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COMMITTEE ON BANKING, COMMERCE AND INSURANCE
February 22, 2005
LB 655, 498, 716, 546

The Committee on Banking, Commerce and Insurance met at 1:30 p.m. on Tuesday, February 22, 2005, in Room 1507 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB 655, LB 498, LB 716, and LB 546. Senators present: Mick Mines, Chairperson; Pam Redfield, Vice Chairperson; Mike Flood; Jim Jensen; Joel Johnson; Chris Langemeier; LeRoy Louden; and Rich Pahls. Senators absent: None.

SENATOR MINES: Good afternoon, ladies and gentlemen. I'd like to welcome you all to the final hearing day for the Banking, Commerce and Insurance Committee. My name is Mick Mines. I'm Chair of the committee and I represent the 18th Legislative District. And it's my pleasure to introduce to you the members of this committee. On your right, let's start with Senator Chris Langemeier from Schuyler; Senator Mike Flood from Norfolk; Senator LeRoy Louden, Ellsworth; Senator Pam Redfield, Ralston; Senator Jim Jensen, Omaha; and Senator Rich Pahls, Omaha. Committee counsel on my right is William Marienau. Committee clerk is Jan Foster. And who...there we go, turn off your cell phones because we have orders to shoot on sight anyone that the phone rings during our hearing. I'd also like to introduce Jeff Armour. He's from Ogallala and he is page with us today. This is your hearing. This is your part of the process and we welcome your ideas and comments. To help us facilitate this, please remember that you need to fill out a form. The forms are located on the desk before me. Fill that out before you testify and they're also over by the desk. When you do testify, please state your name, both first and last, and spell your first and last names. Bills that we will hear today are in order as posted. LB 655, LB 498, LB 716, and LB 546. Well, what the heck, come on up. Senator Beutler, welcome to the committee, and you're here to introduce LB 655.

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SENATOR BEUTLER: Thank you, Senator. It's nice to hear that somebody has a short hearing schedule for the year.

SENATOR MINES: We worked like dogs up until this point.

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SENATOR BEUTLER: I want to know how your committee members knew ahead of time it was going to be short like that (laughter).

SENATOR MINES: (laugh) Well, thank you for being with us today.

SENATOR BEUTLER: (Exhibits 1, 2, 3, and 4) This bill proposes a study. I think it's pretty much accepted as a fact by most of us that more American families are having problems getting and retaining adequate health insurance. Bankruptcies related to healthcare expenses are increasing dramatically. And I believe that it's also true that part of the reason for this difficulty is that small employers themselves are struggling to provide healthcare coverage. They would like to but it's becoming more and more difficult all the time. Therefore what I'm proposing today is just simply a very simple bill that proposes a task force on small employers' health plans. Proposing it be formed to study the problem and report back to the Legislature. And the task of the committee is set forth on page 3 of a very short bill. It indicates that they would collect and organize data on the nature and extent of health plans offered by small employers to employees, evaluate the problems of small employers in offering adequate care, identify federal, state, and local resources, evaluate approaches, recommend steps that the state could take to assist small employers, identify changes in state law that would be helpful, estimate the cost of various alternatives that might be open to them or that they might judge to be a good path to take. And, basically, I'm hoping that you're thinking the time is right to explore if something more positive can't be done for small employers to get them involved and keep them involved in providing healthcare coverage to the general population, to their employees. The make-up of the committee is set forth on page 2, if you want to glance at that. It's a pretty large committee. The basic idea was to try to include everybody that might have some view of the elephant, Senator Loudon, so we get all the different perspectives. I've given you some handouts. One is called Stretching State Health Care Dollars: Building on Employer-Based Coverage. It's a report on some of the things that are going on in other states to try to help employers provide good healthcare coverage. It makes sense

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to me to make use of the laboratory of the states and see what they're doing and see if something might be applicable to us. I cut out some provisions for you from the Connecticut law. They opted last year to provide coverage for employees of small employers as part of the state healthcare group plan. And that was, in particular, one operation that I thought it might be of interest to this group to see how that was working and to see if we could build something around that idea. So I cut out those provisions for you in case you were interested in seeing what the actual law said. They defined small employers, it's a bit of a convoluted definition, but basically around 50 employees or less. And then I passed out a letter to you from the Association of Insurance and Financial Advisors indicating their support of the study. The Appleseed Center is interested in this. I think they're going to testify today and they'll provide you with some interesting information, but that's really about all there is to the bill. The question is whether in your own individual minds you think this topic is worth exploring at this particular point in time. And I would suggest to you we best be exploring something because what we're doing now is not working very well in terms of providing healthcare coverage for the citizens of the state of Nebraska.

SENATOR MINES: Thank you, Senator. Committee members, do you have questions for the senator? Well, I do have one, Senator.

SENATOR BEUTLER: Okay.

SENATOR MINES: The task force will remain in effect for what period of time?

SENATOR BEUTLER: The report is no later than December 31, 2005. I didn't envision the task force remaining beyond that period of time.

SENATOR MINES: Okay. So it could dissolve following its recommendations.

SENATOR BEUTLER: Yes.

SENATOR MINES: Okay.

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SENATOR BEUTLER: Right.

SENATOR MINES: Great. Any questions further, committee?
Thanks for your testimony.

SENATOR BEUTLER: Okay.

SENATOR MINES: As we normally do, I would like to see a show of hands, those in support will be testifying in support of the bill. One, two, three, four, five, six. Those in opposition, please raise your hand? And those wishing to testify in a neutral capacity, please raise your hand. We have six in support. Mr. O'Hara, you're first.

PAUL O'HARA: And I'll be very brief. Thank you, Mr. Chairman, members of the committee. My name is Paul O'Hara from Lincoln. I am a registered lobbyist appearing today on behalf of Blue Cross/Blue Shield of Nebraska. We think that this task force is an excellent approach to the problem and support it. We would only suggest that it would probably be a good idea to add one insurer who sells insurance to small employers. We would assume that we would be included under the provision that says that there shall be representatives of insurance companies who sell to public employees or public agencies. We assume it will be included in that and we do sell to small employers so we would only make that recommendation. With that, I'd be happy to answer any questions.

SENATOR MINES: Great observation. Thank you, Paul. Any questions for Mr. O'Hara? Seeing none, thanks for your testimony. Number two, good afternoon. Go right ahead.

