

**CLOUSE:** Good afternoon, everyone, and welcome to the Urban Affairs Committee. My name is Stan Clouse, and I'm the vice chair of the committee. Senator McKinney, who is the chair, is in another committee hearing right at this point. And I represent the 37th Legislative District, as I said, vice chair, of the committee. The committee will take up bills in the order posted. The public hearing is for your opportunity to be 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 outside the-- outside. And when it's your turn to come forward to testify, give the testifier sheet to the page or to the committee, committee clerk. If you do not wish to testify but would like to indicate your position on a bill, there's also a yellow sign-in sheets on the, on the table outside. 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 then finally by anyone speaking in a neutral capacity. And then, we will finish with a closing statement by the introducer, if they wish to have one. We'll be using a five-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 have one minute remaining, and the red light indicates you need to wrap up your final thought and stop. And then, 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 bill being heard; it's just part of the process, as senators may have bills to introduce in other committees. A few final items for today's hearing. If you have handouts or copies of your testimony, please bring up to at least 12 copies and then 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 to be asked-- cause to have you leave the hearing room. Finally, committee procedures for all committees stated that written position comments on a bill will be included in the record must be submitted by 8 a.m. on the day of the hearing. The only acceptable method of submission is via the Legislature's website at [nebraskalegislature.gov](http://nebraskalegislature.gov). Written position papers will be included in the official hearing record, but only those testifying in person before the committee will be included on

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the committee statement. So now, I'll have committee members with us today introduce themselves, starting on my right.

**SORRENTINO:** Senator Tony Sorrentino, Legislative District 39: Elkhorn and Waterloo.

**J. CAVANAUGH:** Good afternoon, John Cavanaugh, District 9: midtown Omaha.

**ANDERSEN:** Senator Bob Andersen, District 49, which is northwest Sarpy County in Omaha.

**QUICK:** Dan Quick, District 35: Grand Island.

**CLOUSE:** And also assisting the committee today, we have our legal counsel, Elsa Knight, and the-- Sally Schultz is our committee clerk. And we have pages, if you'd stand and introduce yourself.

**KYANNE CASPERSON:** Hi everyone, my name is Kyanne. I am a fourth-year sociology major at the University of Nebraska-Lincoln.

**THOMAS GUINAN:** I'm Thomas Guinan. I'm a third-year political science major from Omaha, studying at UNL.

**CLOUSE:** OK, thank you. So, with that, we'll begin today's hearing with LB976. Senator Andersen.

**ANDERSEN:** Good afternoon, Vice Chair Clouse, and members of the Urban Affairs Committee. I am Senator Bob Andersen, B-o-b A-n-d-e-r-s-e-n, and I represent District 49, which includes northwest Sarpy County in Omaha. I am introducing LB976, which makes two administrative changes to the, the laws governing sanitary and improvement districts, or SIDs. Sanitary and improvement districts have been around for more than 75 years, and are a temporary financing mechanism for public improvements needed to serve new developments. It is also a temporary government entity that is able to issue tax-exempt bonds to fund the public infrastructure for the new development. The bonds are funded by the district levying taxes or levying special assessments. Without the, without the SIDs, the funding of the infrastructure would be a combination of the developer and either city or county governments. When a district has become stabilized, it is typically annexed by a city, with the city assuming the district's remaining debt and the district's levy is replaced by

the city's levy. An SID board is governed by five trustees. Section 31-735 provides that the non-resident property owners, typically the developers, control all seats during the period of formation up to the election, which is held four years after the first election of the trustees. For the next two years, the non-resident property owners make up three of the five board seats, and the resident owners control two. Then, at the next election, it is flipped, and three of board seats are made up of residents. Here's the concern. Many developments are built in phases, sometimes as many as six or more, with each phase typically taking a year or more. Developers enter into a subdivision agreement with the city and/or county which makes sure the developers are financially sound and have public works scrutinizing the cost and quality of the infrastructure. In the subdivision agreement, the city will often allow large infrastructure projects such as widening major intersections and installing traffic signals to be done in later phases so as to allow the SID to build up property valuation to afford the projects. These later, later projects-- God bless you-- require a vote of the SID board. LB976 extends the number of years after the first election of SID trustees when three members of the SID board of trustees shall be elected by the legal property owners residing within such a district, and two members shall be selected by the owners of the real estate located in the district. It is better public policy for non-resident property owners to have the majority of the board seats all the way through the eight-year period so that there is no risk that projects that have been committed to aren't seen all the way through. The bill also amends Section 31-741 to change the contract threshold that triggers public bidding requirements from \$20,000 to \$50,000. The threshold was last changed 20 years ago in 2006, so it is long overdue for an update. The \$50,000 number matches the amount for purchases made by the county. In closing, LB976 is a cleanup bill to better aid the SID function. There are testifiers behind me who can answer your question in greater detail. I thank you for your time, and I'm happy to answer any questions.

**CLOUSE:** OK. Thank you, Senator Andersen. Any questions from committee? I just have one, that's just the two changes, just the election timelines and the, the dollar amount?

**ANDERSEN:** Yes.

**CLOUSE:** Thank you. No questions? OK, thank you. You'll, you'll be here. OK, do we have any proponents?

**PATRICK J. SULLIVAN:** Good afternoon, Senators. My name is Patrick J. Sullivan. Office out of Papillion, Adams and Sullivan. The last name is S-u-l-l-i-v-a-n. I also represent ENDC, which is the Eastern Nebraska Development Council, mostly made up of developers and builders in the Omaha metro area. I'd - would like to say that Senator Andersen stole my speech, but I never wrote it down, so I don't know how he pulled that off. Nevertheless, just a couple things. This statute that had the-- at least the eight-year. That's the way it used to read, and we asked for a cleanup bill maybe four or five years ago because it read poorly, but that's how it was interpreted. And somehow, in the cleanup-- and the statute does read cleaner now-- it got switched from eight to six. And so, we're just trying to get that back to eight. And the, and the main reason for that, as was previously stated-- we're under a subdivision agreement with either the city or the county. They scrutinize everything we pay, they control our debt ratios, they make us levy a certain amount of money to make sure that the, the property will be paid off. But the difficulty in it, when you're doing this in several phases, your first couple of phases are usually your most expensive. You may have to put artillery [SIC] roads in, you may have do other things where your debt ratio isn't going to necessarily meet what the city wants. But they know as you go through these additional phases that you'll be able to get more valuation, bring that debt ratio down, and make it work. The SNAFU that we, for lack of a better term, play games or try to get around, and this is what we're trying to fix here, is that if we get three residents on the board and the developer only has two members on the board, and we get kind of a radical group that says "I don't want to do these next phases," it-- we have no way to pass the bills to get it done, and we can no-- we can't meet our subdivision agreement, to the point that I've had to tell some of the residents we're obligated under this, and they don't really care. They say, "We're not going to do it." So, we're just trying to get it back to that spot. I believe you looked at this similarly last year; it got tagged on with some other items that the governor didn't like, and it got vetoed. I don't really think this was the-- we got caught up in the, in the, in the wrong pool of issues, if you will, so. Secondly, in here, we're raising the limit from \$20,000 to \$50,000. When we go through and do about anything that we spend money on, we go through an engineering company. We have to be represented by engineers. They have a handful or more of groups that they know,

hey, that guy over there is-- can fix that, or that guy can do that, and it may be a \$30,000, \$40,000 item. Under the present statutes, we then have to go out and bid that. When we bid that, if it's a \$30,000, \$40,000 project and somebody has to bid it and mess with it, we actually have less of a pool of contractors, because they got to go through a bid bond, they have to do all of those type of things, and our engineer already knows typically who's the cheapest guy that's going to do it. And so, we're just trying to actually improve what we're getting under contracts that are under \$50,000 without having to go through the bid process. So, that's the reason for raising that. Sometimes, I'm cleaning a park and it cost me more than \$20,000 to cut trees. So, that's the purpose of trying to get this raised up. And I believe it has been there-- I did some math on it. It might have been as far back as 2006 when it went up to 20, so It's been quite some time.

**CLOUSE:** OK. Good. Thank you. Any questions? No questions? You did pretty well too. Senator Rountree, would you like to introduce yourself to the--

**ROUNTREE:** Good afternoon. I'm Senator Rountree, District 3 over in Bellevue and Papillion. I'm sorry I'm late.

**CLOUSE:** Thank you. So, do we have any other proponents?

**ADAM FLANAGAN:** Good afternoon, Vice Chair Clouse, and members of the Urban Affairs Committee. My name is Adam Flanagan, spelled A-d-a-m F-l-a-n-a-g-a-n, and I'm testifying today on behalf of the Welcome Home Coalition, an organization made up of individuals, businesses, financial institutions, and nonprofits committed to partnering with elected officials to make meaningful policy changes that allow young families, first-time homebuyers, and future Nebraskans the opportunity to own a home. First, I just want to thank Senator Andersen for taking the time to bring this common-sense amendment forth to fix a couple of the items that are in the SID act. As Mr. Sullivan mentioned, the length of time on the elections to move to resident property owners was originally eight years several years ago, and due to the amount of time it takes to put in infrastructure, and by phasing different projects, which is the, you know, common-sense thing to do, it makes more sense to move that back to the eighth year to make sure that the developers continue to maintain control during the infrastructure installation process. And then also, on the moving from \$20,000 to \$50,000, that also saves the

district money by not having to publish on all projects in between \$20,000 and 50,000. They're mostly maintenance projects, they're typically not capital improvement projects. Saves the district money, eventually then obviously saves the taxpayers money, so. We do think it makes sense to kind of modernize that, bring that up to \$50,000 as well, so. With that, again, thank you, Senator Andersen. And any questions from the committee?

**CLOUSE:** Any questions? No? Thank you. Any other proponents? OK. Any opponents? Any neutral? OK, Senator Andersen to close.

**ANDERSEN:** Thank you, Vice Chair Clouse, and members of the Urban Affairs Committee. I also want to thank the testifiers. LB976 is administrative in nature, and literally a cleanup bill. It will modernize how the SIDs function. I appreciate your time today, and look forward to working with the committee to move this out onto the floor for consideration by the entire Legislature.

**CLOUSE:** OK.

**ANDERSEN:** I'm happy to take any questions.

**CLOUSE:** Any questions? OK, thank you. For the record, we had-- on LB976, 0 opponents, 0 proponents, 1 neutral, and no ADA, ADA testimony, so. OK, we'll move to the next bill, which is LB915, with Senator Lippincott. And I see him here.

**LIPPINCOTT:** Chairman and members of the Urban Affairs Committee, for the record, my name is Loren Lippincott, that's spelled L-o-r-e-n L-i-p-p-i-n-c-o-t-t, and I represent District Number 34. And today, I bring you LB915 to unlock the full economic potential of central Nebraska by positioning Grand Island as a true gateway to global markets. Inland port districts are a proven way to boost local and state economies by creating quality jobs, attracting new private capital, and expanding market access for value-added agricultural and manufacturing industries. They function as free trade zones where businesses can manufacture, assemble, and ship products and materials directly into international commerce using coordinated rail and highway infrastructure to reach customers around the world. In 2023, Grand Island was denied an inland port designation for one narrow reason, and that is that U.S. Highway 30 was still under construction and had not yet been certified as an "operatable" four-lane divided highway, and that barrier is now gone. Highway 30 is complete and deemed operable by the Nebraska Department of

Transportation. And since that initial application, the underlying case for Grand Island has only gotten stronger. Grand Island's proposed inland port district is dual rail and served with 23 miles of rail access, and our industries are already demonstrating the scale of activity this legislation can accelerate. At Cornhusker Industrial Park, O'Neill Wood Resources brought in 195 train cars of aggregate in 2025, and shipped out 319 rail cars loaded with agricultural byproducts like grease and oil and fat, roughly five unit trains of high-value freight tied directly to Nebraska jobs and income. Within a 200-mile radius of Grand Island, milled grain and animal feed are the two largest commodity groups, and they are largely moving to Japan, Central Nebraska's top export destination. By better utilizing rail as part of an inland port strategy, our existing industries could save more than \$116 million every year in transportation costs alone. Those savings can be reinvested in higher wages, new equipment, plant expansions, and new product lines. Real economic growth, not just cost-cutting. These are not anonymous corporations; they are local employers whose names are on the back of our tee-ball jerseys, who offer wealth-producing jobs to our residents and who are first in line to support community projects and philanthropy. Simply put, this bill updates our inland port statutory maximum from five districts to six, to continue to allow communities like Grand Island to leverage our dual rail advantage and keep more of the value of global trade right here in Nebraska. To be clear, this bill does not grant Grand Island an inland port district. They still will have to apply and compete against any other community seeking that designation. I urge your support of LB915, and would be happy to answer any questions.

**CLOUSE:** Thank you. Committee have any questions? Senator Sorrentino.

**SORRENTINO:** Thank you, Vice Chair Clouse. Thank you, Senator. Does the expansion from five-- potentially expanding from five to six in any way shape or form hurt the funding of the existing five districts in any way?

**LIPPINCOTT:** It should not. There are some people behind me who could answer that more definitively than me--

**SORRENTINO:** OK. I'll be glad to do that.

**LIPPINCOTT:** --but it should not.

**SORRENTINO:** Thank you.

**CLOUSE:** And questions? Thanks [INAUDIBLE].

**LIPPINCOTT:** Thank you, sir.

**CLOUSE:** Stick around?

**LIPPINCOTT:** Yes, sir.

**CLOUSE:** Thank you. Do we have any proponents?

**MARY BERLIE:** Hello. Mary Berlie, M-a-r-y B-e-r-l-i-e, representing the Grand Island Area Economic Development Corporation and the Chamber of Commerce in support of LB915. The state Nebraska chamber also asked that I voice their support for LB915 as well. Senator Lippincott did a really nice job of articulating what this means to central Nebraska, but I also wanted to give you a visual of where we sit and how we do. So, if you look at your map there, Cornhusker Industrial Park is owned and operated by the Economic Development Corporation out of Grand Island, and then Energy Park is owned and operated out of Southern Public Power District. Those two industrial parks on the west side of Hall County are dual-rail served. Burlington Northern runs along the north side of our county, while Union Pacific runs along the south end. If you can see there, there's 23 miles of short line rail. Secretary of Transportation Pete Buttigieg came out a few years ago and announced a \$15.2 million CRISI grant to Grand Island to upgrade that short line rail from 90-pound rail to 120-pound rail, just enhancing central Nebraska's ability to move products and services back and forth across, across the country. So, quite simply, LB915, like Senator Lippincott identified, is just about keeping the value of global trade here in Nebraska. This isn't a Grand Island-- this is a central Nebraska-impact issue. We do sit at those crossroads. We were denied a few years ago because our Highway 30 was being realigned. This is the direct highway to Senator Clouse's district in Kearney, and a major throughway for people and products to transp-- to be be transported. We're not-- also not starting from scratch, like Senator Lippincott identified; our industries are currently moving products to scale. We've moved-- we're moving hundreds of rail cars of aggregate, shipping out high-quality value-added agriculture byproducts directly to, directly to international companies that create jobs and income for central Nebraska. We're asking for

consideration of this bill not to loosen standards, not to bypass oversight, not to compete with existing industries, rather, that already have this destination, but make Nebraska more competitive from a marketing tool, from a by-product tool, and from a transportation tool. So, supply chain resilience and domestic production matter more than ever, Nebraska being proactive and not reactive by making more inland ports and more destinations for business. So, we are ready, our infrastructure is certainly ready, and our industries are ready, and I would just ask for your consideration and your support in expanding inland port districts across Nebraska. Thank you

**CLOUSE:** Thank you. Any questions? Senator Sorrentino.

**SORRENTINO:** Thank you, Vice Chair Clouse. Thank you. Is it a safe assumption that but for the construction underway, the U.S. Highway 30, when these port authorities were created, that Grand Island probably would have been awarded one?

**MARY BERLIE:** Correct. Yes. That was--

**SORRENTINO:** So you were ready then, but for the project.

**MARY BERLIE:** Correct. They-- we were, we were told we were denied because Highway 30 was not operable, it was still under construction. Which-- just that technicality kind of kicked us out, that there was, there was dirt moving, but it was not an operable four-lane divided highway.

