

Transcript Prepared by Clerk of the Legislature Transcribers Office

Revenue Committee January 30, 2026

Rough Draft

von GILLERN: All right. It's 1:30, so we will begin. Welcome to the Revenue Committee. I'm Senator Brad von Gillern, from Elkhorn, representing the 4th Legislative District, and I serve as chair of the committee. The committee will take up the bills in the order posted. This public hearing is your opportunity to be a part of the legislative process and to express your position on the proposed legislation before us. If you're planning to testify today, please fill out one of the green testifier sheets that are on the table at the back of the room. Be sure to print clearly and fill it out completely. When it's your turn to come forward to testify, give the testifier sheet to the page or to the committee clerk. If you do not wish to testify but would like to indicate your position on a bill, there are also yellow sign-in sheets back on the table for each bill. These sheets will be included as an exhibit in the official hearing record. When you come up to testify, please speak clearly into the microphone. Tell us your name and spell your first and last name to ensure we get an accurate record. We'll begin each bill hearing today with the introducer's opening statement, followed by proponents of the bill, then opponents, and finally, by anyone speaking in the neutral capacity. We will finish with a closing statement by the introducer if they wish to give one. We'll be using a 3-minute light system for all testifiers. When you begin your testimony, the light on the table will be green. When the yellow light comes on, you'll have one minute remaining, and when the red light-- and the red light indicates you need to wrap up your final thought and stop. Questions from the committee may follow. Also, committee members may come and go during the hearing. This has nothing to do with the importance of the bills being heard. It's just a part of the process, as senators may have bills to introduce to other committees. And just so you know, we've got a lot of that going on today. We've got a couple folks that are not going to be here when we begin. And then, we have some other bills going on, so please give us grace for that. A few final items to facilitate today's hearing. If you have handouts or copies to your testimony, please bring up at least 12 copies and give them to the page. Please silence or turn off your cell phones. Verbal outbursts or applause are not permitted in the hearing room. Such behavior may be cause for you to be asked to leave the hearing. Finally, a committee procedures for all committees state that written position statements-- comment-- position comments on a bill to be included in the record must be submitted by 8 a.m. the day of the hearing. The only acceptable method of submission is via the Legislature's website at nebraskalegislature.gov. Written position letters will be included

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in the official hearing record, but only those testifying in person before the committee will be included in the committee statement. I'll now have the committee members with us today introduce themselves, starting on my left.

KAUTH: Senator Kathleen Kauth, LD 31, the Millard area.

BOSTAR: Eliot Bostar, District 29.

MURMAN: Dave Murman, District 38, represent 8 counties in the southern part of the state, including Holdrege and, and McCook.

DUNGAN: George Dungan, LD 26, northeast Lincoln.

von GILLERN: Thank you. Also assisting the committee today to my right is legal counsel, Sovida Tran, and to my left is legal counsel, Charles Hamilton. To the far left is committee clerk, Linda Schmidt. Our pages for the committee today will stand and introduce themselves.

--unknown page as of now

JESSICA CARROLL: My name is Jessica Carroll, I'm a senior political science student at UNL.

von GILLERN: And with that, I'm going to hand off the chair of the meeting to Senator Bostar.

BOSTAR: This opens the hearing on LB954, introduced by Senator von Gillern. Welcome to your committee.

von GILLERN: Good afternoon. Well, thank you. Thanks for having me today. Thank you for chairing, Senator Bostar. And good afternoon, the members of the Revenue Committee. For the record, I'm Senator Brad von Gillern, B-r-a-d v-o-n G-i-l-l-e-r-n, and I represent Legislative District 4 in west Omaha and Elkhorn. I'm here today to introduce LB954, which would allow the Department of Revenue to recalculate the number of base-year employees of a Tier 6 Advantage participant under certain circumstances. Currently under Nebraska Advantage, when a company applies for incentives to help them invest and create jobs in Nebraska, they agree not only to create new jobs, but also to maintain their base-year employment, or the jobs they already have in Nebraska, the year before the application. LB954 would allow for recalculation of the number of base-year employees, though only under very narrow and reasonable circumstances. In the event that a Tier 6 participant sells a portion of its business operations to a separate entity, the

bill would allow the Department of Revenue to subtract the number of employees included in the sold portion of the business before the date of sale from the number of base-year employees originally calculated, if and only if those job contin-- jobs continue to exist in Nebraska for at least 2 years following the sale. Furthermore, this provision would only apply when the primary purpose of the sale is not to close an existing business location, and the Advantage agreement was entered into after December 31, 2016. This situation occurred in the past few years with a specific company operating in Nebraska in the medical supply industry, following the COVID-19 pandemic. During this period, a spinoff company was created and a portion of the Advantage participants' operations went to that spinoff. While the jobs the company created remain in place within the spinoff business, the company could technically no longer count the jobs transferred, transferred toward their base-year employment requirement, putting them at risk of losing their incentives. This bill recti-- rectifies the discrepancy, which I believe remains within the spirit of the Advantage Act, by not punishing the participant for finding sensible and efficient ways to maintain and create jobs in Nebraska. I want to note that a representative from that firm is here to provide further insight into that situation and the reasons why that change was needed and is good for Nebraska. With that, I kindly ask for your support for LB954 and will answer any questions that I'm able to.

BOSTAR: Thank you, Senator von Gillern. Any questions from the committee? Seeing none, thank you.

von GILLERN: Thank you.

BOSTAR: First proponent testifier.