JON BAILEY: (Exhibit 5) Good afternoon, Senator, members of the committee. My name is Jon Bailey. First name is spelled J-o-n. Last name B-a-i-l-e-y. I'm the director of the research and analysis program at the Center for Rural Affairs in Lyons, Nebraska, and I come before you today in support of LB 655. It looks like you have a busy afternoon and I've provided you written comments so I won't read them to you...

SENATOR MINES: Thank you, Jon.

JON BAILEY: ...I'll summarize. You probably hear this

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daily from many people, but I truly think this is one of the more important bills you'll consider this year. It doesn't cost a lot of money. It doesn't create any new programs, but it does begin to address a very important issue, particularly for rural Nebraska. You've all heard research and know from your personal experience that entrepreneurship and small businesses are very important to rural communities. Our research has shown that, other research has shown that. The governor's budget that you'll be considering later in this session contains a small business, a rural small business and entrepreneurship initiative. You'll be asked to vote on several of those provisions in the coming days. But I think if we're truly serious about creating a climate of entrepreneurship and small business in rural Nebraska, we need to start addressing any issues that resolve the issue of how to provide health insurance and health benefits to small business owners and their employees. Among the programs at the Center for Rural Affairs is the Rural Enterprise Assistance Project. REAP has provided capital and technical assistance to about 5,000 small businesses in rural Nebraska since 1990. Periodically, we survey the participants in the REAP program and ask them about issues that is facing small business owners and their businesses. And without exception, every year we do this. The cost of health insurance, the access of health insurance for small business owners and their employees is the top issue raised by the participants of the REAP program. It's the greatest barrier to those seeking to start small businesses in rural Nebraska. It's the greatest barrier to those seeking to expand small businesses in rural Nebraska, to create more jobs and to hire more employees. Nationally, rural people have an insurance rate of 33 percent higher than nonrural people. Barely half of rural workers are offered employer sponsored healthcare coverage. The Nebraska Health Insurance Policy Coalition has found that the best predictors, among the best predictors of being uninsured in the state of Nebraska is a small businessperson, a small business employee, or being self-employed, exactly the kind of people and the kind of jobs we have in rural Nebraska. This is not by far a rural issue, solely, and we all know that. But the type of economy that we've created in rural Nebraska depends on creating the conditions to make it happen and one of those conditions is providing affordable, accessible healthcare coverage to small business owners and their employees. So I

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would ask you to seriously consider LB 655 and advance it out of this committee. Thank you.

SENATOR MINES: Thank you, Jon. Questions for Mr. Bailey? Seeing none, thanks for your testimony. Nicely done.

JON BAILEY: Thank you.

SENATOR MINES: (Exhibit 6) Third testifier, please. Welcome to the committee. While you're doing that, I might note for the committee, I'd like to enter into the record a letter from Mr. Robert Hallstrom representing the National Federation of Independent Business in general support for LB 655 and you can pass those out, Jeff. Thank you very much. Go ahead.

DANIELLE NANTKES: (Exhibit 7) Good afternoon, Chairman Mines, members of the committee. My name is Danielle Nantkes, D-a-n-i-e-l-l-e. Last name is N-a-n-t-k-e-s. I'm a staff attorney and registered lobbyist on behalf of Nebraska Applesseed Center. We're here today, number one, to publicly thank Senator Beutler for working so hard with us on this issue over the past few months, the by-product of which being this piece of legislation which we're so excited to be here today and share some information about our impetus behind this bill with you, and some information about specific statistics and issues facing small businesses here in Nebraska. Since our founding as a public interest law firm in Nebraska in 1996, we've been diligently working on healthcare issues specifically, in the Medicaid area but otherwise. In the past year or so, we've turned our attention to looking beyond Medicaid to greater pieces of the healthcare puzzle and ways that we can best serve Nebraskans meet their healthcare needs. It readily became apparent to us that Nebraska is among the highest...the state with the highest percentage of small business employers and employees. So addressing that issue alone, we decided to do a survey of these small businesses and their employees to try and figure out what policy solutions could best help meet their needs, and help them to provide more meaningful healthcare access to their employees which, in turn, having access to health insurance has great benefits for productivity and retention for the small businesses. Share with you, it's in my written testimony but, additionally, some of the results from our surveys. We

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surveyed about 2,000 small businesses in the Lincoln, Grand Island, Kearney, and Hastings area. We had a successful response rate to that and some of the highlights would be that about 80 percent of the small businesses that responded said that providing meaningful health insurance access to their employees was very important or important. Additionally, 67 percent of the businesses that we surveyed said that they did provide some form of health insurance to their employees. However, the most concerting aspect of our survey result shows us that for almost 50 percent of 47.6 percent of these small businesses were considering reducing or eliminating their healthcare coverage because of escalating costs in the healthcare system. About 76 percent of the employers noted that the high cost of premium was the main factor that they might consider eliminating coverage. Therefore, once we have this information as a starting point to try and identify solutions, we started to survey what other states were doing to try and combat these issues. We focused primarily on a success story that Connecticut has been having. I believe Senator Beutler handed out some information on that state's initiatives in this area to you. But one positive policy solution that they had created was to allow small business employers, generally those with 50 or less employees, to buy into the state health insurance pool. We believe after doing legal research that that would be a viable option for Nebraska. But we didn't want to stop there. We wanted to make sure that this session we focused on bringing all the players to the table and to look at broader and alternate solutions to this issue. And that by-product of those discussions was the task force. Additionally, I provided a raw summary of our survey results to you, be happy to discuss those in more detail. We recently hosted an insuring the uninsured conference here in Lincoln this fall which we were happy to have Senator Jensen be a part of. And a reoccurring theme at that conference with a hundred different participants from government, the private sector, and public advocacy agencies was how do we get at these root issues of insuring the uninsured in Nebraska? And one of the reoccurring themes was small businesses need help. This is an avenue for you to provide those small business employers and employees with that help. With that, we'd urge your support of the bill and advance it to the full Legislature. I'm happy to answer any questions.

SENATOR MINES: Thank you, Danielle. Questions? Help me,

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how do I pronounce your last name?

DANIELLE NANTKES: It's Nantkes. The t is silent.

SENATOR MINES: N, with an n.

DANIELLE NANTKES: Um-hum.

SENATOR MINES: Got it. Great, thank you. I see no questions. Thanks for being here, appreciate your testimony.

DANIELLE NANTKES: Thank you.

SENATOR MINES: Testifier number four. Good afternoon.