**SORRENTINO:** Thank you.

**CLOUSE:** OK. Any other questions? Senator Quick.

**QUICK:** Thank you, Chairman Clouse. And not so much a question, but just thank you for coming down, and I know you do a great job for--

**MARY BERLIE:** Thank you.

**QUICK:** --for Grand Island and, and Hall County, and I appreciate your work.

**MARY BERLIE:** Ditto.

**CLOUSE:** Any other questions? I have one. If-- this takes it just from five to six, but do you know if there are other communities that are interested in this, too?

**MARY BERLIE:** There are absolutely other communities that are interested in inland port districts. Again, this is not just for Grand Island; this is for Nebraska, and makes our state much more marketable and much more desirable to move product back and forth.

**CLOUSE:** OK. Thank you. Any other questions?

**MARY BERLIE:** Thank you all.

**CLOUSE:** Thank you. Do we have any other proponents?

**JENNIFER CREAGER:** Good afternoon, members of the Urban Affairs Committee. I'm Jennifer Creager, J-e-n-n-i-f-e-r C-r-e-a-g-e-r, registered lobbyist for the Greater Omaha Chamber, here in support of LB915. I'm going to scrap what I was going to say, and I thought the committee might appreciate some history on the creation of the bill. This was initially an initiative from us. We worked with Senator Wayne on LB156 in 2021 to establish municipal inland port authorities. At the time, it was done in kind of concert with the Rural Projects Act, so it was two economic development programs on the floor that kind of moved together. I'm trying to-- I was trying to remember why we put the five limitation on there at the time, and I think it was just because it was a new concept, and I think there was a thought of "let's just see how this play out." When we originally introduced the bill, it came with a, a tax-levying authority for the district. The governor, Governor Ricketts at the time, was opposed to that concept. The year prior, we had done a bill on regional transit authority, which had a, a levy authority in it, and it was vetoed, and it was kind of a tough fight, and Senator Wayne wasn't really interested in taking on that fight that next year. And so, the tradeoff was that we got some General Fund dollars to get the program up and going, and it's-- I believe it was \$10 million at the time to fund that sub-account in the department. And that has been utilized. In the past, I, I believe the money, in the last two years or so, has been frozen and no other appropriations has-- have gone out to any port authorities, but some of them certainly got that money through that mechanism before. I'm here in support because it's been a great tool for our economic development

organizations. We at the Omaha Chamber do our economic development on a regional basis, so we have six partners in Nebraska and two in Iowa. Fremont-- the Greater Fremont Development Corporation has one of the-- I think has the number-two port authority. In line, we have two other members of our partnership that are interested in this: Gateway Development in Blair and in Nebraska City. And so, we would ask that if you are going to increase the cap, we'd like to see it go up to either 8 or 10. I know you may hear some concern, and I think Mr. Person is here from North Platte, who-- there's probably no one I respect more than him in economic development. And I'm guessing-- and he can kill me and throw things at me if I'm mischaracterizing his position-- I'm guessing he may be concerned about a financial impact if-- the dilution of any financial support from the state, if we increase port authorities. I think Fremont certainly would share that concern if we were still operating off of that money, but because that money is not-- no longer flowing, it's perhaps less of a concern for Fremont at this time. I think we would probably like to see, ultimately, some kind of mechanism that these port authorities are not just relying on general funds and maybe can have some way to kind of self-fund themselves, but at this point, we'd like to see-- we think it's done really good things for site selection, site development, visibility, and branding of industrial-ready sites, shovel-ready sites for our communities, and, and as I said, we have a couple other partners that would really like to utilize this mechanism. And this feels like a, a manageable thing. So, if the committee is inclined to increase the number, we'd ask that you consider a little bit higher number, so no community that is interested in this mechanism gets left behind, so. I think that's everything I wanted to say, but thank you for your consideration.

**CLOUSE:** OK, any questions? Senator Andersen.

**ANDERSEN:** Thank you, Vice Chair. And Ms. Creager, thank you for being here. Do you have any way of actually quantifying the economic impact to the port authority in Omaha?

**JENNIFER CREAGER:** The Omaha port authority-- I, I don't, and I wish Senator McKinney was here because he's actually the chairman of the Omaha port authority, and they're a little bit more unique situation than the other four because they started with a, a very large amount of general funds for a specific

purpose. So, it's a-- so, I don't. To answer your question, I don't.

**ANDERSEN:** OK. Follow-up question is, you're recommending 8 to 10, vice 5 to 6, is that correct?

**JENNIFER CREAGER:** Yes, correct.

**ANDERSEN:** And why 8 to 10?

**JENNIFER CREAGER:** Well, just knowing of Grand Island's interest and knowing of Nebraska City and Blair's interest, that would take it to eight. I mean, I, I think 10 makes sense because I don't want to limit any community who views it as a valuable tool. And I think there's already a large concentration kind of in the urban areas, so I feel like if you increase it to 10, that maybe some more rural communities that would like to use it would have more opportunity to, to do so.

**ANDERSEN:** Thank you.

**JENNIFER CREAGER:** Sure.

**CLOUSE:** OK. Any other questions? What are all the locations of the five? You got Omaha, Fremont, and North Platte--

**JENNIFER CREAGER:** North Platte, Fremont, Omaha, Bellevue, and South Sioux City.

**CLOUSE:** OK, South Sioux. OK.

**ANDERSEN:** What was the last one?

**JENNIFER CREAGER:** South Sioux City.

**CLOUSE:** OK. Any other questions? OK. Thank you.

**JENNIFER CREAGER:** Thank you.

**CLOUSE:** Are there any other proponents? OK. Any opponents?  
[INAUDIBLE]

**GARY PERSON:** Senator Clouse, distinguished state senators, my name is Gary Person, G-a-r-y P-e-r-s-o-n. I'm president and CEO of the North Platte Area Chamber & Development Corporation. We

represent 670 businesses and serve as the economic development arm of the City of North Platte in Lincoln County. North Platte is also the regional business hub for the large area of sandhills. Thank you for your service. I respectfully ask that you oppose LB915. When the initial discussion was occurring when the idea of creating inland port authorities first surfaced in the state, the Nebraska Department of Transportation recommended there could be up to three inland ports created, which they felt would be financially sustainable at that number. This was bold new groundbreaking idea at the time, considering Nebraska holds the unique distinction of being the only triple-landlocked U.S. state, meaning that you would have to cross at least three states to reach an ocean. Through the legislative process, however, that final number was changed to five inland ports, and that was placed in the statute. The application process began in 2022, and the final port not designated until 2025. State funding availability was very limited for the inland ports; it could only be used as infrastructure and equipment. No operational funds were available. The funding is now exhausted or frozen. Later, Omaha received earmarked legislation for an inland port iHub allowing funding to be also-- also be used for operational funds which the other inland ports did not receive. The other four will be challenged to operate because they must first generate revenue- producing sources of transport from day one before being able to add staff or management, so it has added to the difficulty as a startup. Lincoln County and the North Platte area was granted the first inland port authority, designated as the Nebraska International Port of the Plains, and it's been a heavy lift getting things operational, but we are finally there. Our drop-and-pull yard and transload area will be constructed this year while we operate in an interim situation on an existing spur trackage. LB915 would result in duplication and competition for investment in business and customers, which is not a sound statewide strategy. No one knows the competition for financial resources better than you, the Nebraska Legislature. There's nothing in LB915 that provides new or dedicated funding to address these issues; it would actually double the initial recommendation on the number of ports that should be operating in Nebraska. As one of Nebraska's larger communities, North Platte could certainly make the challenge that it also deserves a casino and a Good Life District, but the Legislature chose to limit those possibilities, likely on very sound reasoning, and to prevent oversaturation. The same principle should be applied to this situation. Give us a chance to make the current ones viable and sustainable. I respectfully submit this opposition testimony. Thank you.

**CLOUSE:** Thank you. Any questions? Senator Sorrentino.

**SORRENTINO:** Vice Chair Clouse, thank you. Thank you, Mr. Person. I'll ask you the same question I asked Senator Lippincott.

**GARY PERSON:** Sure.

**SORRENTINO:** So, if the addition of a sixth municipal inland port authority act-- or, port authority location were to occur, does that cause any disruption or challenge to the current allowed five?

**GARY PERSON:** Well, if funding ever becomes available again, obviously, you got to split it up in so many different ways. I think it's the same logic as I spoke to on the Good Life District and the casinos, which were limited, and giving those the opportunity to try to make them work. That's what I'm asking you, is allow us to try and get these up and operational and see where the saturation point in-- is in Nebraska. If there needs to be reconsideration down the road, so be it. But I think initially, we need to give all of these a fighting chance. We all had a chance to compete for the money initially, and you had to have a viable, obviously, plan of action in a designated area, and so we all follow the same rules.

**SORRENTINO:** Thank you.

**CLOUSE:** Any other questions? I have one. You talked about the frozen-- do you know how much and why?

**GARY PERSON:** I, I think there was only \$10 million to start with.

**CLOUSE:** Right.

**GARY PERSON:** And some of it was allocated, and then, of course, everybody knows what we went through in the budget cycle in the state in the last couple of years, so that would-- you'd have to ask state officials why that was frozen. But I can tell you it's, it's, it's tough when you, you can't hire management and you have to do it mostly with volunteers to get things operational, and you have to create commerce to be able to produce revenue to actually get up and operational, so. Startups are extraordinarily difficult.

**CLOUSE:** Yeah, they had-- LB158 transferred \$5,000,000 in 2022-23 and another \$5 million in 2023-24 from the General Fund, so I didn't, I didn't know how much is left in-- but you haven't gotten any?

**GARY PERSON:** From, from what my conversations-- it's all gone.

**CLOUSE:** It's all gone?

**GARY PERSON:** It's all gone.

**CLOUSE:** But not the inland port.

**GARY PERSON:** Right. Not-- I, I don't think all of it was. Some of it was, yes.

**CLOUSE:** OK. Good. Thank you. Any other questions? OK. Thank you.

**GARY PERSON:** Thank you.

**CLOUSE:** Any other opposition?

**MICHAELA WUEHLER:** Good afternoon. My name is Micaela Wuehler, M-i-c-a-e-l-a W-u-e-h-l-e-r. I am a Lincoln County Commissioner, and I am here to speak in opposition of LB915. LB915 would expand the number of authorized inland port districts under the Municipal Inland Port Authority Act from five to six. On its surface, this appears to be a small administrative adjustment, but the implications for counties, taxpayers, and local governance is far more significant. The current limit was established for a reason: to ensure that inland port districts are created only when there is a demonstrated regional need, a sustainable economic plan, and the infrastructure to support long-term development. LB915 weakens that guardrail without offering any evidence that the existing five-district cap is insufficient. Nebraska counties are already navigating the pressures of workforce shortages, housing constraints, and the rising cross-- costs of public services. Adding another inland port district risks diluting state resources, fragmenting economic development efforts, and creating competition between communities that should be collaborating and not competing for investment. The inland port model requires substantial coordination, planning, and oversight. Expanding the number of districts increases the administrative burden on local governments, state agencies, without guaranteeing measurable

benefits. There's also a fiscal concern. Each inland port district requires infrastructure, transportation planning, and long-term public investment. When we expand the number of districts, we expand the number of entities expecting state support. At a time when Nebraska is working to balance its budget reasonably, LB915 opens the door to additional financial obligations without a clear return on investment. The bill does not provide data showing unmet demand, nor does it demonstrate the existing five districts are fully utilized or at capacity. Finally, we must consider the precedents. If the cap can be raised from five to six without compelling statewide need, what prevents future expansions? At some point, the inland port designation risks becoming less a strategic tool and more political one, applied broadly rather than thoughtfully. That undermines the very purpose of the Municipal Inland Port Authority Act, which was designed to ensure disciplined, high-impact development in areas with infrastructure and economic conditions to support it. For these reasons-- fiscal responsibility, regional coordination, and the long-term integrity of the inland port system-- I respectfully urge the committee not to advance LB915 at this time. Nebraska's economic tools must remain strategic, not expansive for the sake of expansion. Thank you for all that you guys do for the state of Nebraska, and for allowing me this opportunity to testify today. I would be happy to answer any questions.

**CLOUSE:** Do you have any questions?

**ANDERSEN:** I do.

**CLOUSE:** Oh, Senator Andersen.

**ANDERSEN:** Yeah, I got a couple of them. Thanks, Vice Chair, and thank you, Mr. Wuehler, for being here. You talk about the cost. I understand the administrative cost. There is no fiscal note, meaning there-- at the state level, there is no additional cost when making this change. I'm from Omaha, District 49, and one of the things that us Omaha representatives get pinged a lot about is only being concerned about the eastern part of the state, from Lincoln-Lancaster to Douglas and Sarpy. And when I look at the five current port authorities, the farthest one away is South Sioux City, but there's nothing to the west of Lincoln. So, what would you say to those that would say we need to make this a statewide effort as opposed to an eastern effort of the

larger metropolitan areas? What would you say to them, when they would say that?

**MICAELA WUEHLER:** So, do I understand your question if I support expansion out west?

**ANDERSEN:** No, you, you, you do not, at this point.

**MICAELA WUEHLER:** I do-- I do not.

**ANDERSEN:** OK.

**MICAELA WUEHLER:** I, I feel like I spent my entire adult life working in transportation. I worked for UPS for 33 years, so I know a little bit about transporting goods up and down the interstate, the railroad. There's a reason that UPS had a major hub in Denver, North Platte, Omaha. If-- when you put things too close together, it just isn't going to work. And we're not the only company that followed that model. If you look at Walmart, any of the major distribution companies, I-- for us, I feel like Grand Island is just a little too close at this time. That doesn't mean somewhere in our-- in the future, when the established ports get up and running, that it, it wouldn't be good to expand at some point. But at this time, I feel like it would just deplete the possibility of us succeeding in our startup.

**ANDERSEN:** OK. And you guys had one here at Lincoln, right?

**MICAELA WUEHLER:** What's that?

**ANDERSEN:** You guys have a port authority here in Lincoln, right?

**MICAELA WUEHLER:** I'm from Lincoln County, which is North Platte, so I am out west.

**ANDERSEN:** Oh, OK. My mistake.

**MICAELA WUEHLER:** Sorry, I should have clarified that when you asked your first question.

**ANDERSEN:** OK. Thank you.

**CLOUSE:** Any other questions? I have one. How far-- you know, in North Platte, how far are you away from becoming operational?

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Urban Affairs Committee February 17, 2026  
Rough Draft

How much funding do you need? How are you-- just kind of where you at in the process?

**MICAELA WUEHLER:** So, we got the initial funding; there are some struggles with using it.

**CLOUSE:** But how much, initially?

**MICAELA WUEHLER:** \$5 million was--

**CLOUSE:** You got \$5 million out of the \$5 million that was-- the 10 that was allocated?

**MICAELA WUEHLER:** I think it was more than five million. Gary, can you help me with that?

**CLOUSE:** Just that you-- he can get-- we can get it from him.

**MICAELA WUEHLER:** Yeah. So, it's my understanding that North Platte inland port received \$5 million. Not in our bank account; it was tagged for that.

**CLOUSE:** Oh, [INAUDIBLE].

**MICAELA WUEHLER:** We have to apply for usage of it through the Nebraska Department of Economic Development. And so, we have filed some applications that just didn't quite fit. We were able recently to purchase some transloading equipment that the grant did cover. But-- so, that's my understanding of that.

**CLOUSE:** OK. Thank you. Any other questions? OK. Thank you.

**MICAELA WUEHLER:** Very good. Thank you.

**CLOUSE:** Any other opponents? Any in the neutral? OK, Senator Lippincott.

**LIPPINCOTT:** Thank you, sir. Again, this bill just simply is a plea to have Grand Island be able to compete for position number six, a sixth position for an inland port. So, it's not asking for any money, it's just asking to be considered for the sixth position. And just as a general overview, Grand Island is very competitive because it's served by two different rail lines, Union Pacific, Burlington. It now has a four-lane highway, Highway 30, which did not have completed before, so that's very

important. So, this just looks for an opportunity to ship goods and services by way of road, rail, and also by air, and I would remind my two Air Force friends here that back in-- during the '60s, the Grand Island Airport was used extensively because we had the ammunition depot outside of Grand Island, and also over in Hastings. So, it's a very long runway, and so that would make it very convenient for air service in and out of Grand Island in terms of shipping cargo. Grand Island is competitive, and I would very much encourage you all consider making it a sixth position here in Nebraska.