JESSICA CARROLL: Senator Bostar and members of the committee, my name is Laurie Reagan, spelled L-a-u-r-i-e R-e-a-g-a-n, and I'm the plant manager for BD's North American Molding Center in Columbus, Nebraska, one of 5 BD sites across Nebraska. We have 3 in Columbus, one in Holdrege and one in Broken Bow. Our teams manufacture billions of essential medical devices each year, including syringes, needles and blood collection tubes that are foundational to healthcare across the country. I've been with BD for 10 years, including 7 years in my current role. Over that time, I've seen firsthand the tremendous impact that BD's operations have had on the Columbus community over the 70-- past 75-plus years, through good-paying jobs, strong community partnerships, and continuous reinvestment in Nebraska. In 2018, BD applied for Tier 6 incentives through the Nebraska Advantage

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Act as part of a \$200 million investment in our facilities in Columbus, Broken Bow, and Holdrege, along with a commitment to hire 300 new associates. This was a major milestone for BD and for the communities we call home. The incentives authorized under the agreement have supported our continued growth and enabled us to reinvest significantly in our operations and workforce, including a nearly \$150 million investment that was just announced this past year. In 2022, BD spun off our diabetes care business into a separate publicly-traded company. That transition included our Holdrege plant and roughly 500 associates affiliated with that facility. Importantly, these operations and those jobs remain in Nebraska today, and they continue to rely on BD's final stage manufacturing located right next door. So they're utilizing part of the BD Holdrege Plant, as well. However, because this transaction affected our total statewide employee headcount, BD fell below the base-year employee calculation from 2018. As a result, we are now at risk of losing certain incentives that were part of the original agreement, despite the fact that the jobs, operations, and economic impact have all remained in place. LB954 makes commonsense, technical updates to the Nebraska Advantage Act to account for exactly this type of situation, where a corporate transaction changes the structure on paper, but not the real economic activity helping, helping our communities. The bill ensures that companies continuing to invest in Nebraska are not inadvertently penalized for transactions that preserve jobs rather than eliminate them. BD is proud to call Nebraska home and we remain committed to continuing the legacy of more than 75 years of manufacturing excellence, innovation, and partnership in this state. We respectfully ask for your support for LB954, and I thank you for your time and consideration.

BOSTAR: Thank you very much. Any questions from the committee? Senator Murman.

MURMAN: Yes. Thank you, Vice Chair. How has your number of employees changed since 2016? Number of employees in Nebraska, including BD and the spinoff company you're talking about.

JESSICA CARROLL: If I remove the-- Holdrege, which is roughly 500, we're about 300 employees more than where we were in 2018, so as of today. And then that-- the Holdrege amount is 500.

MURMAN: So 500, where did you start in 2018 I guess [INAUDIBLE]?

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JESSICA CARROLL: We started, without including Holdrege, at 2,300, and are at roughly 2,600, right now.

MURMAN: OK. Thank you.

JESSICA CARROLL: Throughout the state.

BOSTAR: Thank you. Any additional questions? Seeing none, thank you very much.

JESSICA CARROLL: OK, thank you.

BOSTAR: Additional proponent testifier.

DAWSON BRUNSWICK: Good afternoon, Senator Bostar, members of the Revenue Committee. My name is Dawson Brunswick, spelled D-a-w-s-o-n B-r-u-n-s-w-i-c-k, here as the president of the Columbus Area Chamber of Commerce and a representative of the Nebraska Economic Developers Association, just testifying in support, as LB954 allows flexibility with incentives when it comes to the situation you just heard, where we have companies investing in Nebraska, creating jobs. And through corporate decisions, are choosing to make changes while still maintaining that employment in Nebraska. Columbus, as you heard, has been a beneficiary of that growth. We really value BD and the partnership. Well over 2,000 quality jobs they support in Columbus. They've been an active investor in housing and childcare, community development, and really have been an outstanding corporate partner for our community, as they are in the other communities they serve. So hearing from them-- and appreciate Senator von Gillern bringing this bill to help support them to maintain their incentives. Nebraska was the second state that BD chose to do business in. They celebrated 75 years in Columbus last year, and I know they've spent many years in their other Nebraska communities, as well. So appreciate your consideration in supporting BD, as they continue to support Columbus and Nebraska.

BOSTAR: Thank you. Questions from the committee? Seeing none, thank you very much.

DAWSON BRUNSWICK: Thank you, all.

BOSTAR: Additional proponent testimony. Seeing none, any opponent testimony? Seeing none, any neutral testimony? Seeing none. Senator von Gillern.

von GILLERN: Thank you, Senator Bostar. Just a couple of quick comments and we'll wrap up here. Obviously, this is a firm that made a substantial investment in our state. They have the option to do, to do business, and they do do business in many other locations across the nation and across the world. They have plants in Europe and, and other places, where they could take these operations if they chose to. They, they have done their work here in Nebraska and they would like to stay here in Nebraska and continue to be a great corporate citizen in Columbus and Holdrege and Broken Bow, and, and a number of other communities. So it's, it's, it's a matter of-- I think it's proper that since they made these investments, \$200 million in 2016 and another \$150 (million) in the last year, they've not only retained the number of base-year employees, but they've in-- they've increased that number, it's only proper that the state should consider or should execute on maintaining their incentives. Yeah, they should not be penalized for making a good business decision in how they operate their firm. So, be happy to take any questions if this committee has any.

BOSTAR: I will quickly note that there were no online comments. And with that, any final questions from the committee? Senator Kauth.

KAUTH: Thank you, Interim Chair Senator Bostar?

BOSTAR: Just--

KAUTH: Just really quick, so on the fiscal note, it says zero, but then in the notes of the fiscal notes, it talks about \$20 million. So I'm presuming that is over the very long life of this project potential. So that's not something that we should look at and say, oh my gosh, \$20 million.

von GILLERN: Correct. And that's already-- that is paid out. That is actually budgeted. I'm trying to remember how that is actually paid out and how that's budgeted, but it doesn't show up as a general-- as a cost to the general expenditures.

KAUTH: Because Senator Clements would have a heart attack.

von GILLERN: Yeah. Yes. Yeah. The, the-- it would not have seen the light of day here. I would not have brought it. But, again, those are-- these are the incentives that were already budgeted for. They were already awarded. They'll just continue to be paid out and they wouldn't be penalized.

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KAUTH: And then, on-- in the bill itself, line 16, it talks about if the operations were sold, this is the exclusion if they cease all operations within 24 months after the sale date. Would we have to-- would that have to be a clawback?

von GILLERN: Yes.

