for example, Chip Davis was going to put a stadium which was private enterprise; something happened that it didn't happen. But it was private money that was going to do that which looked like a pretty good project compared to what we're talking about here. And very similar in concept, at least as far as the money was concerned. I would also mention, and I think I heard somebody say earlier, about what if the thing goes sour? I will tell you now what I've not told you before. In 1990, I was a candidate for city government...city council in Bellevue. The big deal then was our marina. My perception is the marina has yet to pay for itself, and the city has been slowly paying a tab for maintaining the marina due to the contract they signed, as far as that part is concerned. So again, we have development going on in the county that has been sold by where are we going to get the money? When they expanded 25th Street south of the base hospital; when they expanded it from 36th Street south, the developers put in the houses as a good portion of what is Bellevue, and Bellevue just annexed a bunch of that area. What's interesting is, for whatever reason, one of the areas that Bellevue recently annexed went to court and said: not us, stay out, stay away. And the other thing that's interesting is that my mother lives in an adjoining SID that for whatever reason the city decided they didn't want a part of. They took all the SIDs around us, but not the one my mother lives in. Very interesting. Senator White, I appreciate your comments; some of which we agree with, some of which I question, but because it's a matter of wanting to know more information than disagreeing of principle. Senator Friend, I know that you, if I remember right, served on the city council in Omaha at some point in time, rather than the county. [LB615]

SENATOR FRIEND: No, my Uncle Joe was a two and a half term city councilman in Omaha. [LB615]

JEFF HIX: I apologize for the miscomment. [LB615]

SENATOR FRIEND: That's all right. [LB615]

JEFF HIX: But at least he was involved at some point in time when either the Royals or the College World Series came back to the city and said we need more of this, we need this, we need this. And I'm just afraid that that could happen again with the Royals in this 25-year period. It is not the role of government; it is not a good plan. It is too full of holes. And when it comes to the bonds, I will tell you that I am a bond investor these days more than I am a stock investor. Senator Brashear mentioned the partnership. If I remember my news articles right, and I don't say that I 100 percent do, one of the big, well-known individuals in that partnership is old enough to be my father. I don't expect him to live all 25 years. There might be a couple of them, that may be. Then what happens to the guarantee? [LB615]

SENATOR DIERKS: Senator White. [LB615]

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SENATOR WHITE: There is no guarantee, that's the point. [LB615]

JEFF HIX: We agree. [LB615]

SENATOR WHITE: And that one needs to be very, very clear: no individual is guaranteeing this; it's a business entity, and individuals who are men of integrity and great wealth... [LB615]

JEFF DIX: We agree. [LB615]

SENATOR WHITE: ...have openly stated they're not going to interfere with any business deals that this business makes. So it is disingenuous in the extreme to suggest somehow Sarpy County will be okay, because there are...these are honorable men, but they're businessmen and this is a separate business deal. And they are not guaranteeing anything individually. [LB615]

JEFF HIX: Concur, concur. But again, if they do this then what about some of the other streets and roads, like what has happened on 25th Street and 36th Street, that will be delayed in the development that would naturally occur with them even though it may be by the SID. Take a look at 60th Street, for example, which is the...a kind of a borderline area between development of Papillion and Bellevue. That would go a certain way...area there and development has stopped. One of these days it's going to have to pave that road toward the KFAB towers; the sooner they do, the more development they're going to get that's going to be private development, rather than something like this. Other streets along the county are the same way: 132nd Street, an area I mentioned earlier, where they have that housing area with a lagoon; if they go further south with that they could get more housing development there because Shopko's got a private warehouse there. There are other jobs out in that corridor. So Sarpy County can grow economically and do a lot of good things without this project. I have taken the liberty, you've been kind enough to let me, to mention a couple of other projects that could use the development and be statewide, such as the Highway 80 rest areas that definitely need, desperately need some attention. And they would not be near the kind of money that you're being asked for here. You have projects in the roads department that need attention. It is an utter disgrace that the corridor between Omaha and Fremont took as long as it did and has not continued on down there. The projects for Highway 34 coming into the back area of your area where you've got economic development in the form of industry definitely needs improvement. When are they going to get to that? We have a lot of projects on the plate already. We also have to remember the times that this body has faced, not that long ago, when they didn't know if they were going to meet their obligations. And if I remember right, we had a couple of real good things that were all gung-ho for one year, and three or four years later we had to close because we didn't know where the money was coming from as a, you know, body: your body: our