**CLOUSE:** OK. Thank you. Any questions in closing? Senator Andersen.

**ANDERSEN:** Thank you, Vice Chair. Thank you, Senator Lippincott. So, you've mentioned Grand Island. I don't see that in the bill. The bill simply changes from five to six, is that right?

**LIPPINCOTT:** Yes.

**ANDERSEN:** Your proposal would be that the sixth would actually be Grand Island? Is that true?

**LIPPINCOTT:** Yes, and, and it's just saying a sixth position would be open, and then Grand Island would compete with other towns that also would put their name in the hat. And personally, Grand Island is very competitive, but again, their name is intentionally not put in the, in the bill.

**ANDERSEN:** OK. What would your opinion be to the testifier that said that-- I think it was Ms. Creager said-- recommended taking it to 8 to 10 vice 5 to 6. What would you say about the 8 to 10 number?

**LIPPINCOTT:** That's up to you folks. We're just looking for one additional position. That's what this bill says. If you-- if--

**ANDERSEN:** So if it went to 10, you wouldn't take objection to that?

**LIPPINCOTT:** I'm sorry?

**ANDERSEN:** You wouldn't take objection to it if it, if it was changed, an amendment taking it to 10 instead of 6?

**LIPPINCOTT:** Competition's a good thing.

**ANDERSEN:** Agreed. Thank you.

**LIPPINCOTT:** Thank you, sir.

**CLOUSE:** OK. Yeah. No other questions? Thank you.

**LIPPINCOTT:** Thank you, sir.

**CLOUSE:** We had 2 proponents, 3 opponents, 0 neutral, and no ADA testimony. And one proponents and one of the proponents we'd heard from. OK, next up is LB988. Senator Meyer. Somewhere.

**ANDERSEN:** Do you want to take a, take a break?

**CLOUSE:** Yeah, take about-- let's take about a five-minute break, and find out where Senator Meyer's at.

**[BREAK]**

**CLOUSE:** OK. OK, everyone. Thank you. Senator Meyer, you're here for LB988.

**G. MEYER:** I think I've caught my breath now, so. Good afternoon, committee. My name is Glen Meyer, G-l-e-n M-e-y-e-r. LB988 seeks to reform the tax increment financing component of the Community Development Law by restoring the original intent and purpose of tax increment financing and by eliminating certain abuses of the Community Development Law. On September 10, 2024, Nebraska State Auditor Mike Foley released a detailed report highlighting numerous concerns regarding TIF, tax increment financing. Those concerns should really be regarded as abuses of the Community Development Law. In addition to these concerns regarding TIF, that report also showed excess-- how excess ad valorem property taxes have increased from \$92 million in 2019 to a whopping \$524 million in 2023. This increase is due largely to loopholes in the Community Development Law which cities and municipalities have been exploiting. Examples of the abuse of TIF are too numerous to detail here, however, three of the worst abusers of tax increment financing include these three examples. The city of Omaha declared a six-block area of their downtown as blighted in order to install a new streetcar system. Mallard Landing in Valley declared 250 acres of land around the lake as blighted for the construction of new lakefront property homes, some of

which were-- are listed on Zillow for as much as \$3.25 million. The city of Omaha extended the term for collecting ad valorem property taxes for the Aksarben Village redevelopment project beyond the 20-year limit. LB988 will restore the original sense of a blighted property as being one containing at least one deteriorating structure. Nebraska state statute 18-2103(4) (a) defines a blighted area as one containing deteriorated or deteriorating structures. Consequently, agricultural and horticultural lands are not blighted by definition, and should never be declared as substandard or blighted, or as extremely blighted properties. LB158 was the original bill for the Community Development Law, which was passed in 1979. When LB158 was debated on the floor of the Legislature on May 1, 1979, a major concern with the bill was that the definition of "blighted" was too narrow, limiting it to a single structure on the property. Senator Chris Beutler of Lincoln successfully passed a floor amendment to the bill during the debate, which changed the wording to consisting of one or more structures. I have the transcript here of that particular floor debate with me. The successful passing of this floor amendment proves that the original intention of TIF was that it was for properties containing at least one structure on it. In order to ensure that TIF applies only to properties with deteriorating structures, LB988 would require an inspector designated by the governing body to declare the structure or structures on a property as uninhabitable before the property can be declared as blighted or as extremely blighted. That inspector may be a fire inspector, a building inspector, or a health inspector. The bill does not designate what kind of inspector can be used. An inspector may declare a structure to be uninhabitable if it is found to be unstable, allows for elemental intrusion, or if it contains a safety hazard. Current state law does not define the effective date of a redevelopment project. Consequently, cities and municipalities have set the effective dates for redevelopment projects at various times. Therefore, LB988 will define the effective date of a redevelopment project as the date when the governing body vote-- votes to approve the redevelopment project. The bill will also prohibit an area from twice being declared as substandard and blighted or extremely blighted until 20 years of lapse from the effective date of the redevelopment project. In some cases, excess funds from a redevelopment project have been diverted to other redevelopment projects instead of being returned to the appropriate taxing entities. Consequently, LB988 will prohibit funds from a redevelopment project from being used to fund another project. Once a project has been paid off, the treasurer of the governing body will be

required to return any excess revenue to the appropriate taxing entities. LB988 will prohibit the use of tax increment financing for transportation projects unless first approved by a vote of the people. Because the bill will not go into effect until January 1, 2027, it will not affect the Omaha streetcar project. Current state law allows cities and municipalities to interpret or construe the Community Development Law liberally. That word is actually in the law. This one little word in the law has been the primary culprit used to justify abuses of the Community Development Law, so LB988 strikes this language from the state statute so that the cities and municipalities will no longer be permitted to liberally construe the Community Development Law. In order to prevent some of the financial abuses of the Community Development Law, LB988 defines the words "debt" and "indebtedness," and prohibits the use of special funds. Debt and indebtedness incurred by a redevelopment project will refer to the principal of a loan or mortgage, the interest on a loan or mortgage, any premiums due on bonds, loans, mortgages, and notes, as well as any other financial liabilities which might occur from the redevelopment project for which taxes were collected and/or pledged. However, this definition removes the words "advances of money" from the definition to prevent funds from one redevelopment project from being diverted to another redevelopment project. The bill further prohibits the use of special funds being used for redevelopment projects. This is a common-sense bill. Careful work has gone into the preparation of this bill. This bill is a product of a committee of ten legislative staffers who worked over the summer to get this bill right. By making these changes to the Community Development Law, the Legislature can restore tax increment financing back to its original purpose, and prevent these future abuses of the Community Development Law. Please advance LB988 to the floor. Thank you. I would welcome questions; hopefully, I'm able to answer them.

**CLOUSE:** OK. Thank you. Any questions from committee? Senator Andersen.

**ANDERSEN:** Thanks, Vice Chair. And thanks, Senator Meyer, for being here. Last year, we, we passed a bill that actually expanded the application of TIF and expanded the definition of blighted, I believe, from what you're defining it as, as being decrepit, unstable, and things like that, to including land that has never been developed. Didn't we pass a bill last year to do that?

**G. MEYER:** Off the top of my head, I can't think of the number of that particular bill. The original bill required that there had to be a structure or structures on it. I don't recall the number on that bill. If you could run that by me. Pardon?

**FRED HOPPE:** I think it was LB288 last year.

**G. MEYER:** LB288?

**ANDERSEN:** I think it was brought by Senator Dover last year.

**G. MEYER:** Off the top of my head, it doesn't-- it, it doesn't ring a bell specifically. I know Senator Dover had some other TIF bills that he was talking about working on.

**ANDERSEN:** Right. Yeah, the purpose, I think, was--

**G. MEYER:** We've had instances where perfectly good farmland has been declared blighted. In fact, prime farmland has blighted-- nothing could be further from the truth-- to be utilized in a TIF project. That is not what the letter and the intent of the law originally was intended for, and what we're trying to do is, is just clarify things and take it back to the original intent of what TIF was provided for. I've had a conversation certainly today with, with some folks that were in my office, and even Mayor John Ewing over in Omaha recognizes in his own words that, in many cases, TIF has been utilized inappropriately. And this is something that, although he will still continue to utilize it in an inappropriate manner, it's something we need clarification on. You simply can't take prime farm ground. That-- it-- we're kind of back to an eminent domain type of situation, also. But bare farm ground is not blighted or extremely blighted, and according to the, the letter and the intent of the law, should not be utilized for, for TIF purposes. John Ewing also had indicated-- and I'm not a spokesman for John Ewing, but in looking at some of his statements regarding the use of TIF with the streetcar and that-- when we, when we fall back to TIF with every redevelopment project, we're absolutely eliminating any creativity with, with economic development. You know, in 1979, Nebraska was not a vast prairie with diminishing buffalo herds and tumbleweeds rolling across the prairie; there was development going on at that time. And so, when the bill was initiated, it-- it's a little bit like being in, in first grade, and you're taught to color within the lines. So, I think initially people colored within the lines. And then, pretty

soon, they were outside the lines a little bit, and that-- they got by with that. And they colored a little more, and it's-- they get out, they get by with that, it's a little more outside the lines. Pretty soon, we're in a position where there are no lines, and that's exactly where we're at today. There really are no lines with regard to TIF. And I've got some examples of that that we can share. But I'd welcome any other questions.

**ANDERSEN:** Yeah, not necessarily a question, but a, a comment. I, I think what they were trying to do last year was expand TIF as a financing function to allow workforce development, to find-- you know, affordable housing and things like that. And other applications for TIF as a mechanism to help generate more housing, I think, is what the, the purpose was. I don't think it was any demonstrative, I don't think it anything trying to divert from rehabilitating, you know, blighted areas. I hate that term, but-- so, I, I don't, I don't think it was a-- anything bad. I think it was just looking at another utility for this financing function.

**G. MEYER:** You know, we'll have some testifiers behind me, I hope. But one of the things that, that in researching this particular bill-- and, and the, the day after our last session ended, I had State Auditor Mike Foley in my office. He had some concerns. We had shared some information back and forth, my staff and him. He also had some concerns about the use of TIF. I'll share a little bit that-- of, of an article that came out of the Nebraska Examiner. July 31, 2025. The headline: "Omaha mayor urges 'single largest investment' in affordable housing with help from the streetcar" project. It goes on to say some of the seed money would come, the mayor and his team said, via the sale of bonds to be repaid by TIF-- tax increment financing-- revenue tied to the streetcar project. He also said that he believes Omaha was-- used-- very much stretching the definition of blighted and extremely blighted beyond what the Legislature intended. These are in his own words. Some of the areas where it's been implemented wouldn't fit that description for me. So, obviously, it's being utilized in Omaha outside of what it was originally intended for. Omaha-- in 2024, there was an analysis done, and there's about 21 TIF projects per year initiated in the city of Omaha. And in 2024, the current total was 272 projects. 21 new TIF projects a year. Mayor Ewing goes on to say, when we rely on one tool, only on one tool, we are not being as creative as we could be. Once again, I'm not trying to eliminate TIF, but like with every law, we have got to stay with

the confines of what the intent of the law is. Now, there's no teeth in this bill. And really, when we pass a law in this Legislature, if there are no consequences for breaking that law, really, it's just a strong suggestion. But I would expect-- I believe this is a very reasonable bill that needs to come out of committee and it needs to be passed on the floor of the Legislature. Frankly, if the abuses that continue which are highlighted, which-- if, if they're not delineated behind me, if there's no testifiers behind me, I have some examples that I can share in closing. But if, if these things continue, we will have to put teeth in the bill. There will be consequences, as there should be in every law. Otherwise, it's just a strong suggestion. That's all it amounts to. So, with that, any other questions?

**CLOUSE:** Any other questions? OK. Thank you.

**G. MEYER:** Thank you.

**CLOUSE:** Any proponents for this bill? You going to stick around?

**G. MEYER:** I sure will.

**CLOUSE:** OK.

**G. MEYER:** I'm only half done.

**CLOUSE:** Any proponents? OK, any opponents? Good afternoon.

**FRED HOPPE:** Good afternoon. Vice Chairman Clouse and members of the committee, my name is Fred Hoppe, F-r-e-d H-o-p-p-e, and I'm a principal of Hoppe Development, which, as you know, is a developer and builder of workforce and affordable housing across the state. We oppose this bill. Last year, the Community Development Law was expanded so that lack of affordable housing could be a basis for a blight and substandard designation to allow-- to use TIF for the construction of housing and the putting in of infrastructure for a housing subdivision. Our bill gave municipalities a financing option for infrastructure for affordable housing. In essence, it lets-- it let, by the use of TIF, the housing pay for its own infrastructure. The effect of the passage of this bill is to kill using TIF for open land or to use it to finance infrastructure for a subdivision. This bill says, basically, to me, "You can't use TIF for affordable housing." Affordable housing is a financial game, putting the

money together to cover a project and make one work. TIF has been one of the fiscal tools to close the gap, and it's one of a few fiscal tools that a locality has to provide to close the gap. This bill kills it. Three clear examples-- well, I can give you four, actually. Four clear examples that couldn't be done under this act. Our Foxtail subdivision out at 77-- Highway 77 South and Pioneers. That's 300 affordable and 300 workforce units. We couldn't have put that together without TIF to pay for the infrastructure. Orchard subdivision, Grand Island; we got 180-unit subdivision, small lots. TIF put in the, the-- we used TIF to put in the infrastructure. And what our agreement is, and part of our redevelopment agreement is we'll sell the buildings, the housing, on the lots at cost, and we'll take the TIF to pay for the land, essentially. And the infrastructure, obviously. Gatehouse: 98 units of affordable housing on the west side of Wyuka cemetery here in Lincoln could not be done without using TIF, and would not be done under this bill. Then last, we-- we've got a project in, in Hastings that-- 58 units: 34 affordable units and 24 market, put together basically on a cornfield, except it was inside an area that was blighted and could not be put together under this bill. So, we're talking what? That's-- I don't know, thousand units of housing that TIF has facilitated, and which could not be done, and a tool taken away from the municipalities if this bill goes forward. So, if you support affordable housing and want it across the state, leave this bill in committee, please, and don't let it out. Thank you. I'd answer any questions.

**McKINNEY:** Thank you. Senator Andersen.

**ANDERSEN:** Thank you, Chairman. Thank you, Mr. Hoppe, for being here.

**FRED HOPPE:** Yeah.

**ANDERSEN:** Is there any other funding mechanism that could have been used in place of TIF?

**FRED HOPPE:** The-- [INAUDIBLE].

**ANDERSEN:** Is there another funding mechanism that could have been used in place of the TIF?

**FRED HOPPE:** Well, I mean, you could go-- I mean, if the city of Lincoln, for Foxdale, would have, would have thrown general

funds in, I mean, that. They would have to subsidize that project. You know, when, when you use community development projects, one of the criteria is-- they call it "but-for;" but for the use of TIF, this wouldn't happen. So, generally, I mean, what that means is the, the project worked and, you know, cost X plus A, and TIF is the A, and what you have, what it would finance out at would be X, so.

**ANDERSEN:** So, either government subsidies or it would raise the cost of the house?

**FRED HOPPE:** Right. Correct.

**ANDERSEN:** Thank you.

**McKINNEY:** Thank you. Senator Clouse.

**CLOUSE:** Thank you, Senator McKinney. Mr. Hoppe, so these were all green space, green fields that you developed? Is that right?

**FRED HOPPE:** No, the, the-- yeah. Each one of those examples I gave you--

**CLOUSE:** Farm ground?

**FRED HOPPE:** I would say we probably-- in, in the affordable housing business, we've used TIF for-- to close the gap in probably 60 percent to 70 percent of the projects we've done, and almost all the projects in municipalities have used TIF to close that gap.

**CLOUSE:** Yeah.

**FRED HOPPE:** So, I mean, it's almost an "necessary" when you're building capital and affordable.

**CLOUSE:** Were, were there dilapidated structures on those, on those places? Or were they--

**FRED HOPPE:** The majority, there-- they would have qualified, and they would have been-- had dilapidated old buildings on them or something.