KAUTH: We'd-- OK. And that, that [INAUDIBLE].

von GILLERN: And the Advantage already provides for that.

KAUTH: Awesome. Thank you.

von GILLERN: Yep. Yeah. It, it already anticipates that.

BOSTAR: Thank you. Any additional questions from the committee? Seeing none--

von GILLERN: Very good. Thank you.

BOSTAR: Thank you, Senator von Gillern. That closes our hearing on LB954. And we will be handing things back over to Chair von Gillern.

von GILLERN: Thank you Senator Bostar, and welcome Senator Dungan with LB778.

DUNGAN: Thank you. Good afternoon. May I begin?

von GILLERN: Of course.

DUNGAN: OK. Sorry. Don't want to jump the gun there.

von GILLERN: Yes, please.

DUNGAN: Good afternoon, Chair von Gillern and members of the Revenue Committee. I am Senator George Dungan, G-e-o-r-g-e D-u-n-g-a-n. I represent Legislative District 26 in northeast Lincoln. Today I'm introducing legislation that gives municipalities that partner with a certified creative district preference when awarding grants under the Civic and Community Center Financing Act, commonly known as the CCCFF. During my time here, I have sought to strengthen our creative districts. LB778 is another one of those strengthening measures. I know those of us on the Revenue Committee are familiar with the CCCFF, but we don't often get an opportunity to hear about creative districts and the impact they have on many of our communities here in Nebraska. The Nebraska Creative District Program utilizes the arts as an

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economic driver to support communities in Nebraska by telling their stories and elevating the value of the arts. Creative districts are designated cultural and economic areas where innovation flourishes and neighborhoods come together in the name of art. They have a significant economic impact by creating purposeful spaces such as art galleries, theaters, and music venues, thereby attracting employees and businesses. Arts and cultural events in Nebraska drew 1.5 million people, adding \$42.8 million in related spending to local economies. These districts revitalize communities, boost tourism, increase property values, and attract talent by fostering entrepreneurship. The program's design makes it adaptable to communities of any size and in any locations. As of today, we have 37 creative-- certified creative districts. There's more on the way. And we actually have one creative district here in Lincoln, located in the historic University Place neighborhood in northeast Lincoln. The Lux Arts Center is a gallery that's in northeast Lincoln. It's right down the street from my house. They've partnered with some other members in the community, the University Place neighborhood, they created the only creative district we have here in Lincoln. There's a number in Omaha, and there's creative districts across the entire state. I actually think that these-- we'll, we'll hear a little bit more from some folks from the Nebraska Arts Council about the creative districts and the benefits that they present to those communities. I can tell you, anecdotally, that they've encouraged me and others that I know to go visit other parts of the state to enjoy things from those creative districts. I tell the story a lot about how my wife, Britta, and I decided to go to Norfolk for New Year's Eve, because of their creative district, a couple years back, and we spent a couple evenings up there. So these creative districts have had a really amazing impact on a lot of different parts of the community, not just Omaha and not just Lincoln. The positive economic impact of creative arts districts is realized across the entire state: from Omaha and Lincoln, to the North Platte Canteen District, the Haymaker District in Cozad, and the Iron Horse Arts District in Holdrege, to name just a very specific chosen few. If you haven't had the opportunity to visit a creative district near you, I would highly recommend it. To provide a little background on the origin of this legislation, a few years ago, the late Senator Rich Pahls introduced legislation that made municipalities that partnered with a certified creative district eligible for grants under this Civic and Community Center Financing Act. In Senator Pahls' LB927, the amount for these grants was set to be no less than \$100,000 and applied only to fiscal years 2023 to 2024. That legislation was prioritized by former State Senator and current U.S. Congressman Mike

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Flood. LB927 was signed into law a little over a week before Senator Pahls' passing. My LB778 is similar to and builds upon that legislation. Like the Pahls/Flood legislation, this applies only to one fiscal year, which would be 2027 to 2028. This bill also differs slightly. Instead of mandating that these grants go to municipalities that partner with creative districts, LB778 simply directs the department to prioritize such municipalities that have partnered with a creative district when awarding grants under the CCCFF. This is a fairly straightforward piece of legislation aimed at boosting a program with a proven track record of success across the state. This bill does not have a fiscal note because we are not changing the funding for these grants. We're simply prioritizing success for those communities that have partnered with these creative districts. As I mentioned before, we're going to have somebody from the Nebraska Arts Council testifying, who will probably be able to answer questions about creative districts in more specificity. And I believe Lynn Rex will also be here to testify in more detail about the CCCFF and what those grants are currently used for and what they could be used for, for these municipalities that are partnering with creative districts. I'll be here to close on the bill, obviously, and I'm happy to answer any questions the committee might have.

VON GILLERN: Thank you, Senator Dungan. Any questions from the committee members? Senator Bostar.

BOSTAR: Thank you, Chair. Thank you, Senator Dungan. What's the sort of purpose for relaxing the requirement of the partnership with the creative district for the grant funds?

DUNGAN: So as of right-- compared to the Senator Flood bill that happened before?

BOSTAR: Yeah.

DUNGAN: So yeah, the bill the-- our original intention was to mimic that bill. Right. Our original intention was to simply take what had been done before with Senator Flood's bill-- Congressman Flood's bill--

BOSTAR: And extend the--

DUNGAN: --and say '27 to '28, that applies again, giving this one-year window for the requirement that the creative districts partner with municipalities to get the CCCFF. The concern about having that

requirement was in the event that not enough municipalities partnered with a creative district, then applying for those grants that it would exclude other municipalities that otherwise would have been eligible for the CCCFF funds. So the whole--

BOSTAR: What keeps standing in the way of municipalities partnering with creative districts?

DUNGAN: Nothing. I mean, certainly, it--

BOSTAR: Yeah. I--

DUNGAN: You'd have to have one. And so if there's a municipality, for example, that maybe wanted to apply for the CCCFF that doesn't have a creative-- a designated creative district in it--

BOSTAR: Couldn't they just create one?