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representatives. That's going to happen again. This money should not go in this fashion to Sarpy County. If they come up with something else, that's another discussion. If this corridor thing between Omaha and Lincoln as one great community comes about, that's another discussion. The other thing I strongly oppose is a development of a sales tax for the county level. I mentioned earlier that I go back to when Bellevue was so small it was smaller than a school district. I also go back to when this body passed its first sales tax. I was in retail at the time, and we were assured, although it's 2 percent it will never go above four. Tell me that again? The idea that we're going to have a city have sales tax was so far from the minds of the gentlemen that were in the seats that you folks now sit in, it would never happen. And remind me if I'm not mistaken, but didn't we and the other cities that developed and put on a city sales tax get to vote in it, yea or nay? I believe we did. Why can't we put that on the county? The other thing I'd like to see you do if, and on the losing side of this thing, put a requirement in there that the bonds be insured. I don't care if it's Mr. Buffett's organization or one of the other ones. Get the bonds insured. And I would offer that as not my favorite position but as a compromise. [LB615]

SENATOR DIERKS: Are there questions for Mr. Hix? Thank you, I guess that takes care of it. [LB615]

JEFF HIX: You folks have been patient and kind; thank you. [LB615]

SENATOR DIERKS: You bet. Is there someone else in opposition yet this afternoon? Opposition to LB615? Anyone neutral on LB615? Go right ahead. [LB615]

JACK CHELOHA: (Exhibit 11) Senator Dierks and members of the Revenue Committee, my name is Jack Cheloha. That's spelled J-a-c-k; the last name is spelled C-h-e-l-o-h-a. I'm a registered lobbyist for the city of Omaha. I want to testify neutrally in regards to the four bills that are before you relating to the project in Sarpy County. First of all, let me say as the representative for the city of Omaha, we want the Omaha Royals to stay in the Omaha metro area. We would prefer to have them play within the city of Omaha. As I mentioned, the city of Omaha is neutral on these bills today. However, due to the number of bills that are in front of you relating to a specific issue; the form of the bills today; the form of these bills that you may see tomorrow or the next day; we have some thoughts and we have some concerns regarding them, and there's some points I'd like to share with you right now. And some of it has to do with the testimony we have heard earlier regarding to comparisons to projects that have occurred within the city of Omaha. First of all, regarding the Qwest Center Omaha, the turn back funds from the state enabled us to help build the Qwest Center. It brings in significant new money to the state of Nebraska. That was how we presented the bill to the previous Revenue Committees and to the Legislatures that heard those bills as we dealt with those and as we built the Qwest Center. The Qwest Center, as I mentioned, was brought and developed, and the state became a partner because it was developing

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a new business, bringing in new shows, new opportunities that the state hadn't seen before, and there would be a multiplier effect on that. While it is true certain things happened where we had to come back to the Legislature and ask for the form of a turn back to be changed due to the terrorist attacks; due to the drop in conventions nationwide, as opposed to just within our state, etcetera; we did reform that and it became a form of sales tax rebate, if you will, to the state. But once again, the whole point of the project was it was a new building, a new project to bring in new business, and a new entertainment venue for our citizens. We receive the turn back solely for the Qwest Center and the Hilton Hotel, both of which were brand new facilities; facilities that the state hadn't seen before. They weren't to help out any preexisting facility or preexisting idea. The proposed bills that we're looking at today would allow Sarpy County to use existing state sales tax. The city of Omaha put substantial amounts of local funding into the Qwest Center. Now the state turn back tax is estimated to pay approximately 15 percent of the total debt cost of that facility, and as you look at the funding on the agreement with Sarpy County--depending on what this Legislature passes, but they may be asking for a significant portion of the state's funds to pay for this facility that would be built there. The Qwest Center in Omaha is government owned and operated and hosts a wide variety of events and activities. The Sarpy County stadium would be operated by one public company almost exclusively for their benefit and under their control. That may play into a little bit if you have any questions regarding the new baseball stadium that will be built in Omaha. The ground has already been broken for that. That stadium, which will seat roughly 24,000 people and cost about \$126 million will be open and completed for the 2011 College World Series, or even before that; I think it's tentatively set to open even in April of that year. That building is being done all with local funding, including some private donations. We haven't requested any assistance from the state on that particular project. In the meantime, as you know, it has been built for the College World Series. We've heard talk that it will primarily used over a two-week period; however, the operation of that facility has been turned over to the Metropolitan Entertainment & Convention Authority and they are actively seeking tenants in addition to the College World Series. Finally, I'd like to talk a little bit about the cigarette tax, if you will. It is true that Omaha does receive \$1.5 million a year now in cigarette taxes. This bill that allocated that amount passed in 2001. It was set up for a period of 15 years. It will expire in 2016, I believe, and roughly, this money...not roughly...this money was dedicated to Omaha for our Riverfront redevelopment. This money's being spent to remediate some problems relative to the environment on the river; to put in public gathering places; to put in streets, sewers, etcetera. The primary focus, if you will, and if you recall was to help and to retain a business that was considering moving out of the state at that time. And so those were the reasons that Omaha was a beneficiary of those funds which I said they'll go through 2016. And we use that money to bond, as leverage to get other funds to help do this development, and to retain that business successfully. I'm just trying to see if there's any other points I want to make to try to explain what's happened in our community and maybe say why this one might be a little bit different. I believe that the management of