RICH OTTO: Good afternoon. Chairman Mines, members of the committee, I'm Rich Otto, R-i-c-h O-t-t-o. And I'm testifying as a registered lobbyist for the Nebraska Restaurant Association. I'm here today to testify in support of LB 655. In the past year, the Nebraska Restaurant Association has made it a priority to address the rising costs of health insurance for its members. Health insurance costs are a concern for all employers and employees, but it is considerably more of a challenge for the small businesses and individuals to find and keep quality health insurance. Rising costs in healthcare have forced insurance companies to continually raise premiums and cut benefits. Small employers are at a greater disadvantage with fewer bodies to spread the risk among. Higher risks make small group plans more expensive and less desirable blocks of business for insurance companies. I have seen this firsthand. In my former employment I worked for a major Nebraska-based insurance company in individual health claims and in 2003 that insurance company actually pulled out of the individual and small group claims. This forced all the policy owners to, basically, find a new insurance carrier. Since then that company has been added as an option for the state employers to join that. Basically, this is just one example of companies leaving the small and individual market and expanding their business in the more profitable, larger group area. The Nebraska Restaurant Association has approached insurance companies with our combined strength of the entire association and we have yet to find a truly affordable option. Rising health insurance

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costs are a major challenge facing small employers. If we as a state do not take steps to help find Nebraskans a viable health insurance program it will just cost us in the long run. LB 655 makes sense. Information and education are real benefits that can be provided to small employers and if Nebraska business owners are not given options in the public market for affordable health insurance, one answer is becoming more and more common, and that's no insurance at all. Once again, I appreciate your consideration of LB 655.

SENATOR MINES: Great. Good testimony, Rich. Any questions for Mr. Otto? Senator Jensen.

SENATOR JENSEN: Yes, thank you, Senator Mines. Rich, I also was a small business, experienced a similar situation that we were under an association that many of us bought into and that insurance company also decided not to carry those anymore. That seems to be kind of a wave that is happening in the insurance industry. What do you think can be different through this that might entice an insurance company to once again step back to the plate and to carry those? The paperwork, I'm sure, is a lot more with several small groups than it is with one large group.

RICH OTTO: Well, basically, from what I've seen personally and this is just from my own experiences. Obviously, the large group and the bodies is the huge factor to spread the risk across. And as previous testimony has said, the under 50 employees is common as basically the breaking factor for a large group and a small group. When you have under 50, you're in the small group and basically, each individual business is under their own employees so you can't really combine the strength of several smaller employers to create one large group currently in Nebraska or it's not...basically that is the idea of the association health plans that's been mentioned nationally. There is some scare to those two, though, of whether the group will stay together and a lot of other things. But like Danielle mentioned, joining with the state's program, you could put all of these smaller employers under the large group of the state and the state would have, you know, the money to actually back that program. The risk of, currently in Nebraska you can establish your own self-funded plan. The risk there is that you have to have a large reserve to be able to back it. So I think it makes sense with allowing

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small businesses to join the state pool because the state obviously has those reserves to be able to back it. But it's a tough situation. I guess basically you need a viable group that stays together to actually keep the costs level and that's the hard thing to come up with.

SENATOR MINES: Any other questions? Seeing none, thanks for your testimony.

RICH OTTO: Thank you.

SENATOR MINES: Next testifier in support of LB 655? Before you start, Jim, was there a chance you looked like that young man at one time in your life? (laughter)

JIM OTTO: I think he's stuck with looking...well, no, I think he looks like his mother.

SENATOR MINES: Good (laugh).

JIM OTTO: Luckily.

SENATOR MINES: Luckily. Welcome.

JIM OTTO: Senator Mines, members of the committee, my name is Jim Otto, O-t-t-o and I am president and registered lobbyist for the Nebraska Retail Federation. Don't need to take a lot of time, just want to add the Nebraska Retail Federation support to this bill. It is a huge challenge. You get calls almost daily from retailers across the state that are searching for a way to provide affordable healthcare plans to their employees. And I'm forced to say, you know, I probably can't do much better, if any better at all, than you can by going to your local insurance agent and just buying a plan and that is getting more and more expensive every year, going up sometimes 20, 30 percent a year. So it's a huge, huge challenge. And as Senator Jensen said, he's lived through it personally. One of the problems is that as we form these pools we tend to have pools of only sick people which we got to figure out a way to form a pool that goes just across the board. That's why even though the state in healthcare plans continue to rise, at least it is a broad pool. I don't know how we solve the problem for sure of creating a pool that small business could be a part of that that pool then is actually a cross

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section of both sick and healthy people because you tend to just get...if you just start forming your own pools people tend to move over there and then they tend to be pools of sick people. So I don't know the answer. I just know it's a huge problem. But with that, we thank you.

SENATOR MINES: Good points. Thanks, Jim. Any questions for Mr. Otto? Seeing none, thanks for your testimony. I think Roger is the last proponent. Raise your hand if you are a proponent. We have one more. Great.

ROGER KEETLE: Good afternoon.

SENATOR MINES: Good afternoon.

ROGER KEETLE: (Exhibit 8) For the record, my name is Roger, R-o-g-e-r, last name is Keetle, K-e-e-t-l-e. I'm a registered lobbyist for the Nebraska Hospital Association and we're here to register our support for LB 655. I won't go through what's in my written testimony but I will tell you that there has been a Nebraska Health Insurance Coalition that's been put together. It's been funded by the good grant writers over at Health and Human Services. The Hospital Association has also been represented on that particular group. What you see in front of you is some of the research that that group has done to document the need in the area so there's quite a bit of research as you can see between what Appleseed has done and what HHS has already gone, again, through the University of Nebraska which is a very...this is a very good, very extensive study. And I guess what I would tell you is is this coalition is ready to start to go statewide with their recommendations and it would dovetail very nicely with this study and that there are some recommendations coming out of this group that will be made public this summer and that also tie in so there's a lot...my message to you is there's a lot of research been done. There's some ideas on the table from this group, too, in addition to the idea here of allowing small business to buy in with the state or a municipal pool. So, with that, good bill, appreciate your support, and would take any questions.

SENATOR MINES: Thank you. questions for Mr. Keetle? I have one. You mentioned municipal pool. Is that a practical solution?

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ROGER KEETLE: Well, when I looked at the website on the Connecticut plan it led me to the municipal pool which is apparently the base for this. And to that municipal pool which may be a state pool, I don't know. I just know what I read on the web site. They have added small employers, less than 50. And the way they've handled the issue before is they use community rating, as I understand it. And what community rating means is the people that have 50 or less employees, their experience is the whole experience of the pool, not just their 50 employees...

SENATOR MINES: I see, I see. Okay.