DUNGAN: They could. There are steps--

BOSTAR: Well, you see, you see like, where I'm like-- I'm trying to figure this out.

DUNGAN: Well, and, and I-- if I'm being genuine and just candid with you--

BOSTAR: Yeah.

DUNGAN: What you're talking about was the original intention of the bill. We have relaxed that, that requirement to make it more optional, to be a preference for those that do choose to partner in an effort to encourage people to continue partnering with creative districts while not punishing those communities that otherwise would get grants from this fund that don't have a creative district established. They might be able to get one established prior to this window that we're establishing or setting up for this, which would be great. I would love to see more creative districts out there. But what we don't want to see is the funds for one fiscal year just sit in a pot and not be accessed to their fullest extent. That was kind of the thinking that went into that, in conversation with the municipalities.

BOSTAR: Well, I know the municipalities have had challenges with their creative district requirement since it was started, so I'm not surprised to hear that. But I, I, I, I think-- yeah. I, I would

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encourage municipalities to create and partner with creative districts. I think they're a really good thing.

DUNGAN: Well, and I will say I've had conversations with Ms. Rex, who again, is going to testify, I think here today in favor of this bill is my understanding. And I don't want to put words in her mouth, but I think that in our conversations, she's been very supportive and understanding of the creative districts. And he's seen the benefit of these over the last couple years. I have handouts that I won't bore you with too much, but the metrics of success we've seen from the creative district have been huge and tangible. I was lucky enough to get to go to the creative district conference-- we'll say gathering, up in Norfolk this last year, to speak about some legislation I had last year that had to do with grant money going to them from DED. And listening to these creative districts across the entire state talk about the benefit that these have shown to their community was really powerful. So I hope that we can continue to do everything we can to support them.

BOSTAR: Yeah. Thanks.

von GILLERN: Senator Kauth.

KAUTH: So kind of along those lines, how do you become a creative district? Like is there-- are there parameters and--

DUNGAN: Yes.

KAUTH: --a very specific process to do it?

DUNGAN: Correct. So I-- I'm not going to be able to say those off the top of my head. My hope is someone behind me maybe can. But yeah, there are, there are set parameters where, in order to be designated a creative district, you have to check certain boxes. It involves partnering with private entities in the community. I believe there has to be also a governmental entity. That's where, for example, the University Place Neighborhood Association came into play, with the one in my district. And so, there's a partnership between public and private to make this happen. And I think you have to have certain economic development goals, right? The whole, the whole point of this program is to make sure that you are utilizing arts and highlighting arts in a way that is an economic driver for the community. And so once you do check those certain boxes and have your application approved, then it makes you eligible for certain grants that can then

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come in and help revitalize downtowns, help provide for funding for anything from mural projects to art gallery spaces. I know there's been a lot of success in some communities revitalizing old theaters, which has then made those sort of central hubs, where people come in and have events for the community, so it can be utilized for a number of different things. But yeah, there are certain statutory requirements or promulgated rules you have to check off in order to be a creative district.

KAUTH: OK. Thank you.

von GILLERN: Senator Sorrentino.

SORRENTINO: Chairman von Gillern, thank you. Senator Dungan, I'm going to ask a question that I've never asked. Could you comment on a comment?

DUNGAN: Oh, boy.

SORRENTINO: There's a comment, and we all know those are--

DUNGAN: Oh, the online comments?

SORRENTINO: Yeah. There's a comment that-- 90% of the time they're off the mark-- it says, to take back the \$15 million of match funds and CPF and put it in the General Fund-- I'm just going to stop there.

DUNGAN: Yeah.

SORRENTINO: Why would-- why are they thinking this?

DUNGAN: I looked at that. I think they're-- it's-- I think it's on the wrong bill. Because if you look at the bill that they're talking about.

SORRENTINO: Because I didn't see any of that in here.

DUNGAN: Correct. No. None of that's in there. And I, I don't-- we looked at the comments. The opposition-- there's only like one or two opposition, and that one, I think, is on the wrong bill. They're talking about a matching grant fund.

SORRENTINO: Right.

DUNGAN: It's, it's an appropriation bill that they're talking about.

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SORRENTINO: OK.

DUNGAN: They might have just searched the word "arts" and found my bill instead of that one, but no, nothing that's referenced in that comment has to do with my legislation.

SORRENTINO: I didn't see anything in your bill. Thank you for clarifying that.

DUNGAN: And I, and I was very intentional of making sure this bill did not have a fiscal note. So if there was anything with money that I missed, we would have made sure ahead of time.

SORRENTINO: Thank you.

DUNGAN: Yep.

von GILLERN: Thank you for your comments. Thank you for the fiscal note determination. Appreciate that, too. You-- and you can stay to close?

DUNGAN: I'll be here, yes.

von GILLERN: Very good. Thank you. We'll invite up our first proponent, first proponent testifier.

MIKE MARKEY: Good afternoon, Chairman von Gillern and members of the committee. My name is Mike Markey, M-i-k-e M-a-r-k-e-y. I'm the executive director of the Nebraska Arts Council. And I first want to thank Senator Dungan-- you don't even need me. He did a wonderful job. But I want to thank him for introducing LB778. I appreciate his support for the Creative District Program and for recognizing the value of the Community and Civic Center Facility Finance Act, CCCFF grant program, and helping to realize the potential of the Creative Districts program. The other partner whom I'd like to acknowledge is that we've worked very closely for the last 4 years with the Department of Economic Development, through which the CCCFF grants are made possible. Since year one, DED has lent guidance and support, recognizing the shared goals of our program and their agency. That leadership has been appreciated over the years and I look forward to continuing that relationship with Director Larson. You have in front of you a short report on the Creative Districts program. For those of you not familiar, though, I'll give you a quick primer, add on to what Senator said. In 2020, Senator, Senator Megan Hunt introduced legislation that directed the Arts Council to create a program that