**CLOUSE:** They did?

**FRED HOPPE:** I mean, one was a renovation of an old high school. One was-- you know, I mean, they would have had--

**CLOUSE:** So, they took that area and expanded it.

**FRED HOPPE:** They were-- generally, yeah. Or inner city.

**CLOUSE:** OK.

**FRED HOPPE:** This bill kills the use of TIF on the periphery. It would-- for instance, the suburban TIF policy for our community redevelopment policy for Lincoln wouldn't work under this.

**CLOUSE:** So, you could put the infrastructure in yourself, you could do all the things.

**FRED HOPPE:** Right.

**CLOUSE:** But that gets back to Senator Andersen's comments that then you're out of the affordable housing market, because now you're in-- those costs got to be tied to the homes, the lots, all those things.

**FRED HOPPE:** Correct.

**CLOUSE:** OK. Thank you.

**FRED HOPPE:** You bet.

**McKINNEY:** Thank you. Any other questions? No? Thank you.

**FRED HOPPE:** Thank you.

**McKINNEY:** Next opponents.

**ANDREW WILLIS:** Good afternoon, members of the Urban Affairs Committee. My name is Andrew Willis, A-n-d-r-e-w W-i-l-l-i-s. I'm an attorney in Lincoln with a substantial legal practice dealing with the community development law and tax increment financing. I represent many smaller communities and developers across the state in my practice. I'm just here today personally, though, as a supporter of community development and affordable housing for all the communities in the state. Therefore, I oppose LB988. This bill severely limits the effectiveness of the Community Development Law, adds inconsistencies to the statutes,

and will be detrimental to, to communities across the state. There's a lot concerning this bill. I'm going to focus my comments on a couple of main points. First, some of the amendments and technical changes that simply do not fit coherently with, with Nebraska law, and would cause inconsistencies. LB988 would define the effective date, for example, as the-- as-- of every redevelopment project as the date that a redevelopment project is approved by the governing body. This effective date is the key date for the division of taxes and starting that 15-year TIF clock on any redevelopment project. And it must be tied to the completion of the project when that incremental value increases or it's just not as effective. The Nebraska Constitution provides that cities and villages may pledge the tax increment for a period not to exceed 15 years, except for the 20-year projects, but I'm just think-- talking in the 15-- typical 15-year projects. But they may pledge that tax for, for a period not to exceed 15 years. If the effective date as set is the date of the approval of the governing body, almost no project will actually be able to, to obtain a full 15 years of TIF. We're not, we're not restoring the intent; we are, we are really severely hampering what it-- the effect of this bill. A redevelopment project, for example, must be reviewed prior to the construction of the project. That was the but-for test that the previous speaker mentioned. But-for TIF, this project as designed is not feasible. So, once that project is approved, then there's all the development work, there's, there's the working on the financing, working on the, you know, pre-construction, and then, and then constructing the project. If the project, if the effective date is approved as of the date the governing body approves it, and then you have 12 to 18 months of construction, of work on, on any project, you're going to lose one to two years of TIF automatically just by the-- just by the way that definition works. It's going to be even more drastic for larger complex projects. We're creating a disincentive for any larger-scale planning of, of redevelopment of a community. Furthermore, Section 18-2147 provides that the notice to divide taxes form, which is the form that really triggers the start of that 15-year period, must be filed by July 1 of the year of the effective date. So, if a notice to divide file-- a notice of divide is filed after July 1 in the year of the effective date, the redeveloper automatically loses one year of TIF. So, if the effective date is defined as the date that the project is approved, this effectively makes the Community Development Law ineffective for the second half of every single year, because if any project that goes to the city council or the village board after July 1 and is approved, they will

automatically lose one year of TIF. That's in addition to the other years they're going to lose just by the nature of how a TIF project is approved. Again, it's just not, not logically aligned with the rest of the state laws and how this works in practice. There's numerous other inconsistencies like that in the language of the bill, and I'd be happy to talk more about them, but want to-- I guess I want to identify concerns with the proposed changes to the definition of blight and substandard as well. With, with the, with the new definition that no less than one uninhabitable structure as determined by an inspector designed-- designated by the governing body or at least one recently demolished structure. The-- I would say the definition of substandard-- there's blighted and substandard, they're a little bit different. The, the, the definition of blighted encompasses a lot of things. The definition of substandard already requires there to be a, you know, one or more buildings. It has that language in there. The only exception to that is LB288 passed last year, which was specifically for affordable housing. Which, again, made a condition of blight and substandard that lack of affordable housing. And then, Section 18-2158 of the statute states that for any proposed redevelopment project that's located in an area declared substandard and blighted because of that affordable housing criteria, the projects that can be approved there include the construction of residential housing as long as 30 percent is affordable housing. And this was the bill that was passed last year. It's-- it was specifically designed to promote affordable housing at a time that we need more affordable housing. By these changes, it-- it's-- I-- it's taking back all the ability that was created to, to help solve this affordable housing problem. Not only that, but real quickly, if the language-- if the language requires that the inspector define that structure as uninhabitable, it's-- it doesn't, doesn't make sense where we could encourage redevelopment ahead of time, proactive redevelopment. But by forcing a city to wait until we get to the point that buildings are dilapidated to, to be uninhabitable, it, it, it forces communities to delay redevelopment, negatively impacts the community, shifts planning for redevelopments to just crisis-- you know, to, to solving crisis once that building is so far gone that it's, it's a problem. I'm, I'm out of time, so I apologize, but I'm happy to answer any questions.

**McKINNEY:** Thank you. Senator Sorrentino.

**SORRENTINO:** Thank you, Chairman McKinney. I, I know you're testifying on your own accord, not representing anybody legally. But as an attorney to attorney, in its current format, the way this is drafted, do you believe there are constitutional issues, or just conflicting language issues?

**ANDREW WILLIS:** I'm not sure. I know there's a lot of-- I, I know there's-- instead of increasing any simplifying or sort of creating any more coherency, I think it-- I think it creates a lot more problems, inconsistencies, and potentially a constitutional issue, but I don't, I don't know that for sure.

**SORRENTINO:** OK. Thank you.

**ANDREW WILLIS:** I guess I'm not saying that for sure.

**McKINNEY:** Senator Clouse.

**CLOUSE:** Yes. Thank you, Senator McKinney. So, you do a lot of the work for Lincoln as-- the city of Lincoln?

**ANDREW WILLIS:** Not, not for the city of Lincoln. I work-- I work-- I represent several developers in the town, but--

**CLOUSE:** OK. So, have you had any, any work or any communication with the Auditor or his staff about some of the concerns that he raises that I think [INAUDIBLE].

**ANDREW WILLIS:** I, I have not. No, I have not.

**CLOUSE:** OK. Thank you.

**McKINNEY:** Thank you. Other questions? No? Thank you.

**ANDREW WILLIS:** Thank you.

**McKINNEY:** Next opponent.

**WAYNE MORTENSEN:** Chair McKinney, distinguished members of the committee, good to see you again. My name is still Wayne Mortensen, W-a-y-n-e M-o-r-t-e-n-s-e-n, and I am the vice president of development at Excel Development Group. I won't go through the recitation of our bio since we've talked about this before, but I do want to just mention that while we do work in Kansas, Oklahoma, Iowa, and Nebraska, our headquarters is in

Lincoln, and we're very proud of doing over a thousand affordable homes across 18 different counties in the state of Nebraska. Without TIF, without tools like TIF, the work that we do would not be feasible. Let's set aside for a moment the incredible misunderstandings about how TIF works or, I think, what is a very reasonable distaste for the words "blighting" and "extremely blighted." I think that's a big issue with, with the bill and with the Community Development Law in general, but we are where we're at. There's no logistical justification for sabotaging TIF and hamstringing municipalities the way that this bill does in trying to solve the state's myriad housing and economic development needs. Tax increment financing is a poorly-understood financing approach that allows communities to leverage private partners to advance a public good. Across the state, new infrastructure is being built, and tax bases are being broadened specifically due to this tool, and almost all of it at the risk of the private developer who commits ahead of time to pay back this loan. Because-- and, and none of it comes at the cost to local taxpayers because TIF is not a grant or a subsidy or even a municipal bond, in most cases. I've had the privilege of working as a planner, architect, and affordable housing developer in a dozen different states, and I'd like to frame the remainder of my testimony through that lens in particular. With regard to development incentives and active municipal assistance, I can state that Nebraska trails its regional peers significantly in advancing this work, and compounding the difficulty of TIF will cause the state to fall even further behind our regional and national peers. When important housing and civic projects emerge, I've had first-hand experience with major cities in Minnesota, Ohio, Louisiana, and Maryland, leveraging proceeds from sin taxes like state lotteries and even their own capital improvement budgets to proactively develop infrastructure that would allow those projects to advance. They will prioritize their own-- they will re-prioritize their own reinvestment cycles to ensure that adequate infrastructure exists for the projects being proposed. The Heartland, here in the middle of the nation, lacks this ethos, and has even evolved a culture in which municipalities do not see development of new infrastructure as their purview; instead, they've shifted this work almost entirely onto developers through the tax increment financing strategy, which is fine. This is especially true outside of the metropolitan areas of the state. Developers take the risk, and are only protected if this-- if their projects succeed. With tax abatement being unconstitutional in this state, the sabotage of TIF would repel out-of-state investors and compound the

difficulty of building homes for affordable and workforce families for in-state actors like ourselves and our peers. We are seeing our small and rural communities across the state struggle in the wake of a housing epidemic that affects all of us. Without TIF, there will be far fewer homes built; without those sufficient housing, it will re-- be difficult to recruit new jobs and employers. And without those jobs, our communities will continue to decline. Please do not advance this bill, and I'm happy to answer any questions.

**McKINNEY:** Thank you. Any questions? No?

**WAYNE MORTENSEN:** Thank you.

**McKINNEY:** Thank you. Next opponent.

**CAROL BODEEN:** Good afternoon. Chairperson McKinney, members of the committee, my name is Carol Bodeen, C-a-r-o-l B-o-d-e-e-n. I'm the director of policy and outreach for the Nebraska Housing Developers Association, a membership organization with 76 members from across Nebraska. Our mission is to champion affordable housing. I am also testifying today on behalf of the Nebraska Economic Developers Association. I am here in opposition to LB988 because of its negative impact on the use of tax increment fanning-- tax increment financing for affordable and workforce housing development, specifically in how it changes the definition of substandard and blighted, and narrows that definition. Those that have gone before me, Mr. Hoppe, Mr. Willis, Mr. Mortensen, have made every point that, that I could think of, and so I'm going to be brief and, and not repeat any of that. We were very supportive of last year's legislation; it was LB626, which Senator Dover had introduced, and then that was part of the committee amendment, LB288. And it included clarification for the use of TIF as a tool in housing development. And, as has been stated, this bill basically negates the improvements that this committee supported in LB288. We support an all-of-the-above approach to increasing the housing supply within our state, and the passage of this bill would be a step backwards in the, in the effort to leverage local support to assist in affordable housing development and maximize the impacts of state investment. We ask you to not advance LB988 out of the Urban Affairs Committee. Thank you.

**McKINNEY:** Thank you. Any questions from the committee? No? Thank you.

**CAROL BODEEN:** Thank you.

**McKINNEY:** Next opponent.

**CONNOR HERBERT:** Thank you, Chair McKinney, and members of the Urban Affairs Committee, for the opportunity to speak today. My name is Connor Herbert, C-o-n-n-o-r H-e-r-b-e-r-t, and I serve as a staffer with the Nebraska Commission on African American Affairs. The Nebraska Commission on African American Affairs comes here today to express opposition to LB988. At its core, the-- this bill threatens to undermine the essential local flexibility that Nebraska communities rely on to foster economic development-- or development tailored to their unique circumstances. Economic growth is not a one-size-fits-all endeavor; our communities face vastly different challenges and opportunities. What works for a metropolitan area may not suit a rural town, and vice-versa. Local leaders are best positioned to understand their community's needs and to respond swiftly and effectively. By imposing a rigid statewide protocol, such as eliminating the ability to declare newly-incorporated farmland, in this case, as blighted, LB988 would strip away this critical adaptability, tying the hands of those who know their communities best. The risks of such an inflexibility are especially acute for communities subject to boom-and-bust cycles, such as those depending on agriculture, energy, or manufacturing. These areas must be able to pivot quickly in response to market shifts, population changes, or sudden economic downturns. State-mandated procedures could delay or even prevent, in the case of the section about, you know, an area may not be slated for redevelopment within a 20-year time period after the project is finished, you know, exacerbating hardship rather than alleviating it. Furthermore, Nebraska is no stranger to natural calamities. Floods, tornadoes, and droughts, and wind storms especially can devastate local economies overnight. In these moments, communities need the freedom to deploy resources and adjust development strategies without waiting for state approval or navigating cumbersome protocols. LB988's approach would hinder rapid recovery and put our most vulnerable populations at greater risk. In summary, LB988's inflexible framework would stifle local innovation, slow economic response, and jeopardize the well-being of communities facing unpredictable challenges. I urge you to preserve local control and reject this bill, ensuring Nebraska communities can retain the tools they need to thrive in the face of both opportunity and adversity. Thank you.

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Rough Draft

**McKINNEY:** Thank you. Any questions from the committee? No. Thank you.

**CONNOR HERBERT:** Thank you.

**McKINNEY:** Next opponent.

**HUNTER TRAYNOR:** Chairman McKinney, members of the Urban Affairs Committee, my name is Hunter Traynor. That is spelled H-u-n-t-e-r T-r-a-y-n-o-r. I appear today on behalf of the Nebraska Chamber of Commerce and Industry. I'd like to keep my comments very brief. Much of what has been stated by testifiers before me has already covered some of my thoughts and observations. I would first like to-- last year, this committee heard a bill, LB626, which has been referenced throughout testimony today, that was ultimately included in the committee's package, LB288. And at the hearing, in support of that bill, I used maybe an inartful analogy, but I'll revisit the analogy, that the blighted and substandard definition functions like the hole children's block toy. The blocks are the economic conditions and priorities facing the state that, for various reasons, TIFC may make sense for that particular community to solve, in the example of last year, affordable housing needs. And the blighted and substandard definition, for constitutional reasons-- you'll consider that issue on the next item before the committee today-- functions like the hole. And so, the bill last year was recognizing that there's communities around Nebraska that have blocks they want to fit into this framework, and LB626 changed the size of the hole rather than shrunk or changed the size of the blocks. I think this legislation, what we've heard from members and communities around the state, is that it would vastly shrink the size of the hole and leave communities, in many instances, not able to accomplish whatever economic development task is before them, whether that be mixed-use development in some instances or certainly affordable housing and workforce housing projects in others. I don't know if that was an artful analogy or not, but it's the best I've got at this point. I'd be happy to answer any questions, and certainly reiterate a lot of the testimony that came before me.

**McKINNEY:** Thank you.

**HUNTER TRAYNOR:** Did I-- I had, I had more than three minutes, so I, I could have kept going. I'm done. I'm done.

**McKINNEY:** Thank you.

**HUNTER TRAYNOR:** Yes.

**McKINNEY:** Any questions from the committee? Senator Rountree.

**ROUNTREE:** Thank you so much, Chair McKinney, and thank you so for the analogy. So in essence, you're saying the blocks have remained the same size, but the box is shrinking.

**HUNTER TRAYNOR:** That's the analogy, yeah.

**ROUNTREE:** OK.

**HUNTER TRAYNOR:** I think communities still have the same circumstances that they'd be dealing with when LB626 in LB288 was passed last year, which I think is part of why you're hearing some of that observation from testifiers in opposition today.