ROGER KEETLE: ...so that's how they try and spread the risk out amongst the pool which is...that used to be Blue Cross/Blue Shield, used to be community rated for us old-timers. They used to be at the insurance department many, many years ago and then to that they've added nonprofit groups can also be insured under that. Again, another area that where people have trouble buying insurance.

SENATOR MINES: Great, Roger. Thank you. Any questions? Seeing none, thanks for your testimony.

SENATOR FLOOD: I have one.

SENATOR MINES: I'm sorry, Senator Flood.

SENATOR FLOOD: Mr. Keetle, thank you for your testimony today. Like Senator Jensen, I also face this battle with my small business and I opted to take advantage of the state insurance that senators pay for at a thousand dollars. You know, my salary is well documented (laughter), and I was surprised, you know, we don't get any state contribution. My monthly premium with dental isn't very expensive, is like 857 bucks so is there going to be a lot of savings? I like the idea and I'm supportive of the concept to put a task force together but if we let small businesses in there, can we be confident that we can give them some savings? Because I switched my radio station from a group plan to an individual plan and cut my costs down considerably, but if we let people in the state pool, do you think we'll see a savings for employers from the group plans they can get

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right now?

ROGER KEETLE: Again, that's why I think we need to do the study. I think when I read the website from Connecticut, what they said the savings were was you eliminate, basically, the insurance agent's commission, and the marketing expense, and some of the administrative expense. And that's what makes this program attractive, that plus the idea that it is a bigger pool to spread the risk so you don't have a 50 people in the group and have one open heart surgery and all of a sudden you can't get insurance. So those...I don't know the answer, but I think it's a viable option that should be looked at and that's why we're supporting this study. It may or may not, depends.

SENATOR FLOOD: I appreciate your testimony. Thank you very much.

SENATOR REDFIELD: Thank you. Are there other questions? I don't see any. Thank you, Roger.

ROGER KEETLE: Thank you.

SENATOR REDFIELD: Our last proponent?

PETER KATT: Good afternoon, members of the committee. My name is Peter Katt, P-e-t-e-r, last name is K-a-t-t. I'm appearing this afternoon on behalf of LIBA which is the Lincoln Independent Business Association and I will be its incoming president starting sometime next month. I'm also a co-owner of two small businesses in the city and I'm familiar with the challenges faced in my own business as well as by members of the Lincoln Independent Business Association in being able to provide health insurance for our employees. I appear in support of this and I'm just a little bit nervous, I'll tell you, following other people that are supporting this particular study and already speculating that the solution perhaps is more government. LIBA does not stand for more government. LIBA does not stand for, and I don't believe a good solution would be to add people onto an existing state program that is already gold-plated and provides too many benefits and defeats the whole purpose of insurance, but the study itself is good. The reason why LIBA, I make those comments about government provided insurance, LIBA is currently...has one of our

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committees studying the city of Lincoln and Lancaster County's health plan, very similar rates to what the state's are, \$700, \$800 per family. And the coverage that is provided, the only...the only people that can provide that kind of coverage to their employees are government. And the reason for that is is that you simply pass on the cost to us taxpayers and nobody ever complains about it. The employees certainly don't complain because they provide almost first dollar healthcare insurance. That's a mistake. That's the problem. The problem that we have with the health insurance and medical coverage is that it's not insurance, it's prepaid healthcare and not all of us can afford to do the prepaid healthcare. Hopefully, this task force will thoughtfully study this issue. We support the creation of this task force. We are cautious since our mission is supportive of the free enterprise system. We believe the solution to these problems are not government based, but market based. One of the previous speakers talked about one of the potential market based solutions which would allow small businesses to form larger pools. And I believe the federal government through President Bush's initiative is currently exploring that on the federal level. One mention that hasn't been made that I think is a market based solution that, hopefully, the task force will look at would be to look at making health savings accounts effective. I assume most of you know what a health savings account is. One of my companies has elected to go that option in the renewal. I made that option personally several years ago, but it provides a stake for each of us to care about how much we're paying for our healthcare insurance. And in my opinion, that is the only way we're going to get control of this issue. Now, the problem that that creates, and I just had that in a personal instance within the last two weeks, is how do we effectively shop for medical services? How do you price that? It's almost an impossible task. I had my son who had a concussion, took him to the doctor's office and since I'm on health savings account he said, well, we got to go have an MRI. I said, well, where do you want to go? And I said, I told him I would like to go to the least expensive place to have the service that's good. He kind of looks back at me and I explain the reason why. I said, with my deductible I'm going to have to pay for it all. And he said, he gave me two nice places that were competent. He said, call them, and he said, I'll tell you what, I'll call around and I'll get the price differentials. The price

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differential for the service was a \$1,400 charge just for the MRI scan at St. E's and another facility in Lincoln provided the scan and the reading of it for \$641. It's not hard to know where I went to. My doctor recommended both of them. I believe there's an initiative in California that requires medical providers to basically make their pricing information public, transparent so that people know what they're getting and what they're paying for. I think that's one of the things that this task force should look at. You wouldn't go into any of LIBA's small businesses, pull something off the shelf, not know what it's going to cost you, and go to the counter and just pay for it. Every other service that we buy day to day, we know pretty much in advance what it's going to cost and what its quality is. Sometimes we'll pay more for higher quality; sometimes not. But medical services

(malfunctioning tape)

Actually none of us could say what most things cost and so, hopefully, that will be one of the issues that this task force could look at. LIBA supports the task force commission or creation of this task force to study the issue. We would encourage this task force to vigorously look at market-based solutions to provide answers to the problems that are facing us. I'd be happy to answer any questions.

SENATOR REDFIELD: I don't see any questions. Thank you very much.

PETER KATT: Thank you very much.

SENATOR REDFIELD: We're ready for opponents.

SENATOR MINES: Thank you. We have one more proponent. Bruce?

BRUCE BOHRER: I apologize, Mr. Chairman. Just got here. Bruce Bohrer, on behalf of the Lincoln Chamber of Commerce. For the record, spelled B-o-h-r-e-r. I apologize for just showing up.

SENATOR MINES: Just in time.

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BRUCE BOHRER: I missed most of the initial testimony but we do want to lend our support for LB 655. Heard just the concluding remarks of Mr. Katt, we would agree with that. We need to have some kind of task force. We see this as something that we hear more and more of. We've always heard quite a bit about the cost of healthcare and health insurance so we would also encourage the task force to look at market-based solutions, try to stay away from too many more mandates. But we think this is a good idea. We need to have something along these lines where everybody can come together and get to the table and have a thoughtful discussion on ways we can improve the situation. With that, I would conclude my remarks unless you have any questions I could answer.