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utilized the cultural assets of a community to help drive economic development for that community. The program we created requires a working relationship/partnership between local government, local business, and local cultural institutions. That partnership works with the community to assess the cultural assets already existing in the community and how they can utilize them to foster economic growth over the next 5 years, with the statutory goal of attracting more visitors, developing new jobs, and creating an environment that attracts and retains a creative workforce. Then-Senators Mike Flood and John Stinner provided legislation that established an appropriation through the Arts Council for development grants that would serve as seed funding for the Creative Districts program. In the first years of the program, there were 6, then 12, certified creative districts to be funded by that appropriation. There are now, as mentioned before, 37 certified creative districts across the state, each with plans for growth and development that require an investment. That initial appropriation of \$1 million hasn't grown. And isn't likely to this year. Therefore, other granting opportunities, such as CCCFF, are vital to help realize the potential of the projects that the districts are fostering. That potential is borne out in the report that's in front of you. Within the creative districts, an increase in sales tax revenue of 47%, lodging tax revenue of 56%, and, and tourism increase of over 115%. And for every dollar that's granted through the program, an additional \$2.50 has been leveraged through other funding sources. And you can see the number of projects that have already been made possible through the program. Now, as mentioned before, there was a program in 2024 that identified the creative districts as receiving those funds. And this uses this opportunity to do that again this year, which would be a real shot in the arm for the organizations. The creative districts as they move forward with what they've been trying to do.

von GILLERN: Can I get you to wrap up your comments, please? You might get a question.

MIKE MARKEY: OK. I just want to point out that the latest creative district, Gordon, is-- got a district-- or a program like, where, where they want to take an existing, underused building and turn it into a civic community center, art center, that will bring people from all over the region, and increasing tourism, increasing job possibilities, and making the city a much better place to live.

von GILLERN: Thank you.

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MIKE MARKEY: Thank you.

von GILLERN: Are there any questions from the committee members? Would you have maybe one more example you'd like to share? I'm sensing, I'm sensing a lot of excitement around this. We'll give you one more example.

MIKE MARKEY: Well, as mentioned before, the Haymaker District in Cozad, as well as the, the, the folks out in North Platte.

von GILLERN: That's 2.

MIKE MARKEY: I'm pushing it here-- have all got wonderful programs, and Holdrege is doing great things out there that are just really transforming the communities and making it a much better place to keep people in the communities. And that's what it's all about.

von GILLERN: Thank you. Thank you for being here today. Seeing no questions, appreciate you being here.

MIKE MARKEY: Thank you.

von GILLERN: Thanks for what you do. Next proponent. It's one we've all been waiting for.

LYNN REX: Pardon me?

von GILLERN: It's the one we have all been waiting for

LYNN REX: Senator von Gillern, members of the committee, my name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities. We're passing out for you the Nebraska-- the 2024 Annual Report of the Nebraska Department of Economic Development, as it applies to the CCCFF. The 2025 is not yet available. But I would like to reference you to a couple things, and first just start by saying how much we appreciate Senator Dungan introducing this bill. We think that this will help jumpstart more creative districts across the state. Senator Bostar, if you ever take time to read the Nebraska Municipal Review, our monthly publication, which we send to you folks every month, the November publication, we focused on creative districts, the value that they're bringing to the state of Nebraska. And they really are. They're doing-- they're really being transformational all across the state. And a lot of people throw around the word "transformational" and it really isn't, this really is transformational across the state. I would encourage you to look on

page 4 of the handout, on the upper left-hand side on page 4, and it kind of shows you the amounts of monies that have been awarded and it's jumped all over the place. In particular, you'll note in 2021-- and again, on page 4, upper left-hand corner-- you'll note that it was only \$18,750. That was because of the impacts of COVID. The reason for that is because this fund comes from the 30% of turnback tax for the arenas in Lincoln, Omaha, and Ralston. So, basically, that had a tremendous hit. In addition, funds were swept from the CCCFF in the last 2 fiscal years. That's had a real impact. This year, we're thinking for this cycle, that there might be a million, possibly, left. But hopefully, by the time that this bill would take effect, there would be more funds there. So we, we really support this. And we also provided for you, if you start looking on pages. 7 through 12, with page 12 being the last ones awarded, you see all the municipalities across the state that have received these funds. And these are not all affiliated with creative districts. But we do think that it's really important to provide another year to jumpstart these across the state, and also, too, I think the reason why we-- we are getting more and more cities doing this. We have 37 now, which is just great. There are more that are looking at it and wanting to do it. It is a bit of a lengthy process, because it's a really-- it's really an important process to make sure that folks do it right. And if you ever want to see some of the artwork and everything that's come out of these creative districts, we're featuring that in our office, as well. So again, we really encourage you to advance this bill to the floor, and we think it's really important. With that, I'm happy to answer any questions that you might have.

VON GILLERN: Thank you for your testimony. Senator Kauth.

KAUTH: Thank you, Chair von Gillern. On page 12, it says in 2024, Seward Wellness Center got \$562. Is that a typo or did they just really only get that much?

LYNN REX: You're on page 12, you said?

KAUTH: 12, mm-hmm.

LYNN REX: Page 12.

KAUTH: The second box down in 2024. Seward-- the Seward Wellness Center?

LYNN REX: Oh, yes. That probably is not a typo.

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KAUTH: They only got \$562?

LYNN REX: That's-- I'm guessing that that's the case. I mean, I didn't go back and verify that, but--

KAUTH: OK.

LYNN REX: I'm guessing that's the case.

KAUTH: Why would they get so little?

LYNN REX: That I do not know. But I also tell you that some of these are planning grants. So they're planning for when they're going to do something, and that may be part of it. In other words, that may have been-- and again, I will verify that and get back to you, Senator. But that may have been the amount that they needed to pay a consultant to come back and tell them whether or not a certain project was viable or not, so that then, they come back the next year with that project.