**ROUNTREE:** OK. Thank you.

**McKINNEY:** Thanks. Any other questions? No? Thank you.

**HUNTER TRAYNOR:** Thank you all.

**McKINNEY:** Next opponent.

**CRAIG BENNETT:** All right. Good afternoon, and my name is Craig Bennett, C-r-a-i-g B-e-n-n-e-t-t, and I'm here to represent many communities that-- I work for an engineering firm, Miller & Associates in Kearney, Nebraska, and we write comprehensive plans, we write zoning regulations; we do blight studies and all kinds of infrastructure development, whether it be civil engineering or roads, water, sewer, and paving. And many of the communities that we represent, which is all over the state of Nebraska and in other states as well, blight and substandard studies are-- and blight and substandard designation are an essential component to the development of housing and commercial developments within each community. This particular bill, in my opinion, will, will eliminate some of those advances that we have and these communities have. Without that, these communities that we do comprehensive plans on, I can tell you that each and every community that we have has a housing shortage. Why do they have a housing shortage? They can't afford to do the

infrastructure and supply the infrastructure. Currently, TIF has allowed infrastructure to exist and be constructed and paid for because of the development. And so, if we take away this-- which, I believe this bill takes away the opportunity to encourage that by doing that, it puts the onus on coming up with another fund or source. And if it's up to a municipality to do it as a general obligation of their finances, that means it puts it-- the onus on all the taxpayers, which means it becomes a very political situation. If we want to see expansion of subdivisions-- and we've been talking a lot about housing or what I've heard, and Mr. Willis captured most of my points here today as well, so I won't reiterate some of those. But I would just point to you some of the-- some of the things that I also want to say. There's-- there, there are some numerous inconsistencies, in my opinion, in this bill here and some of the-- some of the language in which it talks about-- it talks about whether it needs one, one or more dilapidated structures in order to exist, and some of, some of the cases in which it says it can't have any. And so, I think there's inconsistencies in this, in this bill in which it wrote. Also, the use of and versus or makes it all-inclusive in some of statements that we have in here. And lastly, on some of the inconsistencies, I want to just [INAUDIBLE] or specifically talk to the agriculture and horticultural land component of that. As we look at development, infrastructure has to extend to, to go to an area, and it may not always be across something that's developed. It may have to go across a piece of undeveloped ground. And I would, I would let the record know today that corporate limits is where that infrastructure starts oftentimes, but it also exists within an ETJ, extraterritorial jurisdiction. And so, when communities look at development, they're also looking at an agricultural land that's probably going to be consistently touching or contiguous or abutting their corporate limits. If we, if we pass this bill, if this goes forward, it also not only confines it to just do an infill, then it also eliminates-- it also eliminates the growth and development of taking dilapidated structures, areas, farmsteads, buildings or rural subdivisions that are in the ETJ, and you can't expand out to that. There's no way to do that and-- other than to go across some what might be considered agricultural ground. If it's being farmed, does it mean it's agricultural prime farm ground? It could be, but it also means that's the only way to get infrastructure. Gravity infrastructure has to go across these undeveloped natural farm ground areas, roads, highways, transportation areas. And so, I would just say that-- in, in closing here that, that I would, I would say some of the key components that I want to draw

attention to-- without this, these communities don't have the ability to, to grow because of that but-for test. That but-for test that we've been-- that you've heard before, there's many communities that couldn't put in a convenience store, couldn't put in an, an extra two houses if it wasn't for TIF. I represent a lot of villages that are very small in size, but I would say why did-- why are we here today, and why is-- why has TIF worked in Nebraska? I would say look at our neighboring states. Number one, our property tax in Nebraska. We are the fourth-highest property taxed state in the whole United States. And all of our abutting states, Colorado, Wyoming, Missouri, South Dakota, and Kansas, we are over 2.86 times higher than some of those states, and at least over 1, 1-- 1.6 higher than the smallest state. Our property taxes here, without this, our communities can't grow and supply affordable housing or commercial development. So, I would, I would recommend to deny this bill. Any further questions?

**McKINNEY:** Thank you. Senator Sorrentino.

**SORRENTINO:** Thank you, Chairman McKinney. Just to be clear, Mr. Bennett, does this but-for test in this bill in its current format blur the line of defining blight for affordable housing to the detriment of those who need it?

**CRAIG BENNETT:** I believe it has. I believe this, this, I think, eliminates the but-for and it eliminates to just a block or development that has an existing structure. Well, it depends on which part of this that you read or interpret, but I have to demolish a building in order to do that. Or I don't have to demolish one, or it has to be demolished previously. I'm a little confused on how it's wrote, but I believe it does blur it.

**SORRENTINO:** Thank you.

**McKINNEY:** Thanks. Senator Clouse?

**CLOUSE:** OK, thank you. Mr. Bennett, thank you for being here. I'm going to throw you a softball. Kearney. Kearney has used TIF in a lot in green space, right?

**CRAIG BENNETT:** Absolutely.

**CLOUSE:** Do you know how many, or have a good feeling how many millions of dollars have been added to tax rolls after TIF expired? Do you got a good [INAUDIBLE]?

**CRAIG BENNETT:** How many millions of dollars have been added after--

**CLOUSE:** Now, after TIF's expired, that, that can increase the value that's now on the tax rolls.

**CRAIG BENNETT:** Oh, just in Kearney? Oh, my goodness. Tens of millions, tens of millions. And it wouldn't have happened if not for TIF. And I would, I would, I would say that we talk a lot about housing or what the building is, but it's about the infrastructure.

**CLOUSE:** Yes.

**CRAIG BENNETT:** So much of the time, it's-- what can I do with grading? What can I do with getting gravity sanitary sewer versus a lift station? If I can only go in this area, but I've got gravity and I've got a dilapidated areas, or I've got buildings that I need to demolish, and all of a sudden it looks like a new residential subdivision with some commercial opportunities or retail-- without that, those tens of millions of dollars go away. Where do they go? They go to other states, they go to other communities. You know, I represent Kearney and the area. That's where I live. But I love the entire state of Nebraska. I love it passionately. Born and raised here. And I would do anything to keep that, that number that I, that I said of property tax down. But being the fourth-highest state in the United States is terrible, and it's just terrible for us, as, as taxpayers.

**CLOUSE:** Thank you.

**McKINNEY:** Thank you. Any other questions? I got one. What do you think is the disconnect between somebody in your seat versus a regular person that might see TIF as something negative?

**CRAIG BENNETT:** Oh, very good. You know, appreciate the question, Senator. And I also want to say that in almost every village that I go to, every city that I go to, every economic development or developer that comes through, I do what we call a development or TIF 101 class, and I go through it many times

with them before it, it actually sinks in. And I think the disconnect is lack of understanding it. Not many people get TIF at the first time. And without that, we're only going to capture the tax based on the development that's there. If I don't improve it, I've got no way to get that increment. That's what the whole thing is about. It's about the increment. The disconnect is lack of understanding what, what value this brings. We're still get-- the, the development still pays the taxes just like everybody else does, and it goes for a certain increment and can return back to that. But the disconnect is understanding how it benefits it. The other disconnect is just the terminology. Just the terminology, blight and substandard. I tell people I want my property designated as blight and substandard because it makes it more valuable.

**McKINNEY:** All right. Thank you.

**CRAIG BENNETT:** Yes.

**McKINNEY:** Other questions? No? Thanks. Next opponent.

**TIM SIEH:** Good afternoon, Chairman McKinney, members of the Urban Affairs Committee. My name is Tim Sieh, T-i-m S-i-e-h. I am an attorney for the City of Lincoln. Not an attorney in the City of Lincoln representing private developers, but instead from the City Attorney's Office in Lincoln. I've been doing tax increment financing, Community Development Law for about 15 years now, and I appreciate the sentiment of going back to where it sort started from. We in Lincoln think that we have done that. I can cite you to three projects that have been significant in the City of Lincoln: Nebraska Innovation Campus, the West Haymarket, and the Telegraph District just a few blocks east of here are all examples of tax increment financing projects here in Lincoln. Those projects have successfully redeveloped areas of the city that were declared blighted and substandard according to the definitions set forth by this Legislature. And in the process, we've turned abandoned fairgrounds, rail yards, and under-utilized industrial areas into thriving hubs of housing, business, and innovation. In the last 15 years, Lincoln has invested a significant amount in tax increment financing. The question was raised earlier, how much in valuation was increased? Our numbers show that the increased valuation from TIF projects approved in the City of Lincoln in the last 15 years equates to about \$900 million. Has that all been realized yet and put on the tax rolls? It's on the tax

rolls, but some of those are still paying off bonds that are associated with those projects. But nevertheless, that's \$900 million in valuation that can be realized by the city, LPS, Lancaster County, and all the other property taxing authorities within the area. A lot's been said. I will cut my remarks a little bit short because I think much has already been said, but let me perhaps leave you with two examples. One, Innovation Campus. One of the primary uses of TIF on Innovation Campus was to build the street. Transformation Drive is a rather long stretch of road that serves as the backbone for that project. That's a, that's a significant investment, it's an expensive thing to build. That's a transportation project, as we would read the bill, and under LB988, apparently we would now have to get a vote of the people in that precinct in order to approve that project. Votes of the people are-- add risk and add time to projects. Developers that come to us are constantly looking for ways to avoid increasing the amount of time and adding to the risk profiles of these projects. Adding in a vote of the people on projects that approve a street, which under the-- my understanding of the original Community Development Law, streets were right down the middle of the road, pardon the pun, of allowable TIF expenses. I don't think anyone would have questioned that, that you could use tax increment financing to build a road, and that's what we did with Innovation Campus. This bill changes that, at least as we read it. The second example I would leave you with is-- has-- with respect to the, the blighted and substandard, the changes in those definitions. In 2003, at about 48th and Madison here in Lincoln, there was a building caught fire. Fire guts the building. The city and the, and the private property owner are left in the circumstance at that point where you have a building that's been gutted by fire, it's unsafe, it's easily uninhabitable. The city, at that point, has to act and, and has to wait, under this bill, and declare the property blighted and substandard before the building is taking down, because we have to have a building that's uninhabitable on the site, and we can't have a recently-demolished building on the site. So, we-- rather than doing the, the thing that was a prudent at the time, which was to take that building down before it collapses, before it causes injury to someone else, we would have had to wait and go through the blighted and substandard process in order to make tax increment financing available to make that redevelopment happen. It's examples like that where we think the Community Development Law works. Tax increment financing is a valuable tool for the city of Lincoln, and we would ask you to not advance LB988. With that, I'd take any questions you might have.

**McKINNEY:** Thank you. Any questions? No?

**TIM SIEH:** Thank you.

**McKINNEY:** Thank you. Next opponent.

**DAVID LEVY:** Good afternoon, Chairman McKinney, members of the Urban Affairs Committee. David Levy, D-a-v-i-d L-e-v-y, Baird Holm Law Firm, testifying today on behalf of the Nebraska Association of Commercial Property Owners, or NACPO, in opposition to LB988. NACPO represents over 500 entities, developers and property owners, who advocate for the interests of the commercial and investment property industry. In my legal practice, we represent developers in TIF projects mostly in places like Omaha and Lincoln. We also represent a number of cities around the state as special cities-- city attorneys also on TIF projects, large and small cities, east to west, north to south. So, I get to see TIF projects from both sides of the dais, if you will, and across all kinds of cities. You got a lot of testimony, testifiers today, a lot of people lined up behind me. I'll be brief. Senator Sorrentino, you asked the question about a constitutional issue, potentially, with LB988, and I think you asked that to Mr. Willis. I had the benefit of some time to, to think about it. And, you know, in-- one of the things in the constitution about TIF is that the constitution authorizes the division of taxes for 15 years. LB988, as written, with the effective date provision-- and Mr. Willis explained it very well-- gives you at most 14 years, and maybe only 13 years or 12 years or 11 years if it's a very complex project that takes a long time to build. I would argue that that right there is potentially a constitutional issue with LB988 because the constitution has authorized 15 years. LB988-- not every project might get 15 years, but LB988 says no project will get 15 years, so I think that is a potential constitutional issue with LB988. Two other points I want to make briefly. NACPO also objects to Section 5, which appears to prohibit using TIF for any type of phased or district project. This would have serious negative consequences for many types of development. For example, in larger cities, developers will use TIF in phases to build out infrastructure to support new development. So phase 1's TIF helps fund phase 2's infrastructure; phase 2's value helps fund phase 3's infrastructure, and so on. LB988 as I read it would prohibit that. In smaller cities, we see these cities use TIF from a project to fund maybe a block of infrastructure on downtown, in a downtown. You get a big TIF project in, in

downtown, you name it, city of 1,000, 2,000 people, and that creates enough value and, and generates enough revenue from those property taxes that that developer pays, right? It's important always to remember that with TIF-- to update the street lights, update the street, put in benches, put in street furniture on maybe that whole block of downtown. I read LB988 as prohibiting that. I think those are good uses of TIF, and we've seen cities across the state, again, large and small, use TIF in that manner to really, really positive effects. I think everything else I had to say has been mentioned, so with that, I will just again urge the committee not to advance LB988. And thank you for your time, and I'm happy to answer any questions. I don't mean to be rude, I do have to run out after my testimony to another hearing, but with that, I'm more than happy to answer questions you might have.

**McKINNEY:** Thank you. Any questions from the committee? No? Thank you.

**DAVID LEVY:** Thank you. That was not a-- me-- an attempt to cut off questions. I just didn't want to be rude and get up and leave. Thank you very much.

**KEN MAR:** Good afternoon. My name is Ken Mar, K-e-n M-a-r. So, Chairman McKinney and members of the Urban Affairs Committee, thanks for allowing me to testify this morning, or this afternoon. Again, I serve as the regional director and TIF program leader for the-- for Habitat for Humanity of Omaha. Together with our finance team, we've led over 13 successful TIF applications, resulting in the construction of more than 300 homes in North Omaha. I'm here today on behalf of Habitat to oppose LB988. I want to be clear, if LB988 had been law several years ago, our Bluestem Prairie development, which is on 52nd and Curtis in Omaha-- our Bluestem Prairie development and over 90% of our infill housing projects would not exist. This is due to the requirement, as outlined in this bill, for at least one uninhabitable structure as determined by an inspector designated by the governing body, or at least one recently-demolished structure. Again, a lot of gray in the-- in how it's written, but recently-demolished, not sure how, how we would define "recently" as well as "governing body." So, lots of questions there, but if, if this were the case, if LB988 were have been passed a few years ago, 85 families in, in Bluestem Prairie and another 42 coming online in the next few years, and more than 215 additional families across North Omaha would not have a home

of their own today. These are real families, parents, children and grandparents who are now building stability, wealth, and community because TIF made their homes possible. Even though Bluestem Prairie had no standing structures, it absolutely met the practical realities of blight. The land sat vacant for more than 17 years; the infrastructure below the surface, utilities, grading, site systems, was outdated and missing altogether. Before we could build a single home, we had to invest in new streets, new sewer systems, sidewalks, approaches, and extensive site prep throughout the subdivision. These homes could simply not have been built without major upfront investment. TIF did not cover everything, but it made the project viable. Our TIF award covered about 70 percent of the development costs; the remaining 30 percent still came from private financing, philanthropies, grants, and Habitat's own limited nonprofit resources. TIF does not write the whole check; it fills a critical gap that makes the numbers work. And I want to emphasize this as strongly as possible: even for-profit developers often cannot make these pencil out with TIF. So, imagine the challenge for a non-profit builder whose mission is to build homes families can afford. In neighborhoods that have faced decades of underinvestment, tools like TIF are not optional, they are essential. For the families we partner with, their home is often the largest asset they will ever own. It is how they build equity and generational wealth. That opportunity simply does not exist if not but for TIF, which is the standard Nebraska statute already requires. Every project where we have utilized TIF has met this test. Restricting TIF as LB988 proposes would reduce the number of affordable homes built, it would stop opportunity, it would stop development, and it would stop families, hundreds of them, from ever reaching affordable homeownership and trading in that for generational wealth. For these, for these reasons, Habitat for Humanity of Omaha respectfully urges the committee to oppose LB988. Thanks for your time.

**McKINNEY:** Thank you. Any questions from the committee? Senator Clouse.

**CLOUSE:** Thank you, Senator McKinney. Mr. Mar, you're talking about Habitat and you're-- I don't know, I'm sure you're familiar with Habitat organizations all across the state.

**KEN MAR:** Mm-hmm.

**CLOUSE:** Do most of them fall into the same category, they usually go into green space and use TIF for the infrastructure?

**KEN MAR:** They do, they do. And most are, most are in its, in its truest sense within the city boundaries. So, it's really-- you know, there's no SIDs involved. This is true brown field in, in the middle of an urban area that we're building in.