SENATOR MINES: Thanks for your testimony. Questions for Mr. Bohrer? Seeing none, thanks, Bruce.

BRUCE BOHRER: Thank you.

SENATOR MINES: Anyone else with testimony in support of the bill? Any testifiers in opposition to LB 655? Anyone in a neutral capacity, raise your hand, wishing to testify? Seeing none, that will close the public hearing on LB 655. And I will open the public hearing on LB 498. Senator Landis. You're always on this side, Senator. You moved.

LB 498

SENATOR LANDIS: Yeah, usually on the right (laugh). Today I'm on the left.

SENATOR MINES: You're on the left.

SENATOR LANDIS: Senator Mines, members of the Banking, Commerce and Insurance Committee, after a heavy morning of lifting the load of the work product of this committee (laughter), apparently somebody shined up their microscope and got to looking at that bill. This one is at least a lot shorter (laughter). I don't know if there's anything more I can say about that. Two years ago, maybe closer to three now, Mike Johanns received the advice of the private sector

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about what Nebraska could do to keep venture capital in the state. It is not as if we don't have venture capitalists, we do. However, venture capital has a tendency to go where it can receive expert information. It goes to hotbeds of opportunity and those wind up being on both coasts. So we have relatively large players who take their money to the coasts and invest in new beginning businesses. The business start-ups here don't clump up to a size that an entrepreneur will deal with and, in fact, they wind up going through managers of whatever. And those opportunities are hard to make match here. So this advisor group, looking at that phenomenon said to Governor Johanns, what you ought to do is you ought to create a forum, an opportunity, a space in which entrepreneurs, lenders who have money, investors who have money can come to that space and entrepreneurs who have business opportunities but not the right capital structure can come, and this forum can be the place and opportunity to structure those conversations. Over time one of the things that we've learned in the two years that we've had as experience with this idea now, we've discovered that it's not just creating a hospitable location and climate, and make a warm invitation and fix coffee for the people who show up. That, in fact, the entrepreneurs are not highly skilled entrepreneurs who have done this over and over again with new projects. It's people who get a good idea, are excited about it, but it's their first or second attempt into business and they're not that skilled at making the kind of case and presenting the kinds and facts and figures to an investor that would motivate them to invest in a start-up business. So the forum has gone beyond simply being a safe, encouraging space that invites both of those parties into it. It has gone beyond that to assist with entrepreneurs in learning how to do what they need to do to make the kind of presentation that would get the ear of an investor. Well, a couple of years have gone by. There was a pilot project, but the Department of Economic Development is back and they say, you know, we made some significant progress. It's not so much that loans changed hands, but that expertise and knowledge got into the right place. Our presence in the marketplace was noticed and we want to build on that. Understand DED doesn't do this as DED. What they do is they turn around and get a single, private nonprofit organization to do this function for them. We essentially give a grant to the DED in the form of money or an appropriation to them and they, in turn, then pick a single,

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private nonprofit organization. That organization has been Invest Nebraska Corporation. What they'd like is they'd like to stay in business. DED would like to continue to have money. Oh, what a shock. And the program that was begun and had a two-year sunset would like to have the sunset go away. For some of us this will be not the first time that we've seen this dynamic. For others it will be our first time in seeing what will become, I think over time, an old song. It's not that the sunset is right or wrong. It's whether or not the case is made to justify it and the need continues to exist. And I have no committee that I would offer this bill to with greater confidence in making that decision than you all. If you think this program should continue, report the bill out. If you think it shouldn't or if it's had its fair shot and you don't, I'll live with that. But they will have to be able to make their case to a flinty group of people like this out on the floor so let's give them the banking committee to see how they do. What do you say?

SENATOR MINES: That's a great idea. Thank you, Senator. Any questions? Senator Jensen.

SENATOR JENSEN: Senator Landis, I support this measure but I wonder if this bill was introduced in the Revenue Committee how would it come out of that committee? (laughter)

SENATOR LANDIS: You know what we're getting? We're thinking of getting is a little machine like they use for clay pigeons that throw them up for better shooting (laughter), and then stand behind and just say, pull, phhhht (laughter) but we haven't found that one yet.

SENATOR MINES: Any other questions for the senator? Thank you, Senator, for your testimony. Will you be here for closing? Senator Landis, will you be here for closing?

SENATOR LANDIS: I will not (laughter). I'll be back over there.

SENATOR MINES: You will waive. Thank you very much. Before we start testimony, how many will be testifying in support of the bill? Holy moly, one, two, three, four, five, six, seven. Anyone wishing to testify in opposition

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to LB 498? Anyone wishing to testify in a neutral capacity? We have seven testifiers and the big gun is first. Richard, welcome.

RICHARD BAIER: (Exhibit 1) Thank you, Senator Mines, members of the committee. It's a pleasure to be here. I've not been before this committee this year so it's nice to get a chance to visit with you. My name is Richard Baier. For the record, my last name is spelled B-a-i-e-r. I currently serve as the director of the Nebraska Department of Economic Development. I'm here to testify in strong support of LB 498. I'll concentrate my comments today on the (Nebraska) Venture Capital Forum Act and why this kind of entity is an important part of our state's overall economic development strategy. The testimony following myself will review the status of the program's activities as suggested by Senator Landis. Entrepreneurship support has become a part of the economic development program in most states. And we do that in many ways in the state of Nebraska. But we no longer have the luxury of being concerned only about our business tax climate or tax incentives. We must also be attentive to providing an environment where people with business ideas have a better opportunity for things, for being able to follow through on those ideas. The data suggests that 65 to 70 percent of the growth of the nation's economy is now occurring in rapid growth entrepreneurial innovative businesses. A 2001 publication, for example, of the National Council of State Legislatures entitled "Retooling State Economic Development for the New Economy" urges state support in the areas of technology development, work force development, taking a comprehensive view of the tax climate in light of rapid globalization and more relevant today, improving policies related to the availability of capital and investment. The 2004 Development Report Card for states which is prepared by the Corporation for Enterprise Development ranked Nebraska 41st in new business start-ups and 44th in venture capital investments. I would encourage you, if you have an interest, to go on-line and take a look at that report. It really is a telling report about Nebraska's economic development. Likewise, in its 2002 Target Industry Study for Nebraska, Deloitte & Touche pointed out that "Nebraska has a disproportionate positive share of wealth. However, it is not invested in Nebraska-based entrepreneurial businesses." The report further recommended that a number