KAUTH: OK. Thank you. That, that explains it better.

von GILLERN: Other questions? I know a little bit about that project in Seward. That might have been the tail of the project, too, which may have had some [INAUDIBLE] remaining payout on it.

KAUTH: OK.

von GILLERN: Because I think that project was completed in '24, so.

LYNN REX: Yes, I think that's right.

von GILLERN: Anyway, you mentioned the article in the municipalities-- what's, what's the publicat-- title of the--

LYNN REX: The Nebraska Municipal Review.

von GILLERN: Yeah, the, the, the publication. And the one in November, I actually pulled that out and retained it because I was so intrigued by the additional investment that the creative districts had spurred, and the, the multi-- multiplying effect of that, so. Yeah, yeah, yeah. It's great.

LYNN REX: It's got a huge economic driver on it. And by the way, I am-- which is maybe why Senator Bostar's asked the question, I mean, I'm born again on this. I was not an advocate for creative districts, actually. Really, really opposed efforts that Senator Flood then, was

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trying to do to push more money toward that, because we had so few dollars going to municipalities. And then when you see what the turnaround is, you can't help but, but basically be a supporter of what they're doing, and how they're doing it, and how it's really bringing a lot of folks, of all age groups-- younger folks, older folks, folks in senior centers, involved in the whole process. And it starts with a letter of intent. You have to have a workbook, you go through this, you-- it's not just you file a piece of paper and you start getting these funds and you're a creative district. There's a whole process. And the Nebraska Arts Council just does a phenomenal job. And we always have-- and I can't, can't help myself but thank Rachel Morgan, who's behind us here. She does training workshops at all of our conferences, and she'll be doing it again at the mid-winter conference, to try to encourage cities to do this, because it really makes a difference.

von GILLERN: Good. Thank you. Thanks for your testimony. Seeing no other questions, thank you.

LYNN REX: Thank you.

von GILLERN: Any other proponents? Good afternoon.

LANCE NIELSEN: Good afternoon, Chairman Van Gillern and everybody on the committee. My name is Lance Nielsen, L-a-n-c-e N-i-e-l-s-e-n. I'm the executive director for Nebraskans for the Arts. We're a nonprofit advocacy organization, and I'm speaking on behalf of the Creative Districts today, and so consider me to be the cherry on top of the creative district sundae. And if you haven't been to the creative district in Potter, the Tin Roof Creative District, their tin roof sundaes are fantastic, so you're going to want to check that out. But this proposal is really forward-thinking measure that really recognizes that proven economic and community development that the creative districts are doing. So I want to share a couple success stories with you. Before the Iron Horse Arts District was established in 2024, Holdrege had limited access to consistent visual arts programming and few opportunities for artists to engage with the community in 2025 alone, the district served more than 130 artists across disciplines and directly engaged over 630 people through galleries, classes, and events. And that's not including nearly 1,600 attendees at the Iron Horse Arts Festival, an entirely new event that was created by the district and has quickly become a major point of local pride and excitement. What has been most transformative is the level of community buy-in. The volunteer base has grown, participation

from artists continues to expand, and they have seen increased support from donors and sponsors who want to be a part of something meaningful and lasting. This collective effort has led to tangible investment, including the donation of a dedicated gallery space from First State Bank of Holdrege. This is an example of how creative districts encourage public-private partnerships that strengthen downtowns, foster civic pride, and make rural communities more attractive places to live, work, and do business. In Norfolk, the CCCFF grant allowed for additional lighting and signage to increase safety and enhance the unique experience of visiting the Norfolk's Rivers Point District. The additional lighting will be connecting our-- their downtown district with the city's Whitewater Park, helping connect two of Norfolk's largest recent community projects with lighting that will enhance the entire area and the visitor experience. The final lighting component is connecting the downtown's community gathering spots with public off-street parking that is both enjoyable and increases safety. The intangibles have been connections and relationships that this project has allowed, such as the RPCD in the city of Norfolk, to review and find commonalities in the alignment of each entity's current goals. It will undoubtedly increase the community pride and sense of place, once the projects are completed this coming summer. So again, a couple examples of just the impact that the creative districts are having on our-- especially our rural communities. So LB778 is not simply about a preference in grants, it's about encouraging smart collaboration, maximizing public investment, so we thank you for your support on this bill. And I'll take questions.

von GILLERN: Thank you for your testimony. Questions from the committee? Seeing none, thank you for being here, Mr. Nielsen. Any other proponents? Seeing none, are there any opponents? Anyone who would like to speak in opposition? Seeing non, any neutral testimony? Seeing none. Senator Dungan, as you come forward to close, we re-- received 18 proponent letters, one opponent, and zero neutral.

DUNGAN: Thank you, Chair von Gillern. I won't belabor the point. I know that it's Friday and we're all eager to get done, I think, here. Really appreciate the testifiers coming in and talking about the benefit of the creative districts. I've had an opportunity to enjoy a number of them. For those who have served with me for a while, you know I talk about my summer bike rides from time to time, where I do the Tour de Nebraska every year for the last 10 years, which is a 5-day bike trip, where you go to different parts of the state. It's a different loop every year. This last year, Senator Murman, we were down in your area, and I actually spent 2 days in McCook, and got to

enjoy downtown McCook and see a lot of what they've done with the creative district there, involving the revitalization of the Fox Theater, Norris Alley, the Art Bank. I mean, it was really amazing. And the fact that you had about 300 to 400 of us on the Tour de Nebraska, just kind of putzing around downtown McCook and how impressed everyone was with it, I think is due in no small part to this kind of partnership with the creative district. Similarly, the Tour de Nebraska has taken me through Ord, where I was impressed with their theater they'd revitalized, and their town square. Norfolk has been mentioned multiple times-- just really amazing work being done. And so I appreciate all of the efforts from Congressman Flood, in the past, that went into this, getting this funded. It really, to me, seems like a no-brainer. It's an economic development measure. All this bill is trying to do is ensure that there's more of those partnerships between the creative districts and the municipalities to continue to encourage the benefit of these grants going to places that form those partnerships. You know, frankly, I would love to see this CCCFF Fund go only to creative districts, but that's not where we are right now. I think that we can continue working towards that. And as we see more creative districts blossom around the state, I think we can absolutely get there, where there's more of these happening in every single neck of the woods. But for right now, having this preference, I think, is really important. And I think it's really important that we continue to support the communities that are making these decisions. So with that, I would be happy to take any final questions.

von GILLERN: Thank you. Any questions from the committee members?
Senator Murman.