**CLOUSE:** OK. Thank you.

**McKINNEY:** Thanks. Other questions? I got one. How are you creating generational wealth?

**KEN MAR:** Well, when you think about a house, it's the, it's the largest asset that any of us may own, right? So, if you've paid for 30 years and you bought the home when it was \$40,000, say 15 years ago, today, 15 year-- it's-- 15 years ago, it's, it's-- assesses at \$75,000, which we were-- which were-- you know, which is in its truest sense where Habitat was 15 years ago. Today, the homes are coming in and assessing at \$250,000 to \$280,000 a house. So, when you think, you add another 15 years of that compounding growth, it could be well worth \$300,000, \$350,000, depending on the economy. And when you think about assets and the, the parents that turn into grandparents, and then grandparents upon passing pass that home onto their heirs, it's a, it's a material amount which could total, whatever the sales amount or whatever the amount the assessment transfers.

**McKINNEY:** But I-- am I wrong? I thought there was something past where the appreciated value or the equity in the house, a Habitat house, the owner doesn't actually get.

**KEN MAR:** Well, that's-- that was part of the covenant that we passed last year in which, in which-- it's a pay-forward aptitude as well, where a family that may sell is managed with the real estate taxes where they can only-- they can only grow at 1 percent a year. The assessment can only grow at 1% a year. And then, whatever the family sells, there's an equity protection that pays-- that uses the equity that's generated into paying it forward to the next buyer.

**McKINNEY:** So, how is that creating generational wealth?

**KEN MAR:** So-- well, it's, it's still generational wealth in a sense because the family's in a better case than where it was.

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Rough Draft

When you think about the family being able to have home ownership versus rental.

**McKINNEY:** Yeah, but they lose out on the equity that appreciates.

**KEN MAR:** They don't lose out on all of it.

**McKINNEY:** [INAUDIBLE]

**KEN MAR:** So, the longer, the longer they stay in the home, the better-- the, the longer that-- the longer-- the more equity that they'll be able to build.

**McKINNEY:** How long do you got to stay in to get 100%?

**KEN MAR:** 50 years.

**McKINNEY:** That's, that's-- wow.

**KEN MAR:** But you're-- there's a trade-off-- but there's a trade-off of-- there's a trade-off of managed real estate taxes as well to that.

**McKINNEY:** So that-- I don't know, that just sounds like a 50-year mortgage. But thank you.

**KEN MAR:** OK. Thanks.

**McKINNEY:** Yup. Next opponent.

**CHRISTY ABRAHAM:** Senator McKinney and members of the Urban Affairs Committee, my name is Christy Abraham, C-h-r-i-s-t-y A-b-r-a-h-a-m, here representing the League of Nebraska Municipalities. I first just want to thank Senator Meyer and his staff. He did invite the League in to discuss this bill with him, and we appreciated having that conversation with him. You have heard there are several issues with the bill that municipalities have. You've heard about the new definition of the effective date. There's an, there's an elimination of the language "advances of money," and that language actually appears in the Nebraska Constitution, so I don't, I don't exactly know why we're getting rid of that language. There's a broad prohibition of TIF not being used for public transportation. We've heard about that, that that could be street projects,

which we think many municipalities use very successfully. I want to focus on the language that requires an inspector designated by the city or village to declare the, the structure permanently uninhabitable. As you've heard mentioned many times, the language requires that there be no less than one inhabitable structure, or at least one recently-demolished structure in an area before it be-- can be declared substandard, blighted. My concern is that smaller municipalities are not going to have that inspector on staff. According to the most recent TIF report from the Department of Revenue, of the 140 municipalities that use TIF, 108 of them are cities of the second class and villages, so those are our smallest entities. So, 108 small communities out there are using TIF. Our small communities may have a part-time clerk, they may have a part-time maintenance person; they're not going to have a code enforcement official, they're not going to a building inspecting official, they're not going to have a health inspector official. They're are not going have these people on staff. So, what then happens in these small communities? Are they hiring someone to do it? Are their-- they somehow training their clerk to do it? It feels unclear to me. And I just want to be a voice for our smaller communities to say TIF is successfully used all across the state. Obviously, Lincoln and Omaha, Grand Island, Kearney use it so well and so sophisticatedly. But for a small village getting a convenience store in their downtown, that's life-changing for them, and I don't want any bill passed that's going to make TIF more difficult and more burdensome for those small communities to use. So, I would urge this committee to hold the bill, and I'm happy to answer any questions you might have.

**McKINNEY:** Thank you. Any questions from the committee. I have one. How can municipalities better market or educate our communities on TIF so that isn't-- it-- it's not seen as, like, this boogeyman, essentially?

**CHRISTY ABRAHAM:** No, I-- that's a great question, Senator McKinney, and, and I appreciate that. And I think some communities are, are better at it than others. I think-- you know, there are a couple of reports that municipalities are required to do. One, of course, is this TIF report to the Department of Revenue about all the TIF projects they're doing. They also have to do a report to the city council and village board themselves, saying, hey, these are all the TIF projects we're working on, this is what's happening, this is how much longer it takes to have them be paid off, et cetera, et cetera.

So, there is information out there, so-- but I appreciate what you're saying. There needs to be a way to let the citizens of that community know, look, you have a new convenience store because of TIF, and isn't this wonderful, and this is how TIF was used to, to help create that. Because as other testifiers have said, I, I think the terms substandard and blighted make people very nervous. They don't want their house to be declared substandard and blighted, or the community that they live in. So, I do think additional education is probably going to be helpful.

**McKINNEY:** Thank you.

**CHRISTY ABRAHAM:** You're welcome.

**McKINNEY:** Other questions? No. Thank you.

**CHRISTY ABRAHAM:** Thank you so much.

**McKINNEY:** Next opponent.

**KORBY GILBERTSON:** Good afternoon, Chairman McKinney, members of the committee. For the record, my name is Korby Gilbertson, it's spelled K-o-r-b-y G-i-l-b-e-r-t-s-o-n. I'm here today on behalf of the Nebraska Realtors Association, the Home Builders Association of Lincoln, Metro Omaha Builders Association, and the Nebraska State Home Builders Association in opposition to LB988. I'm not going to be repetitive. I think you understand the challenges that the previous opponents have brought up, but I wanted to address one of the themes, I think, that Senator Meyer relied on when he was doing his opening, and that is we need to return this back to the original intent. I would just remind all of you that you have those giant books in front of you that are all statutory changes. That means we're changing a statute, we're taking it somewhere beyond where it was originally, and that happens every year. One legislature cannot bind another, and we typically, every year, look at statues to see how we can make them evolve to reach current needs that are necessary to make Nebraska a better place. So, I just want you to think of that while you're looking at this legislation. But hopefully, it will not advance out of committee. I'd be happy to answer any questions.

**McKINNEY:** Thank you. Any questions? No? Thank you.

**KORBY GILBERTSON:** Thank you.

**McKINNEY:** Next opponent.

**JENNIFER TAYLOR:** Good afternoon, Chairman McKinney, members of the Urban Affairs Committee. My name is Jennifer Taylor, J-e-n-n-i-f-e-r T-a-y-l-o-r, and I'm a deputy city attorney with the city of Omaha. I believe I might be your last person today, so I will not repeat, to the best of my, my ability, the things that have been said before me, only to say that several of the testifiers have very clearly explained some of the concerns and challenges that we view with this bill. I, I appreciate Senator Meyer's concerns that he has expressed that may have been put in Senator Foley's report, or in particular he said that there are no lines in TIF, effectively no guardrails with how we use it. And I would like to just remind this committee that that is actually about as far from the truth as possible. The Community Development Law is a very extensive act. It has been amended almost annually for the last several years, and extensively since it was passed. But at a very base level, you cannot utilize TIF unless the area in which you are-- the project in which your utilizing TIF for is located within a community redevelopment area, i.e., a place that has been declared substandard and blighted by the governing body, which means you've had a public hearing in front of the public to discuss whether or not that area meets that definition and should be allowed-- the properties in that area should be allowed to utilize that tool. It is secondly governed by the fact that there are certain-- only certain eligible expenses that can be-- that TIF can be used for. So, when you utilize tax increment financing, there's only certain types of expenses that can be reimbursed with those funds. And most municipalities I know are very particular about what they allow their communities to use, one of which in particular is street and utility work. So, for example, we have a fair amount of vacant land in north and south Omaha. Now, when those vacant parcels are assembled, you want to have the opportunity to, to put together townhome, new single family housing like Habitat does. The Bluestem project is, is great and I'm, I'm glad that he was here to talk about that, because that area was declared substandard and "blighted"-- blighted, and then we were able to utilize TIF in that area. If this bill were in place, we would not have been able to declare that area substandard and blighted, and we'd not-- would have not been able to use TIF for that. So, there are guidelines that exist surrounding TIF and how we are able to use it. Secondly,

there's been a lot of discussion about the definition or the change the definition of blighted and substandard. The concept that you have to have either an uninhabitable structure or some recently-demolished structure-- and again, we can talk about, as been mentioned, the definition of recently-demolished, I'm not sure what that is. I'm not really sure what uninhabitable is under this bill. Uninhabitable could possibly be worse than something that should be condemned, or something as simple as having a code violation, and I'm-- there's some inconsistency in the definitions in here. But I, I want to raise one issue with regard to that. Several years ago, we worked with Senator Justin Wayne at the time to make some substantial changes to the Community Development Law, one of which was ensuring that no eligible expenses could be reimbursed if those expenses were incurred prior to the approval of a redevelopment plan. So, once you actually declare an area blighted and substandard and you can use TIF, then you also have to have a public hearing several times to actually adopt a redevelopment plan. After the redeveloping plan is adopted, then you develop a-- you adopt a redevelopment contract with a developer. So, there's multiple public hearings, multiple stages in which the public has the opportunity to weigh in on a project. However, what we did discuss several years ago was the concern that sometimes developers were, say, ignoring the but-for, rolling the dice and assuming that they would get their plan approved, and they were undertaking expenses prior to the plan's approval. We wanted to be clear that eligible expenses were only those that were incurred after the, the adoption of a plan. There are exceptions to those-- that prohibition, one of which is-- wow, sorry. One of which is demolition. And, and that was intentionally included as a pre-, pre-planned eligible expense because we didn't want someone keeping a nuisance property, a dangerous property up, simply waiting for their plan to be approved. So, any requirement that maybe makes you want to keep a house or a structure like that a nuisance structure in place simply because you're waiting to get financing is only dangerous to the municipality itself. We specifically fought for that exception. Secondly, and the last one I'll say, is regarding the effective date. Back in 2011, in response to an audit report, the actual law used to say that the effective date was the date approved by, by the municipal-- approved by the municipality. That was changed in LB54 in 2011 to state that the effective date would be the one that is in the contract. That way, we could have a definitive council-approved effective date and not have that, you know, lack of clarity around when the project started. That also then allows that date to possibly be changed in the event

that projects have struggles getting started. So, for example, in COVID-- I'm sorry, I see I'm out of time. But those are times where projects can actually go longer, and that, as was explained earlier, if that effective date is the date that plan is approved and they have struggles, all of a sudden now, you've lost that 3, 4, 5, 6, 7 of your 15 years. I'm happy to answer any questions. I tried to, tried to be brief.

**McKINNEY:** Thank you. Any questions? Senator Clouse.

**CLOUSE:** Thank you, Senator McKinney. Thanks for being here. I think what I heard you say is a lot of these things that we're wanting to change back have already been vetted and discussed. And so, we're really not circumventing the system, we're following the system that had been talked about and progressed over the years. Is that what you're saying?

**JENNIFER TAYLOR:** That is correct. We've spent a lot of time working through-- there have been a number of different audit reports, and, and I appreciate when the auditor identifies issues and uses of TIF that he-- that they think-- that that office thinks may not have been appropriate. And I always welcome the opportunity to explain how and where at least my municipality's use of TIF completely conforms to the Community Development Law. Whether or not everyone always agrees with every project we approve doesn't necessarily mean that it doesn't comply with the law or doesn't serve, actually, a benefit to the community or a purpose that is directed by the Community Development Law.

**CLOUSE:** Thank you.

**McKINNEY:** Thanks. Any other questions? No? Thank you.

**JENNIFER TAYLOR:** Thank you.

**McKINNEY:** Next opponent. Anyone here to testify neutral?

**CRAIG KUBICEK:** Good afternoon, members of the Urban Affairs Committee. For the record, my name is Craig Kubicek, C-r-a-i-g K-u-b-i-c-e-k, and I am the Deputy State Auditor. As Senator Meyer stated, our office issued a letter to the Legislature in late 2024 highlighting some potential concerns our office was seeing with certain TIF projects, including projects extending past the statutory deadline, lack of supporting documentation,

cities not tracking TIF projects separately, and specifics related to the Omaha streetcar. Our office has also issued, issued several letters regarding TIF issues, including a letter to the City of Auburn Community Redevelopment Authority, as they were sitting on over a million dollars of excess ad valorem taxes. In the CRA's response, the reference said the current law shall be liberally construed, which is one of the changes proposed by LB988. The handout that I passed around is similar to what we included in the 2024 letter, we just updated the numbers to the 2024 report just to kind of highlight the rise in, in TIF's usage which has kind of been discussed today. I'm just going to read part of the press release that went with our 2024 letter to the Legislature that Auditor Foley had put together. Foley's letter is intended to inform the Legislature regarding the current status and implications of TIF usage in Nebraska without advocating for any specific legislative action. Nevertheless, Foley notes that the state statute allows municipalities an "ornordinate" degree of flexibility in implementing TIF. The Community Development Law says expressly that all grants of power, authority, rights, discretion made under it are to be liberally construed, which may seem by some as an open invitation to push the boundaries of TIF beyond what is either ethical or beneficial to the citizens. And so again, we're just here today in a neutral capacity. We've issued several letters either to the senators or including in audit reports. I think one of the things that we've seen just in the 15-year timeframe, when we go in and look at a municipality is, you know, you might have three or four clerks in a 10-year period since the project was implemented. And so, where's the supporting documentation? I think that's the biggest one that we come across is, you know, a lack of supporting documentation. Some previous commenters said, you know, only allowable expenses can be paid for. We come in. What's an allowable expense? What do you have to support that? Oh, we-- you know, I-- that was prior to when I got here. And that's one of the things that, that come up a lot that-- when we're coming in after the fact. And so, again, Auditor's office is neither, you know, for or against TIF. Neutral capacity. But we have seen numerous issues. A lot of that "liberally construed" language, again, allows for some of that flexibility, but we've seen where that can cause some concern from, from an auditing perspective. So, with that, I'll answer any questions.

**McKINNEY:** Thank you. Senator Clouse?

**CLOUSE:** Yes, thank you Senator McKinney. Thank you for being here.

**CRAIG KUBICEK:** Yep.

**CLOUSE:** I guess what I would like to see is another chart on this that shows you what property valuations have increased over that same time as a result of TIF because this is only showing one part of the picture. And if you're going back that number of years-- and that was the question that I posed earlier-- how much benefit have we seen that's now on the tax rolls and come from it? And then the second thing I would say is the, the League-- it's, it's constant, you know, putting on training for TIF and what does it mean and with the clerks and clerk schools and all that. And that's, that's just a challenge, because it's not an easy subject to understand. But that would be one thing that I would like to see on this, on this graph. This shows you, in my view, one side of it, and it, it needs to be a more complete picture to show what that value is as a result of TIF. But that's it. Thank you.

**McKINNEY:** Thank you. Senator Andersen?

**ANDERSEN:** Thank you, Chairman, and thank you for being here, Mr. Kubicek. I'm a fan of the Auditor's office, and I think you guys did great work, so--

**CRAIG KUBICEK:** Thank you.

**ANDERSEN:** --keep on doing what you're doing, I appreciate it. Kind of piggybacking on, on what Senator Clouse mentioned. How, how would you take the numbers here, because numbers taken in isolation are many times meaningless, right? You can't put the context around them and you can't really get a full picture. So, how would take this and look at what the return on investment is? Right? You're [INAUDIBLE] \$120 million, \$125 million worth of tax dollars, you know, when your TIF projects and the number of TIF projects. But what did that generate? Kind of piggybacking on what Senator Clouse-- how do you, how could you do that?