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Omaha's new baseball stadium is still open and willing to negotiate and try and work out some terms with this Triple-A ball club. And if it doesn't work out, I mean, like I said earlier, they're going to have to try and look to some other organizations that might be willing to sign a lease there. I think for now I'll close with that and see if you have any questions. [LB615]

SENATOR DIERKS: Thanks, Jack. Senator Friend. [LB615]

SENATOR FRIEND: Mr. Cheloha, does Omaha have the resources...are they prepared to squash the Royals if they move to Sarpy County? In a competitive...to take in a competitive advantage over...as far as I'm concerned it's marketing. Are they prepared to do that? Are they prepared to run the Royals out of town to get the baseball market? Because as an Omaha resident, I hope that they are. [LB615]

JACK CHELOHA: (Laugh) I appreciate your question. [LB615]

SENATOR FRIEND: And it's a serious question. [LB615]

JACK CHELOHA: No, I know it's serious. [LB615]

SENATOR FRIEND: I want to know if there's a commitment to get a tenant, because I'm not on the city council and I'm not in the MECA meetings. I want to know if there's a serious commitment to do what you need to do in Omaha to run the Royals out of business if they decide to go out on the outskirts of town. Because I'm telling you right now, that's what I would want as a resident of Omaha with a brand-new stadium sitting there six miles from me. [LB615]

JACK CHELOHA: Boy, I certainly understand your concern. [LB615]

SENATOR FRIEND: And some of this frustration is four hours of listening to the fact that we lost a baseball team because they couldn't come to a decision about parking downtown. [LB615]

JACK CHELOHA: Well, okay, let me try and answer that then. First of all, I don't know all the intricacies that went into the negotiation because, if you will, the city passed over...or we have a management team in place that now handles the new baseball stadium as well as the Qwest Center Omaha. Regarding anybody in the Qwest Center or within the new stadium, I know the city of Omaha and MECA will do all that they can to make it a success, to market it, to help them in any way to make it a great business deal and a great entertainment venue for all...for our citizens but and then anybody else in the state as well. I understand your point of view and I sympathize with that. You know, this hearing...I don't think I've ever prepared or taken as much time to prepare to testify neutrally on a bill in my 15 years of doing this for the city of Omaha, but it is a big

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issue, and I congratulate Senator Cornett and the Sarpy County people for coming up with some great ideas and for moving this forward as far as they have. But I guess I'm saying there's still opportunity, as far as the city of Omaha's concerned, to try and make this work and to salvage it; we'll just have to see where it ends up. We're trying to point out why we received some state aid and why that was different, and we want you as senators to know that because you safeguard the state's treasury. [LB615]

SENATOR FRIEND: Thanks. [LB615]

SENATOR DIERKS: More questions for Jack? Senator White. [LB615]

SENATOR WHITE: Mr. Cheloha, I want to follow up briefly with Senator Friend, and I'd like the people of Sarpy to understand this. If the taxpayers of Omaha sunk \$120 million into a stadium, they are going to do their best to protect that investment. Sarpy County citizens and the state stick \$26 million into a stadium, they're going to do their best to protect that investment. Somebody's going to lose. The part I don't like is a tax payer on either side is going to lose. Some tax payer-backed facility will lose. [LB615]

JACK CHELOHA: I see your point. If I may, when Omaha made the decision to build our stadium we crunched the numbers; we did what we had to do; we saw what the cost would be; and ultimately we were driven by the fact that we wanted to retain the College World Series, and based on the market studies that we had, the amount of revenues that that event generates, and the amount of good will it promotes for our state and city, etcetera. And so when it was all said and done, with that amount spent, we said we could do it: we could handle it financially. And we always said we wanted to retain the Royals, we wanted to make that stadium busy...a showcase for the community...but from now all's I can do is try to point out the differences. [LB615]

SENATOR DIERKS: Other questions for Jack? I guess that does it. Thank you very much. [LB615]

JACK CHELOHA: Thank you. [LB615]

SENATOR DIERKS: Further neutral testimony? Anyone else in a neutral position? Well than that...do you want to close, Senator Cornett? Senator Cornett waives closing so that closes the hearings for the day--LB615 and the day. Thank you for your attendance. [LB615]

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Revenue Committee  
March 19, 2009

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Disposition of Bills:

LB559 - Held in committee.  
LB615 - Held in committee.  
LB616 - Indefinitely postponed.  
LB617 - Indefinitely postponed.  
LB618 - Indefinitely postponed.

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Chairperson

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Committee Clerk