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of measures to correct this deficiency. LB 225, passed in 2001, was an initial step in that direction. It resulted in the formation of the Invest Nebraska Corporation as referenced by Senator Landis. The not-for-profit entity selected to deliver the program is outlined in original LB 225. The purpose of Invest Nebraska is to undertake activities that facilitate and encourage private investment in small, high growth Nebraska businesses. Following my testimony, Bryan Fairfield, who is executive director for Invest Nebraska, will provide you with a detailed report on the activities of the program over the last three years. At this point, we would like to be able to say that the job is done and that risk capital investment infrastructure is in place across the state. But this is simply not the case. There is much that has been done, and I think you'll hear that from some of our folks this afternoon, but we've also found that there's still a great deal to do in helping those small and emerging businesses. A comprehensive review, for example, of the NGA by the National Governors Association of Risk Investment Policies and Programs in all of the states in 2000 concluded that the best programs are long term in perspective. Policymakers should expect no measurable impact for at least five years and do nothing to compromise the integrity of the investment. Much of the program groundwork has been completed by Invest Nebraska and angel investing is now being discussed across the state, in some communities for the very first time. And I can tell you, it's interesting as I travel Nebraska to begin to hear even some of our more rural and remote communities talk about the importance of equity in angel investors. Governor Heineman, I think as you know, has recommended several initiatives this session that support small business development across Nebraska. These include technical assistance for SBIR grant applications, enhanced funding of the NebraskaEDGE program, tax credits for investors who provide capital to local investment funds which was introduced by Senator Mines, and higher tax incentives to encourage small business expansion. I hope you will agree with me about the importance of providing a complete broad-based entrepreneurship program and take the step of passing (LB) 498 out of committee to General File. I want to thank Senator Landis who was the initial proposer of LB 225 in 2001 for his willingness to support this program and to come on board for a second round to, again, impact our entrepreneurs and small businesses in Nebraska. With that, I'd be pleased to answer any

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questions.

SENATOR MINES: Thank you for your testimony. Questions for the director? I have one.

RICHARD BAIER: Yes, sir.

SENATOR MINES: Many times...this may be a misconception, but many times we talk about small business and investing in small business as being a rural issue.

RICHARD BAIER: Um-hum.

SENATOR MINES: It is not just rural and I'm curious how angel investments have impacted the metropolitan areas. Four of us are from Omaha.

RICHARD BAIER: Absolutely, absolutely.

SENATOR MINES: Are we seeing those types of successes in metropolitan areas as well?

RICHARD BAIER: We are. We're seeing a lot of angel investment across the state and some places have organized groups that do that, some as an individual basis. What I can tell you is what I see in more of our rural communities. There's a little bit different need than what I might see in an Omaha or Lincoln metro area.

SENATOR MINES: Um-hum.

RICHARD BAIER: A lot of what we're seeing may be things in the metro areas. In particular, they may be spin-offs out of the university or some of the colleges or maybe a spin-off of a large company,...

SENATOR MINES: Um-hum.

RICHARD BAIER: ...you know, if Gallup has a long-term employee that comes up with a new idea. We see those kinds of things and those kinds of opportunities more prevalent in our urban areas as opposed to more of the start-ups, you know, bake the pie from home or go on-line and sell a product. We see more of that in the rural areas.

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SENATOR MINES: Right, okay.

RICHARD BAIER: So there is a bit of a difference but we see it happening in both locations.

SENATOR MINES: But you're seeing it in both environments.

RICHARD BAIER: We are. And again, it takes a little bit different perspective from the angel investor, knowing in Omaha and Lincoln there's a lot more support and programs in place than you might find in some of those rural areas. But it is essential in both parts of the state.

SENATOR MINES: Great. Thank you very much. Any further questions? Thank you, Director.

RICHARD BAIER: Thank you.

SENATOR MINES: Next testifier in support. Good afternoon.

BRYAN FAIRFIELD: (Exhibit 2) Good afternoon. Senator Mines, members of the committee, my name is Bryan Fairfield, F-a-i-r-f-i-e-l-d. I am executive director of Invest Nebraska Corporation, the entity that fulfills the mandate laid out in LB 225 and now LB 498, and I'm here to testify in support of LB 498. As Richard mentioned, the development of entrepreneurial businesses can be a large portion of our economic growth. It requires a great many different aspects to be in place for it to be successful. One of those is knowledge and education. One of those is good business opportunities, support for those opportunities, and risk capital for those opportunities. LB 225 and now LB 498 were wise in laying out a pretty broad mandate for our activities at Invest Nebraska Corporation. And because of that broad mandate we have a pretty broad set of responsibilities. We put together services for business clients here in the state, services for community clients, as well as education and awareness programs here in the state. Invest Nebraska established itself as the resource in the state for Nebraska businesses seeking resources they need to grow, be those capital or other resources. We fulfill those requirements for businesses by building up a network. That network gives us the opportunity to see 150 business opportunities per year in the state and we help those business opportunities through that network we've built. We've built up a network

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of over 400 service providers here in the state so we help match businesses with C-level employees, business plan authors, strategic partners, and everything in between. A certain percentage of those businesses, about 10 percent, are of sufficient quality that we can show those to private investors. We've built up an individual network of private investors, over 150 of them, to whom we can show business opportunities. About 20 percent of the total or about 20 percent of those, about 2 percent of the total, actually receive investments so we have had several investments take place. We're happy with those numbers so far. We're always trying to boost those up as you can imagine. The example activity report that you see in front of you, that the page has passed out, is a quick example of some of the activities we've interacted with businesses on for the past three months. It's December 1 through the day, through yesterday actually. We're providing valuable services to businesses, one of which will testify following me and we're improving our ability to do so on a regular basis. To get a bit more specific with some of those on your sheet, there are about 70 interactions there. Just on the first page to pick out three, you'll see on the 17th we received confirmation that an investor put money into a company called Eleos which provides a product that increases the efficacy of cancer treatments and decreases the side effects of those treatments. On the sixth we work with a company that wants to produce A2 milk here in Nebraska and distribute that milk nationwide. That milk is good for autistic drinkers, for allergic drinkers, and has other health benefits. We helped advise them on a pilot program to bring that milk up to production. They've taken that advice and they're now working on getting that pilot project up to speed. Finally, on the 17th there on the first page, we connected a company called Sell2All with a strategic partner that they can use Sell2All's sales channel to bring their ex-Wal-Mart product, a jewelry product, into the marketplace. This is an example of a strategic alliance that we build on a regular basis with Nebraska businesses. As you can see, our work with businesses involves much more than just capital. The graph at the end of the report demonstrates that these interactions are regularly increasing over time as we continue to improve our ability to see more businesses and improve our resources to provide services to those businesses. Our scope of work as I mentioned at the beginning is not limited to businesses. We also do a lot of