**CRAIG KUBICEK:** Yeah--

**ANDERSEN:** Because if you spend \$125 million, that's a lot of money, right? But if you got back \$5 billion in revenue, well then it's a good investment.

**CRAIG KUBICEK:** I mean, I, I think at some point it's got to start-- you know, I think we're still going up the, the ladder until those hit the 15-year because of the substantial increase in the-- I mean, we've doubled the number of TIF projects--

**ANDERSEN:** Right.

**CRAIG KUBICEK:** --and big, big projects. The Omaha streetcar, that's a huge project, you know? And so, I think we are still going up. To, to say we've gotten some return, I don't know. I mean, we've definitely gotten return, but more return than we've, you know, put into it? I think that-- that's where you'd kind of-- at what point do we start going down the other way, that that money's being returned to, you know, those municipalities? And I think part of it, like I mentioned, you know, Auburn and some of the-- you know, we did one in Benkelman. You know, obviously when you're doing an audit, you're not looking at all the positives or you're not reporting on the positives. And so, you've got to put that in some context from an auditing perspective. But we have seen numerous of-- you know, what we think in our office is abuses, is-- you know, you're sitting on a million-and-a-half dollars, that should be going back to, you know, city of-- in that case, city of Auburn. It should be going to the county. And so, those are the ones that we want to highlight, right? Is the ones that, you know, not necessarily questioning the return on investment from the Auditor's office; it's more of, hey, let's get those cleaned up. It is not to be used on other projects, it's not to be used for buckets of multiple projects; it's supposed to be for that project, and I think that's kind of where-- from the Auditor's perspective. Again, we're never-- we're neither for or against TIF, but we think there's, there's some definite boundaries that, to Senator Meyer, that kind of colored outside the, the lines a little bit, so.

**ANDERSEN:** Thank you.

**McKINNEY:** Thanks. Other questions? No? Thank you.

**CRAIG KUBICEK:** Thank you.

**McKINNEY:** Is there anyone else here testifying neutral? No? I welcome Senator Meyer up. And for the record, as far as online comments, there was 1 proponent, 5 opponents, 0 neutral, and no ADA testimony. Senator Meyer.

**G. MEYER:** There's an old saying. "If you catch a lot of flak, you must be over the target." I must be on ground zero right now. I was impressed with the number of testifiers, their development skills, intelligence, experience. That's very impressive. Perhaps lack of creativity is not one of their-- or, or, or is one of their problems. Does the end justify the means? That's a good question. I, I, I don't think it does. But-for. But for TIF, we wouldn't develop something. And in some of the more egregious examples of the use of TIF, but-for gets somewhat overlooked, and it becomes "yes, but." Yes, we broke the rules. Yes, we bent them all out of shape. But yes, look at, look at the valuation we, we created. Look at we've done. Look at the positive. Does the end justify the means? Is that what we are? Is that what this body is? Is that what our laws are supposed to be interpreted as? The end justifies the means? We're not eliminating TIF. We're trying to restore it back to its original intent. The wording is relatively clear. We simply have veered off course, and there is tremendous resistance to try to find our way back on course, as was demonstrated by the number of testifiers. I've heard about affordable housing. What is that number? I've asked a number of people. What is affordable housing? South Sioux City had a project. They thought it was going to be affordable housing, coming in at that 250, 260; came in 320, 340. Is 250, 260-- is, is that affordable housing in most of our communities? I would suggest not. It came in higher, so it's not affordable housing. So, what is that number? Is that 150? 125? I know the developers will laugh at me at that, but what's affordable for most people in entry-level housing? I had a suggestion today from, from an individual that has utilized TIF extensively that rather than 15 or 20 years, we should be looking at 7 to 10 years, reducing it. Has used TIF extensively. Just a suggestion. We're not creating a new definition of TIF, we're trying to put some sideboards on it. There are no changes in this bill in the original structure definition; that definition is simply being ignored by the developers. From the viewpoint of legality and constitutionality, this had extensive review by the auditor's legal staff. You know, we just didn't throw this at the wall and see what would stick. We spent some time on this. We, we spent a great deal of time. We had conversations, we added some language, we reduced some language. Many communities are properly using TIF, and has all-- have

always properly used TIF. We just simply want to put some integrity back into the process. That may offend some of the developers, but I think that's a very accurate-- a very accurate judgment on my part. We need to put some integrity back into the process. I do understand TIF. There was a suggestion that perhaps I didn't understand TIF. I do understand it. Substantial increase in valuations, that was something that was brought up. Good. It should have. If, in the process of TIFing the project and developing a project, if it hasn't increased valuations, if it hasn't increased the taxable footprint for the community that the TIF in the project, the redevelopment project was in, you got bigger problems. Good. It should have increased the valuation. Should have, should have increase that value. I could go at some length at this. I think Mr. Kubicek handled some of it. Page 23 of the Auditor's report. An increase in adjoining property taxes, \$490 million in bonds for the streetcar, yet property owners on nearby properties are already paying higher property taxes. I thought the increase in property was supposed to go towards the, the TIF project, and that property in that zone should be frozen, essentially, allowing for increases in valuations. But the, the increase in taxes should not be used for the TIF project. Page 24, 25-- a 25/10 rule requires developers to invest in other projects with TIF funds. That's not in the law. That's done in the TIF law. It's written into the streetcar TIF use. It's not in the law. Once again, taking liberties with the law. On page 8, four projects in Omaha had extended additional 5 years, although they started before the 2021 change in the law, so they just unilaterally decided, well, we're going to add 5 more years to the TIF, TIF project, even though it's not allowed, according to the law. There were 44 projects examined. I think Mr. Kubicek addressed some of those things. There was a commingling of funds, poor documentation, use of overpayment of excess ad valorem taxes for other projects, not returning excess ad valorem to the proper taxing entities. Then I'll close with this. We, we, we-- there's a project and, and we drive by and we can have a look at it in Valley, Nebraska. And the Flatwater Free Press, they did an article on it, and the mayor at that time-- I don't know if she's still mayor-- Mayor Cindy Grove said lakeside development deals were very favorable to the developers, not so much for the city. Valley now has a new process. I believe, if I read correctly, they adopted Omaha-- the city of Omaha's TIF process, which, from my perspective, I don't believe that's an improvement. Craig Maher, professor of public administration, UNL at Omaha, is quoted. "Nebraska provides little oversight, and its definition of 'blight' is so broad, it's essentially

meaningless." This is the law we're dealing with. These-- this is a law that's being, in my opinion, bent 180 degrees opposite of what it-- the intent of the law was. He also adds, Valley is "a more extreme example" of TIF's pivot away from lawmakers' original intent. You know, we're not getting rid of TIF. You can still utilize TIF. You use it properly. But the egregious examples that have been demonstrated in the Auditor's report, the cavalier attitude of how we view taxpayer dollars. We take the street car in Omaha, a half-a-billion-dollar project, the only people who voted on it was the city council. Doesn't seem right to me. So, if there are some opportunities to improve the bill, I certainly welcome that. If there's some language we can change, I certainly welcome that. But I think the problems are relatively glaring, and I would hope we're better than that. We'll find out. We'll find out if we're better than that. I would welcome questions.

**McKINNEY:** Thank you, Senator Meyer. Any questions from the committee? No? Thank you.

**G. MEYER:** Thank you. I appreciate it.

**McKINNEY:** Ready when you are.

**CLOUSE:** Just the two of us? It's supposed to be really good. OK, we'll get started then. Good afternoon, Chair McKinney and committee members. For the record, my name is Senator Stan Clouse, S-t-a-n C-l-o-u-s-e, and I represent District 37, which includes much of Buffalo County, including Kearney, Shelton, and Gibbon. The concept of LR312CA is a constitutional amendment that would provide needed flexibility within Nebraska's tax increment financing statutes to better address our state's housing shortage. Specifically, LR312CA would do two things. Number one, remove the constitutional requirement that an area be declared blighted before TIF can be used, and two, extend the allowable TIF term for residential development from 15 years to 30 years. Nebraska's facing a housing supply deficit of more than 120,000 units statewide. We simply don't have enough homes to meet current demand, and we're not building them fast enough to keep up. Rising interest rates, higher construction costs, increased equity requirements, and tighter lending environment have all made residential development more difficult to finance. So, as a result, many housing projects that communities desperately need are financially infeasible without some form of gap financing, and TIF is one of the only tools that our

municipalities currently have to close that financing gap. Across our state, in both large and small communities, TIF has helped make housing projects possible that otherwise would not pencil out. Streets, water, sewer, and other infrastructure necessary to new neighborhoods are expensive, and without TIF, those costs often make projects unworkable, especially in rural communities or in areas where lot, lot prices must remain affordable for working families. However, our current "constitutional"-- constitutional framework limits how effectively TIF can be used for residential development. First, and we heard this from the previous testimony, blight requirements creates unnecessary barrier for housing projects. Many of the areas where we need new housing are not blighted in the traditional sense. They may be underutilized farmland at the edge of town or vacant parcels inside city limits that are perfectly suitable for development but do not meet the constitutional definition of blight. Requiring a blight designation can slow projects, add costs, and create negative perceptions in communities, and we'll hear much more about that. By removing the blight requirement and instead relying on local control and local elected officials to determine economic development needs, LR312CA would allow communities to proactively plan for housing growth and not just react to deterioration. This is particularly important for residential development where we are trying to expand supply, not simply rehabilitate distressed areas. Secondly, extending the TIF term for residential projects from 15 years to 30 years would significantly improve project feasibility. Residential projects typically generate tax increments more slowly than commercial-industrial projects. Homes are built and sold over time, and the full build-out can take years. A 15-year window often does not provide sufficient time to recover infrastructure costs, especially in today's financing environment. Extending the term to 30 years allows for more manageable debt structures, better financing terms, and lower annual repayment pressures. This translates into lower overall project costs, and ultimately more attainable home prices. In addition, longer timelines create flexibility for collaboration among taxing entities. Some states allow partial participation, negotiated participation rates, or opt-outs in certain circumstances. Those types of solutions require time to structure responsibly. Under our current constitutional limit, the flexibility is constrained. So, it's important to emphasize, TIF does not create new taxes; it uses the new property tax growth, or the increment generated by the project itself to pay for eligible public improvements. Without the project, the increment does not exist. When we make

residential products feasible, we're growing the tax base, supporting local schools and services long-term, and creating housing opportunities for families, workers, and seniors. Other states have modernized their TIF statutes over the years; Nebraska's framework has remained largely unchanged-- unchanged since the 1970s. LR312CA does not mandate new policy, it simply removes a constitutional barrier and gives the Legislature and local communities the flexibility to adapt our statutes to current housing realities. If we're serious about addressing Nebraska's housing shortage, we must ensure communities have workable tools to support "residential"-- residential development. LRC12 [SIC] gives voters the opportunity to allow that flexibility. And what we're talking about really is the blighted and substandard definitions, and, and it was even mentioned in the bill before, the need for, for new-- for redevelopment or underdevelopment instead of using blighted and substandard. That's what the bulk of that is. And then extending the term, because residential projects can take more time over time as you build out subdivisions and those other areas. So, those are really the two main points. So, thank you for your time and consideration, and I'll happy to answer any questions, and I know that I have several following me that can give examples or address this a little clearer about what some of the real life experiences are in dealing with the term blighted and substandard. With that, I'll answer any questions.

**McKINNEY:** Thank you. Any questions? Thanks.

**CLOUSE:** Thank you.

**McKINNEY:** No problem. I welcome up the first proponent.

**TREVOR LEE:** Well, good afternoon. My name is Trevor Lee, T-r-e-v-o-r L-e-e, and I have the serve-- privilege of serving as president of the Development Council for Buffalo County, based in Kearney. We are a countywide economic development organization. I've served similar capacities in Valley County and Gage County over the last 15 years. For the last 10 years, I've been on the Nebraska Economic Developers Association Board, wrapping up my 10th year now, currently, and I'm here in support of LR312CA on behalf of both of those organizations. Nebraska's employers need housing to grow. Across communities of every size, projects that might have penciled out-- penciled in a decade or more ago are falling short because construction costs and infrastructure costs have outpaced what rents and home

prices can support. TIF has long helped close those gaps by allowing cities to pledge the future tax increment, only the growth in valuation, for a limited period of time to make a project feasible. LR312CA makes two targeted modern updates. First, it allows up to 30 years for residential TIF. That flexibility aligns with the real financing realities that we see today, stretching support over longer periods of time without raising taxes, without changing who decides whether to use TIF. The "may" language remains; nothing mandates that a city or developer utilizes TIF. Second, and I think most importantly, it removes the constitutional requirement to declare areas blighted and substandard for residential TIF. That rule fit an urban renewal era. It doesn't fit today's workforce housing economics throughout the state. Removing that language and that requirement eliminates the legal fiction of labeling healthy neighborhoods or growth corridors as blighted just to unlock much-needed housing development tools, it increases transparency, and it keeps decisions focused on the real financial need and the community benefit, not just checking a box. What does not change? Local control. Cities and villages still decide whether the-- a project merits TIF, how much, and under what terms. LR312CA simply provides the constitutional clarity and flexibility to match today's reality. It doesn't raise tax rates, it does not automatically extend any project to 30 years. It allows communities to decide and to calibrate the term to the real gap. The results? It's straightforward. More feasible housing projects, more private investment leveraged, and a stronger future tax base once the term ends. When the indebtedness is paid, all taxing bodies receive the full value, and they receive it on a larger base had the project not happened in the first place. So, on behalf of the Nebraska Economic Developers Association and the Development Council, I respectfully ask that you proceed and, and, and advance LR312CA. Thank you, and I'll answer any questions you have.

**McKINNEY:** Thank you. Any questions? I have one. How does this change not increase the perception that TIF is a boogeyman?

**TREVOR LEE:** [INAUDIBLE] boogeyman?

**McKINNEY:** Yeah.

**TREVOR LEE:** Well, I think comes, comes down to education too. I gave a, a presentation to a senior college on Monday about what TIF was. It's just a-- it's a group of seniors, lifelong

learners. First question I asked was, "How many of you have negative thoughts when I say TIF?" Half the hands went up. I asked the same question at the end of the presentation, none went up. So, we've just got to be active out there and communicate that some communities do it better than others.

**McKINNEY:** All right. Thank you. Senator Andersen.

**ANDERSEN:** Thank you. Just real quick, can you give a quick overview of what is the process to solicit, get approved, and used TIF funding?

**TREVOR LEE:** Sure. And there's, there's probably some behind me that know that project or that process much more--

**ANDERSEN:** OK.

**TREVOR LEE:** --clear than I do, but. So the project comes to us, and Kearney's a great example because we have a development review team where before anything's changed as far as zoning, preliminary plats, we get all the municipal stakeholders together with the project and the developer. Sometimes there's an engineer involved, sometimes it's on a bar napkin. We talk through all the potential missteps, and at times, we determine the project won't go through. TIF is often part of that conversation. Is this in a redevelopment area? If not, my project doesn't work with TIF. Well, let's be-- look for another site-- or without TIF, let's look for another site that's in the redevelopment area that might work. It involves the planning commission, it involves either a community redevelopment agency or authority-- or, community development agency. The only difference is that's a different board. With the CRA, it's a whole different board; with the CDA, it's usually a smaller towns, fewer volunteers, so it's the city council to change hats. And ultimately, the city council takes these recommendations from those other two boards and make final approval.