MURMAN: Well, I just want to make a comment. Thank you for going to McCook. It is in my district. However, it's 150 miles from my house.

DUNGAN: Oh, is that not you? I thought you were McCook?

MURMAN: It's in the district, but.

DUNGAN: Oh, there we go. OK, yeah.

MURMAN: Actually, you're closer to my house now than you would be in McCook.

DUNGAN: Well, my district, I can walk across in about an hour and a half. So very different than what I'm used to.

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MURMAN: I know it's very successful in McCook.

DUNGAN: Very nice, yes.

von GILLERN: I think that was an invitation to come by his house. Seeing no other questions, thank you, Senator Dungan.

DUNGAN: Thank you, Chair von Gillern.

von GILLERN: That'll close our hearing on LB778. And we will open on LB883. Senator Andersen, welcome.

ANDERSEN: It's déjà vu.

von GILLERN: Hmm?

ANDERSEN: It's déjà vu.

von GILLERN: Yep. Go for it.

ANDERSEN: Thank you. Good afternoon, Chairman von Gillern and members of the Revenue Committee. I'm Senator Bob Andersen, B-o-b A-n-d-e-r-s-e-n, and I represent District 49, which includes northwest Sarpy County and Omaha. I am introducing LB883 at the request of the Nebraska State Historical Society. This is a commonsense bill which will reduce the regulatory burden for communities and provide for effective disposition of historical properties. There is no fiscal note, and state funds come from the Revitalize Rural Nebraska Grant Program. In the course of its work, the Nebraska State Historical Society, NSHS, identified the need for technical revisions to both Civic and Community Center Financing Act, CCCFA, overseen by the Department of Economic Development, and the, the Revitalize Rural Nebraska Grant Program, run by the Department of Water, Energy, and Environment. The primary goal of these two programs is to fund the safety and modernization of Nebraska communities via the construction of community centers and the demolition of buildings that pose a public safety hazard. The State Historic Preservation Office is the department under the NSHS responsible for the historic preservation reviews for both CCCFA and RRNGP-- I should have brought an acronym chart-- programs. They have noted several instances where the current statutes have left SHPO and the municipal applicants at an impasse. Currently, the applicants must check with the, the SHPO on the historic status of the property in question. If that property is deemed historic, it is not eligible for demolition, even if the building is a threat to health and safety of the general public.

Demolition of the historic property should not be taken lightly, and in most cases, it would still be the last resort. LB883 seeks to protect historic property, but ensure our communities can continue to develop. This bill creates a mitigating opportunity to ensure public benefits-- the public benefit when a historic property needs to be demolished. The mitigating activities are tailored to the needs of the community. Examples might include documentation of the resources, historic markers, or other methods, which commemorate the resource that was lost. In closing, it should be noted that SH-- NSHS has coordinated with Department of Economic Development and Department of Water, Energy, and Environment, who are in agreement with the proposed changes. Historic preservation is to be seen as a tool for the community and economic development, not an uncompromising barrier to community needs. State Deputy Historic Preservation Society Officer Michael Sothan is here to testify and can address any technical questions you might have. He directly manages the programs that will be affected by this legislation. So thank you for your time and attention, and I'm here to answer any questions.

VON GILLERN: Thank you, Senator Andersen. Questions from the committee members? I'm going to have to exit in a minute, but I just want to make a quick comment. I've, I've, I've said first, my radar was way up when I saw demolished historical buildings. But knowing the parties that are involved, and, and you made the comment this is a means of last resort. And, and I know that that's-- that would be the case with the, with the organizations that are in the vetting process, so thank you for bringing this on their behalf. So.

ANDERSEN: Thank you.

VON GILLERN: All right. We'll invite up our first proponent testimony, and I'll hand the hearing over to Senator Bostar.

BOSTAR: Welcome.

MICHAEL SOTHAN: Thank you. Good afternoon, Senators of the Revenue Committee. My name is Michael Sothan, M-i-c-h-a-e-l S-o-t-h-a-n, and I am the Deputy State Historic Preservation Officer. I'm here on behalf of our director, who is out ill, to represent the Nebraska State Historical Society as a proponent of LB883. We want to thank Senator Bob Andersen for introducing LB883 on our behalf. Staff brought forward the idea for this technical revision to reduce regulatory burden, giving our communities options, and bringing state preservation efforts more in line with the national norms, found in

the National Historic Preservation Act. We've enjoyed working with the Department of Economic Development, on its Civic and Community Center Financing Act, and the Department of Water, Environment, and Energy, on its Revitalize Rural Nebraska Grant Program. These tools provide state aid and play an important role in the development of smaller communities. The State Historic Preservation Office's involvement in these programs is limited to conducting historic preservation reviews that ensure the impacts to our state's historic resources are evaluated and limited. However, our office's role in this process is complicated by the narrow language of the current statutes. Currently, the applicant must check the historic status of the property in question to be eligible for funding. However, if that property is deemed to be historic, listed, or eligible to the National Register of Historic Places, it is not able to use program funds. And as the Senator said, that cannot be used for demolition, even if there is a health and safety hazard. As such, this bill proposal allows the historic properties to be demolished so long as mitigation is undertaken that ensures a lasting public benefit. And, as was said before, to be clear, it's not our goal to incentivize the loss of historic properties. The review process will largely be the same as before, while providing greater flexibility to our communities. Mitigation activities will be tailored to the historic property and the needs of the community. Mitigation is not intended to be punitive or cost-prohibitive, but to ensure a public benefit and used as that last resort. Historic preservation is first and foremost a tool for community and economic development. We do not want it to be that uncompromising barrier to community needs. In closing, we urge you to support LB883 as a commonsense approach to ensuring effective community development and historic preservation. With that, I close my testimony and would be happy to answer any questions that you may have at this time.