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work with communities. We help those communities identify, support, and grow businesses locally in those communities. Last year we built an inventory of best practices by looking at communities that have been successful in growing high growth businesses in their communities and we're bringing those best practices to Nebraska communities right now. We're beginning to work with several. One will testify following me. One example of this interaction is currently taking place in Columbus. We recently presented Columbus with the results of our community report. The community leaders liked it a lot. They expressed interest in one particular element of that so we're bringing a representative from a successful Iowa community to describe their entrepreneurial mentorship program. Columbus is going to look at whether or not they can implement this. Another aspect of the bill that we deliver is education awareness. The National Governors Association says, "The best programs recognize that the challenge of capital formation is not so much about money as it is about knowledge." We're actively working to increase the knowledge and awareness in the state of Nebraska on a regular basis. We've held a couple of educational investor sessions, several entrepreneurial education sessions. We've helped and create and present conference programming on the topic and regularly produce written educational content that helps in this area. We held an educational conference for entrepreneurs earlier this month. We spoke to a group about the private equity market to increase awareness as recently as last week. This is a regular activity for Invest Nebraska. We communicate through the Internet. If you go on there, not only is our full resource provider network available for entrepreneurs and communities to access that, but as well as a number of other tools. There are about 65,000 hits on average per month over the last six months there. The private sector importantly has recognized the need for our services here in the state. The money that the state puts into this operation is half of our overall operating budget, leveraging the state dollars in this area. We received private sector support in this area. I'll list a few of our supporters because I think it's a pretty important aspect of what we do, generating this private sector backing, First National Bank, Ameritas, Union Pacific, Cline Williams, UNeMed, the McCarthy Group, Odin Capital, Kutak Rock, Blackwell Sanders, Wolfe Snowden, the Nebraska Independent Community Bankers, Security National Bank, the Council for

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Regional Equity, and Wells Fargo. We've also built up a good slate of private sector directors to help implement and guide our programming. As Richard mentioned, the efforts we've undertaken are long term in perspective, and we have a great deal of work in front of us. But we're seeing measurable successes today and have a solid foundation from which to grow. We're currently providing a valuable service here in the state of Nebraska for communities, for businesses, and increasing the awareness. We help businesses grow that will increase jobs in the state, will increase wealth in the state, and that will increase our tax base in the state. And there are lots of statistics that support each one of those. So I ask you to support what we've been doing over the past two-and-a-half years, look at our track record which is considerable and pass LB 498 from this committee into General File. I'd be happy to take any questions.

SENATOR MINES: Thank you, Bryan. Questions? Senator Redfield.

BRYAN FAIRFIELD: Yes, Senator Redfield.

SENATOR REDFIELD: Mr. Fairchild,...

BRYAN FAIRFIELD: Fairfield.

SENATOR REDFIELD: Fairfield, I'm sorry.

BRYAN FAIRFIELD: Sorry.

SENATOR REDFIELD: How much actual investment have we connected in dollars during the last two years?

BRYAN FAIRFIELD: Around a million dollars. I hesitate to give you an exact dollar figure,...

SENATOR REDFIELD: Out to Eleos?

BRYAN FAIRFIELD: What's that?

SENATOR REDFIELD: To Eleos?

BRYAN FAIRFIELD: No.

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SENATOR REDFIELD: Because on your list, that was the only one you said (inaudible) was made.

BRYAN FAIRFIELD: Yes, it's the only one in the last three months we've received confirmation of. There have been a couple of others. There are a total of three investments. In fact, one of those will testify following me. Eleos was a relatively small amount that they got through us. They got money through other sources as well, but we helped make some of those connections.

SENATOR REDFIELD: Thank you.

SENATOR MINES: Great. Any other questions for Mr. Fairfield? What's your annual budget? You know, I could go pull it out but.

BRYAN FAIRFIELD: Our annual budget, we're running at about \$300,000 budget per year right now; \$200,000 comes from the state.

SENATOR MINES: Okay.

BRYAN FAIRFIELD: But in the first iteration we had about \$175,000 per year from the state.

SENATOR MINES: Okay. Tell me what happens if this doesn't get extended. What happens to Invest Nebraska?

BRYAN FAIRFIELD: Well, that's a good question. We haven't explored those opportunities. As you know, you run your business as if you mean to be there forever. And I don't know the answer to that question. I can tell you that it won't look good necessarily for the state because a big portion of our economic development in the future is high growth businesses and private equity investing. There are many aspects to economic development, as you folks know as well as I do. We are one small sliver of that economic development portfolio and yet it's a very important sliver that we're not currently addressing in other ways. So we are the entity that's working to make this a larger part of our economic development initiative and make it successful here in Nebraska.

SENATOR MINES: Good answer. Any further questions? Bryan,

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thank you very much.

BRYAN FAIRFIELD: Thank you.

SENATOR MINES: Nice testimony. Testifier number three in support of LB 498? Welcome.

MIKE BROWNE: Senator Mines and members of the banking committee, my name is Mike Browne. That's Mike, I'm sure you know how to spell. Browne is with an e, B-r-o-w-n-e, of Advanced Imaging Solutions, Inc. or as we refer to it, AIS. AIS is a digital video technology company focused on the sports and security markets. The company was founded by a couple of cutting-edge engineers who saw the opportunity to break ground in these new markets. We were the first company, for instance, to link a school to law enforcement digital video surveillance, to law enforcement through a digital Internet link for increased security. We also produce some of the most advanced sports digital video analysis technology on the market. We are what Bryan was referring to as one of the base companies here in Nebraska that utilize this service. AIS is one of the many companies who obviously had the opportunity to work with Invest Nebraska since their inception and the assistance that they provide has been extremely valuable for young companies starting up. Their assistance can increase the ability of a business to succeed here in Nebraska and has done so in our case. In our case, AIS met with Invest Nebraska when it was just a two-person operation. One was only full-time, struggling to take the business to the next level. We originally came looking for investment capital, but learned from Invest Nebraska that they needed to take several steps before that was possible. So with the assistance of Invest Nebraska, we focused on our business to really hone down what we were, rewrote the business plan, identified and retained a CEO and CFO, and finally sought investment capital. Invest Nebraska assisted with each of these steps. They helped identify areas of need in the business and connected us to business resources to help us grow. They fully reviewed our business, connected us with business plan and marketing experts, helped identify a CEO for the business, connected us with some growth capital sources, and even linked us with someone to train our sales force. Invest Nebraska's assistance is helping us achieve success right here in Nebraska. Our organization now employs

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22 people and is enjoying rapid growth. AIS is a Nebraska success story. AIS owes parts of its success to Invest Nebraska and I encourage you to recommend LB 498 out of committee and continue to support the services for Nebraska businesses. And with that, are there any questions?