**ANDERSEN:** Thank you.

**McKINNEY:** Thanks. Other questions? No? Thank you.

**TREVOR LEE:** Thank you.

**McKINNEY:** Next proponent.

**CRAIG BENNETT:** All right, good afternoon. My name is Craig Bennett, C-r-a-i-g B-e-n-n-e-t-t. I am here from and representing Miller & Associates, a consulting-engineering firm, and many of the communities that we represent. This bill could not make me more happy. I have been waiting a long time for something like this to come up. Many times, I present in front of communities about designating your areas blight and substandard, or in some of the statutes, it's the substandard and blight. I'm not quite for sure which order I'm supposed to use it in, but it's in different orders throughout legislature. And so, I, I would just say that because of this, many of our communities that look at the benefits of blight and substandard are afraid of that term. I don't want my property designated as blight and substandard. And as much as we try and educate, educate someone that-- or educate a community, or educate a board on the advantages of it, they can't overcome-- some communities can't overcome that designation. For example, only three weeks ago, the city of Indianola, Nebraska-- we are doing a new comprehensive plan, we're doing new updated zoning regulations, and the third part of that contract is a blight and substandard. They voted 3-2 not to do it because of the terminology of blight and substandard. I can use the, the village of Amherst, same thing. I can use many communities. And oftentimes, it takes several times of going back to those communities before I get enough understanding and acceptance of that particular terminology. That particular terminology is what I love about this, this particular bill. And until we can get over that, they don't have the understanding of knowing that if I lose my school, my village, my city, will also shrink. But if I lose this opportunity, they don't understand really how much opportunity in terms of development they have, just because they can't get over that terminology. The, the questions that I get most of the time are, well, my value of my property is going to go down. You're, you're telling me my property is going to be blight and substandard? And that is, that is something that I try to-- in the sessions that I do, in my TIF 101, which I shared in the previous bill here-- that it-- that I present to communities and go over that and try to help them understand it's a term, just ignore the term. I don't care what you want to call it, but this is what we have to call it because this is what we have given to us, here's the advantages. And some, some communities cannot get over that term. And because of that, they're shrinking; because of that, they're not growing; because of that, they're not having affordable housing; because of that, they're not having the convenience store. The city of-- or, the village of Loomis, Nebraska, a little village, if it wasn't but

for this designation and getting over that terminology, they wouldn't have put a convenience store on the edge town. That convenience store is vital to them, to be able to have accessibility to product, produce and some retail, fuel. And they were able to overcome that. It took a while. I can go through Malcolm, Nebraska. I was just there less than a month ago. They have the same issue. I can, I can-- Giltner, Gresham-- that we have done blight and substandard. Every one of the communities that have done it, I have always had a challenge just because of this terminology. So, I am, I am 100% in support of changing this terminology to anything but blight and substandard. The only-- my only concern might be is that it does specifically add the word residential to it, and by adding that, I'm wondering if it also should add some type of terminology in terms of commercial or industrial. If we're specifying residential, should we also specify other forms of blight and substandard designators? So, I, I would, I guess, close by saying that I would propose that you guys move this bill forward-- the constitutional amendment, I should say, forward. And I would guess I would open up for any other questions.

**McKINNEY:** Thank you. Any questions? No? Thanks.

**MATTHEW DUSTIN:** Good afternoon, Chairman McKinney, and members of the Urban Affairs Committee. My name is Matthew Dustin, M-a-t-t-h-e-w D-u-s-t-i-n, managing director of public finance with Southstate Securities. My firm specializes in underwriting housing infrastructure projects nationwide, giving me a unique perspective on TIF's effectiveness. I want to thank Senator Clouse for his vital leadership on this issue, and I'm here today to underscore why these proposed amendments are essential for Nebraska's housing future. As my handout illustrates, Nebraska faces a critical housing shortage. Over 120,000 housing units are needed to fill 80,000-plus new job openings. These aren't just statistics; they represent the nurses, teachers, and young families struggling to find affordable homes, and Nebraska's current economic development incentives are outdated and simply aren't equipped to solve this. This amendment offers a crucial, targeted solution by modernizing tax increment financing. And here's the core of it: commercial TIF projects-- think office buildings or retail-- often have a high value per square foot and rapid returns. For these, a 15-year TIF bond limit can be perfectly efficient. But entry-level and affordable housing projects are fundamentally different. They have a lower value per square foot, making the financing of essential

infrastructure very challenging. Nebraska law already allows for 30-year bonds for general municipal and county debt that fund similar critical public infrastructure, but residential TIF is currently the outlier at 15, and this limit simply doesn't work for affordable housing. That's why this amendment proposes extending the TIF bond limit specifically for residential development to 30 years. This change is critical and delivers tangible benefits. It empowers local communities, rural, suburban, and urban to build homes where they're most needed, without new taxes, by allowing TIF for broader residential development, not just in blighted areas. Most importantly, it dramatically boosts home builder-- home buyer affordability. As you can see on my handout, extending the term means a family can save \$155 per month or over \$1,800 annually. And with expert oversight, these bonds will be administered with efficiency and accountability. This amendment is a fiscally-responsible, forward-thinking approach that will directly help Nebraskan families and strengthen the economy. I urge your strong support. Thank you. I'm available for questions.

**McKINNEY:** Thank you. Any questions from the committee? No. Thank you.

**MATTHEW DUSTIN:** Thank you.

**McKINNEY:** Next proponent.

**ADAM FLANAGAN:** Good afternoon, Chairman McKinney, members of the Urban Affairs Committee. My name is Adam Flanagan, spelled A-d-a-m F-l-a-n-a-g-a-n, and I'm testifying today on behalf of the Welcome Home Coalition. By now, you probably all know who we are. I seem to be here often lately. But I do want to touch on one point of our mission statement, and that is that we are here to partner with elected officials to make meaningful policy changes that allow young families, first-time home buyers, and future Nebraskans the opportunity to own a home, and we truly mean that. You've heard about the shortage of housing, you've heard about the shortages of affordable housing, and we truly do need more flexible tools to allow local municipalities the ability to develop more housing, to add more supply, and add more affordable supply. I want to thank Senator Clouse for recognizing this and, and bringing this constitutional amendment forward. It takes some progressive foresight to add more flexible economic development tools to the state. We did hear from Wayne Mortensen earlier from Excel; we just heard from Matt

Dustin from Southstate. Two TIF experts who work both in Nebraska and surrounding states, and undeniably, Nebraska is behind our neighboring states and other states around the country when it comes to flexible economic development tools to allow for more affordable housing development along with just development in general. You heard from Mr. Bennett just now about the struggles on the blighted and substandard language. That is something that we have come across over, you know, a lot of our discussions throughout the state as well, and it is just kind of a, a hurdle and a block to allowing for some of these other communities and smaller rural communities to develop the, the ground that they need to develop to create more housing. As Senator Meyer mentioned, the UNL [SIC] professor says that the blight and substandard language is essentially meaningless at this point. OK, we agree. We should just get rid it and, and really focus on what we need to do, which is to develop more housing throughout the state and create more flexible ways and easier ways to do that. And as you know, Mr. Dustin mentioned standard-- or, not-- we're adding more time to the ability of the TIF bonds. But that is a ceiling, that, that is not something that all communities have to go to. But again, we're allowing the local municipalities to make those decisions for their municipality. As we have talked about before, the state is very diverse with small communities throughout, along with, obviously, Omaha and Lincoln, you know, here in the eastern part of the state, so. You've heard a lot of TIF testimony today, so I will end my testimony there. And if there are any questions, I would be happy to answer them. But obviously, we'd love for you guys to push this community-- or constitutional amendment forward. Thank you.

**McKINNEY:** Thank you. Any questions from the committee? I have one.

**ADAM FLANAGAN:** Sure.

**McKINNEY:** How would the 30 years impact our schools?

**ADAM FLANAGAN:** So, that's where a lot of the negotiation would need to come from on the upfront process of creating a TIF. So, in a lot the opposition testimony earlier, there was discussion on how, you know, the actual TIF bonds are created and, and with the development agencies. Those collaborations with the school systems will happen at that particular time period. There are rural communities that the schools need housing for teachers.

They, they would be more than willing to forego that increment for 30 years just so that they could create a-- significantly more housing and more affordable housing. There may be other communities that would request that they keep the, the residential TIFs 15 years. But those are, those are the conversations that can be had while they're creating those projects, and that's really what we're going for. And a lot of the stuff that we've been bringing forward this session is adding more flexibility and just the ability to have those discussions and kind of let the local municipalities tailor each project, you know, to their local communities.

**McKINNEY:** All right. Thank you.

**ADAM FLANAGAN:** Yep.

**McKINNEY:** Other questions? No? Thank you.

**ADAM FLANAGAN:** Yeah, thank you.

**McKINNEY:** Next proponent. Any opponents? Anyone here to testify neutral?

**LYNN REX:** Senator McKinney, 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 a very positive neutral stance today. Just wanted to underscore the fact that we think that there's no doubt Nebraska's law on tax [INAUDIBLE] financing is outdated in many ways. It is the most restrictive of all of our surrounding areas and surrounding states in terms of what municipalities in this state can do. We really thank Senator Clouse for bringing this issue forward for, I think, a very important discussion. One of the things we would recommend is to make sure that, for example, on lines 7 and 21, that on the acquiring-- for example, for the purpose of developing, that's new; striking the word "rehabilitating," striking the word "acquiring," we would respectfully suggest putting those back in. Acquisition costs, site acquisition costs are an extremely important part of tax [INAUDIBLE] financing, so we think that needs to be there. But also too, I can't underscore enough that the issues of substandard and blighted, those words are in fact a barrier in a sense because there are folks that don't want to have their properties considered substandard and blighted. And when Senator Clouse was Mayor Clouse, he may remember that there have been a couple of cities that they really wanted to declare

their entire municipalities substandard and blighted because if one area got it, they wanted to make sure everybody got it. And of course, that did not happen. So, in any event, I do think that those words, this Legislature has looked at this issue before many, many times, and there are other words that other states have used. For example, words that deal with areas in re- - in need of rehabilitation. If you want, something like that could also be put in play. But in terms of substandard and "blighted"-- blighted, that goes back to the original law passed in 1978, and has been there ever since. And in fact, it was amended at one point, it was "substandard or blighted." And then, a constitutional amendment passed, making it "substandard and blighted." So, in any event, over the years, this law has changed. This is the most important economic development tool for municipalities in the state of Nebraska. There's not even a close second. So, we can't emphasize enough the importance of tax [INAUDIBLE] financing. And that's why we so appreciate Senator Clouse bringing this forward for this important discussion, because there are many things about this that I think certainly are important. The residential issue, I think, is an important one for affordable housing. We've heard-- I've probably sat through three or four hearings where you've heard about 120,000 that we're short in housing units, and the number of job openings that we have. And we need to have houses for those folks, but not just certain types of houses, but houses that are affordable. And of course, what affordability is, too, is a big difference in terms of what it is for you versus me versus somebody else. But again, we, we really applaud Senator Clouse for bringing it forward. Respectfully encourage you to reinstate the words of, of developing-- right now, developing, rehabilitating, acquiring, or redeveloping. And with respect to substandard and blighted, if the committee's so inclined, there are other words that can mean about the same thing. But there's no question, citizens do not like to have their property declared substandard and blighted. Those words just have a negative consequence for them. And in terms of trainings, Christy does most of-- almost all of our trainings for tax [INAUDIBLE] financing from municipalities across the state of Nebraska. And our cities try really hard in their public hearings, but in terms process, there are a number of public hearings that come into play here. It's not just one, it's many. So, with that, we encourage your positive view of this. We're neutral mainly because of the acquisition language, but encourage your thoughtful consideration of this proposal, and we're happy to work with you on these types of proposals to modernize tax [INAUDIBLE] financing in the state of Nebraska

because that needs to happen. With that, I'm happy to respond to any questions that you might have.

**McKINNEY:** Thank you. Senator Cavanaugh.

**J. CAVANAUGH:** Thank you, Chairman. Thanks for being here, Ms. Rex. So, I, I guess my first read of this was that developing included rehabilitating and acquiring. Are you saying that it is-- does not include those?

**LYNN REX:** We don't want probably go through a lot of litigation to find out if it does. All of these words have had some special meaning in terms of various court cases and everything else, and so just in talking to bond counsel, even recently, they thought that those words were important to keep. Having the word "developing" is important. I'm not saying take out developing, I'm just saying perhaps leave in developing, rehabilitating, acquiring or, or redeveloping, and then put in some other words if you want to maintain what was the original notion of tax [INAUDIBLE] financing in the state of Nebraska, which is substandard and blighted. But other states have come up with words that are less offensive than the words substandard and blighted.

**J. CAVANAUGH:** Gotcha. Thank you.

**LYNN REX:** You're welcome.

**McKINNEY:** Thank you. Other questions? No? Thank you.

**LYNN REX:** Thank you for your consideration, and thanks to Senator Clouse.

**McKINNEY:** No problem. Anyone else here to testify neutral? No? I welcome Senator Clouse up. And for the record, online testimony, there was 2 proponents, 9 opponents, 0 neutral, and no ADA testimony.

**CLOUSE:** OK. Thank you. And I did look at the opponents, and some of those was really directed at, I think, some misinformation or not fully understanding how the process works, because it was raising taxes and things of that nature. But I certainly do appreciate their comments. Again, this is a constitutional amendment, and this committee will have to kick it out and it'll get voted on by the public. And I think that there are some

things here that as, as we heard some of the testimony, if we need to look at some of those wordings, certainly willing to do that. But the blighted and substandard, I, I wouldn't want to live in an area where my house-- my area is not substandard, it's not blighted. We have-- might need redevelopment or might need some of that work. But that's the type of thing we're looking at, and it's just time to modernize it, modernize it and get some of those verb-- that verbiage changed and find out a better description of what that is. And so, that's the purpose of this. And then, again, the 15 years for residential development, just simply because of the timeframe, and it's a little slower developing residential. And it says "not to exceed," so in other words, it didn't-- it's not required 30, it's-- you don't have to go to 30 if you can work it out better. So, with that, I'll entertain any questions the committee may have.

**McKINNEY:** Thank you, Senator Clouse. Any questions from the committee? Senator Cavanaugh.

**J. CAVANAUGH:** Thank you, Chairman. Thanks for being here, Senator Clouse. I didn't know if you wanted to specifically speak to what Ms. Rex talked about. Are you willing to put those phrases back in?

**CLOUSE:** I think so. And, and in fact, we want to make sure it wasn't a drafting error, but I'm not going to push that off on drafting. They had their-- they've had a lot of work to do this last few weeks, so--

**J. CAVANAUGH:** Sure.

**CLOUSE:** But we will definitely take a look at that and, and work through that.

**J. CAVANAUGH:** All right. And I-- you know, I, I didn't know there was such a problem with the "subsided"-- I mean, I understand people feel that way, but I'm fairly certain my house-- I'm just looking it up right now-- I think my house substand-- is listed as substandard and blighted. It's never bugged me. Just, just looking at the map right now, and maybe not-- oh, just, just east of my house is considered in the TIF map. But I do remember that parts-- because I live near the Aksarben area. I know they--

**CLOUSE:** Same with--

**J. CAVANAUGH:** --deemed some parts substandard or de-- was TIF eligible in that, that area. But anyway. I guess--

**CLOUSE:** And I would say, you-- you've heard Kearney mention a lot. A lot of our success of what we've been able to do in Kearney with the development and the growth is attributed to how we've utilized TIF over the years. And we've been very cautious. I think Kearney-- and Lynn pointed to that-- you know, I don't, I don't know how many years ago, they wanted to do the whole town. Well, that's not going to cut it. So, Kearney might've been a poster child for doing it wrong initially. Since then, we've corrected things on how we do business in Kearney, and the TIF has been a tremendous tool for Kearney, and, and really adds to our valuation growth, the things that we're able to do in our community. So, I would agree it is a valuable tool that should be available to the cities and, and municipalities and villages.

**McKINNEY:** Thank you. Other questions? No. Thank you.

**CLOUSE:** Thank you. OK, Senator McKinney.

**McKINNEY:** This will be quick. We introduced LB1113 as a shell bill. So, that's it for LB1113 from me. It wasn't-- huh? Oh, yeah. And good evening or afternoon, Urban Affairs Committee. Terrell McKinney, T-e-r-r-e-l-l M-c-K-i-n-n-e-y. And LB1113, as stated, was introduced as a placeholder bill in the event the Urban Affairs committee needed such a tool in a fast-moving session as this, and it's important to keep backups for potential energies. If this does not-- if those don't arise, we won't use this. But I just introduced it just so we had something in case we needed to do something. So, thank you.

**CLOUSE:** OK. Any questions? Any-- do we have to do the proponents and all the-- any proponents? Any opponents? Any neutral? OK. Waives closing. And no online comments.

**McKINNEY:** Oh, and we'll close the hearings for today. Thank you.