BOSTAR: Thank you, sir. Questions from the committee? Senator Kauth.

KAUTH: Thank you, Senator Bostar. So are these just business or commercial properties? Or is this houses, or--

MICHAEL SOTHAN: So within these programs, especially CCCFF, it, it kind of depends upon what the community's needs are. In practice, we mostly do see commercial buildings. Maybe it's in a village where this has been a property that has frankly, kind of been abandoned, and is now having-- a portion of its facade is maybe collapsing into the street. So that's like that rural revitalize grant program, or CCF. You know, maybe it is, it's just that-- it's a dilapidated, maybe

industrial property out on the edge of town that they want to redevelop that property and to do something else with it. And that's-- our, our challenge is just that. Though-- even though a building's structural integrity may be compromised, its historic integrity is still there. It still tells its history, so it's still a historic resource. Yet, we all know that, you know, at times, we can't save everything. And we, we want to. That's what our job largely is, and we want to help people preserve their buildings, but when its end has come, you know, let's not stand in the way of that.

KAUTH: And so the-- is that where the commemorate historic properties comes in?

MICHAEL SOTHAN: So that's, that's exactly it. Right now, as it's written, if that building is eligible or if it's listed to the National Register, no, no use of, of state funds can be had. We think that the use of the state funds should still be available, but we would like to see that come with mitigation, which is-- maybe that's recording the history of that building. Maybe it's putting up a historic marker. Maybe it is doing some other thing that we would figure out in negotiation with the community to have a public benefit, but yet also not have arbitrary barriers for them to be able to move forward and take care of needs within their community.

KAUTH: And how much are the grants that come with this?

MICHAEL SOTHAN: You know, I, I do have a little bit of information here. That's probably a better question towards the, the other state applicants, just because we don't see what the dollar amounts are.

KAUTH: Got it.

MICHAEL SOTHAN: We, we, frankly, just look at-- just the historic aspect. But looking at this, I'm seeing planning grants for as little as \$15,000, to construction projects of over a million dollars or around a million dollars, just from the last round of funding for CCCFF. The Rural Revitalize Nebraska Grant Program was a one-time \$10 million program that I think went over a, a biennium. I think all those funds have been expended for that, so.

KAUTH: Thank you very much.

SORRENTINO: Senator.

BOSTAR: Thank you. Senator, please.

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SORRENTINO: Thank you, Interim Chair. LB833 could impact distribution of cash funds. I'm reading from the fiscal note. But does not require additional funding. I'm, I'm stuck on that.

MICHAEL SOTHAN: Yeah. So the, the language in a lot of these already allows Department of Economic Development or the Department of Water, Environment, and Energy to cover their costs out of these cash funds that are established, the grant funds, but it did not cover entities such as ours. And so our office is federally funded. We're funded under the Historic Preservation Fund and we have a small amount of state funds towards other pro-- programs, but it's putting us at risk. We can only do a de minimis amount of state work with those funds. And because we were excluded from being able to cover our cost as part of these programs, it, it puts us in a little bit of a tight spot. Haley [PHONETIC] is our staff reviewer who reviews most of these. She-- you know, her, her time-- it's not a lot of time. We're talking just a few thousand dollars a year to review these projects, but it, it has to come from somewhere. And right, right now, we're at risk of taking advantage of federal funds.

SORRENTINO: Thank you.

BOSTAR: Thank you, Senator Sorrentino. Any additional questions from the committee? Seeing none, thank you, sir.

MICHAEL SOTHAN: Thank you. Appreciate it.

BOSTAR: Additional proponent testimony. Welcome, Ms. Rex.

LYNN REX: Thanks. Senator Bostar, members of the committee, my name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities. We're here in support of this bill. We appreciate Senator Andersen introducing it. It just provides more flexibility to deal with some of these important issues. And so in any event, just thank him for that. And I think the bill is pretty tight in terms of how it can be used and when it can be used. And we, too, had the concern about, oh my gosh, demolishing historic property, but there is a time when maybe, sometimes, you have to do that. So I think that this will be very helpful in that regard. And then I do have a followup, Senator Kauth, to you. I really appreciate DED staff. Jenny Mason is amazing. And so she texted me and let me know that that is \$562,000.

KAUTH: OK. For the Seward County?

LYNN REX: It is. So it's not just \$562. But we'll make sure that that clarification gets made, too. So we really appreciate it. Thanks again, to all of you. And Senator Dungan, appreciate your work on CC--CCCFF. And it's a mouthful. It doesn't just roll off the tongue, as it were. So, appreciate everyone's efforts, because these are really important bills. They provide flexibility and really help our communities, and it's no cost to the state of Nebraska.

BOSTAR: Thank you. Questions from the committee? Seeing none, thanks much.

LYNN REX: Thanks for your consideration.

BOSTAR: Any additional proponent testifiers? Seeing none. Any opponent testifiers? Seeing none. Any neutral testifiers? Seeing none. Senator Andersen, would you care to close? We-- as you approach, we had two comments submitted, one proponent, one opponent for LB883. Welcome back.

ANDERSEN: Thank you, Senator Bostar. Thank you members of the Revenue Committee. Thank you to Michael Sothan for testifying today. As you've heard, LB883 is a commonsense bill about reducing the regulatory burden and finding a balance between the historic preservation and community modernization. I thank you all for your time today and look forward to working with the committee to get this bill out onto the floor. And I'll take any questions you happen to have.

BOSTAR: Thank you, Senator Andersen. Questions from the committee? Seeing none, thank you for being here.

ANDERSEN: Thank you very much.

BOSTAR: And that closes our hearing on LB883 and our hearings for the day. I thought we'd do a quick exec session.