SENATOR MINES: Thank you, Mr. Browne. Questions? I do have one.

MIKE BROWNE: Yes. Omaha-based.

SENATOR MINES: Good. But for Invest Nebraska, what other alternatives might you have had for that same kind of information?

MIKE BROWNE: Actually, there was none. Invest Nebraska is highly unique, Senator, in its breadth of services that not only can you come in looking for capital, but many times it isn't the capital that's the issue. One of the things that I learned early on, I was the CEO that was connected with this company. And when the founders first met with Bryan Fairfield and Invest Nebraska people, naturally, their questions were, you know, can you connect us with capital? And the issue was, well, I think there's some other things that you need before you do that. And as they walk through those things and went through that process, they literally solidified themselves as a company, grew as a company, positioned themselves to do what we're doing today which is to be a high growth, good employer here in the state of Nebraska.

SENATOR MINES: That's a great story. Thank you.

MIKE BROWNE: Thank you. You bet.

SENATOR MINES: Any further questions? Seeing none, thanks for your testimony.

MIKE BROWNE: Thank you.

SENATOR MINES: Next testifier in support of LB 498? Testifier number four of seven. Welcome.

JOHN GUSTAFSON: Good afternoon. Senator Mines and members of the banking committee, my name is John, J-o-h-n

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Gustafson, G-u-s-t-a-f-s-o-n of Odin Capital Group. As a member of the venture capital community, I'm here to testify on behalf of LB 498. Odin Capital is an Omaha-based venture capital firm targeting information technology, niche financial services, business services, and healthcare opportunities. Invest Nebraska helps fill a critical niche in the market that venture capital alone cannot address. The organization helps businesses, especially the seed in early stages, grow and develop as well as connect with angel capital. The work Invest Nebraska performs helps develop businesses into venture capital opportunities over time. That work not only helps encourage more venture capital investing in the state, but also helps grow businesses that have a positive economic impact on Nebraska's economy. An efficient private equity market requires market awareness, business support efforts, and early stage investing in addition to venture capital. Invest Nebraska is actively working to improve these elements in the state. They have already brought opportunities to our firm and to other firms in the region. As they continue to grow and expand their ability to identify opportunities throughout Nebraska they will help increase venture capital activity in the state. This effort, over time, can help Nebraska shift from being an exporter of venture capital to an importer of venture capital. I ask you to support this bill and the value Invest Nebraska is bringing to the private equity market. And I'd address any questions.

SENATOR MINES: John, thank you very much. Questions for Mr. Gustafson? Seeing none, thanks for being here today.

JOHN GUSTAFSON: Thank you.

SENATOR MINES: (Exhibit 3) Next testifier in support of the bill, number five of seven. While you're coming forward I would like to enter into the record a letter from David Brown, president and CEO of the Greater Omaha Chamber of Commerce in support of the bill. Thanks, Jeff. Good afternoon.

PAT KENNER: Senator Mines and members of the banking committee, my name is Pat Kenner, K-e-n-n-e-r. I work as president of the Thayer County Bank in Hebron, also mayor of the city of Hebron. And in addition to my heavy involvement in local economic development I serve on the board of

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directors for Invest Nebraska, and I'm here to testify on behalf of LB 498. Many communities in Nebraska, mine included, look for ways to grow our local economies and provide opportunities to retain our young people with good jobs in our community. Invest Nebraska is helping to provide a new resource communities can access to help achieve this goal. Invest Nebraska has compiled a set of best practices and recommendations communities all across the state can use to help grow businesses locally. These best practices originate nationwide from communities that have been successful with entrepreneurial initiatives. Currently, there are projects underway to help Nebraska communities access some of these best practices. Invest Nebraska is bringing representatives from a community in Iowa, for example, to demonstrate their entrepreneurial mentoring program that we in Columbus. They will be assisting Hastings in establishing an entrepreneurial network beginning next week. Invest Nebraska is also helping our efforts locally to establish a community development corporation in Hebron and in the three-county area, Gage, Jefferson, and Thayer County by providing processes to help us identify entrepreneurs. Thus, Nebraska has many other best practices available and has established relationships with resources outside Nebraska they can access to help our communities. They can, for example, bring a mentor from the Angel Capital Association to help communities considering an angel investment group. These are the kind of tools that Nebraska communities can use to improve their own ability to grow their local economies. And I note that's independent of government funding and government programs. This is a private effort which leverages all our scarce government resources. In addition to the best practices, Invest Nebraska is a resource communities can contact for individual business opportunities. They've helped us look at an opportunity in our community in addition to the work they are doing with our community development corporation effort. Invest Nebraska provides an important resource for greater Nebraska where the opportunity to attract businesses can be more difficult. It's for that reason I encourage you to support LB 498. Thank you.

SENATOR MINES: Good job, Pat. Questions for Mr. Kenner?
Senator Redfield.

SENATOR REDFIELD: I do have. In your community, have you

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had some businesses that have partnered in this initiative and have actually gotten funds to grow their business?

PAT KENNER: We have a small business that's gone from probably 10 to now 39 employees and as the former gentleman that was up here, we used Invest Nebraska early on to see if they wanted to use private equity capital. They chose not to. They really weren't at the stage of...it was too much of a mom and pop operation where they had too many personal guarantees involved to actually use private venture capital. But Invest Nebraska has been very helpful as they grow and they're up to \$4 million in sales annually, now, and we are approaching that process that they are going to need to access probably the equity market to continue their growth. But it isn't always just a knock on the door and get the money. In their case, we have to do a lot of coaching, might take several years, but Bryan has come down and met with them and I'm also their banker and it's also very useful to have an independent person come down and tell them what maybe they don't want their banker to tell them that they can't get debt for everything and so.

SENATOR MINES: Good job.

SENATOR REDFIELD: Thank you.

SENATOR MINES: Further questions? Senator Johnson.

SENATOR JOHNSON: What type of business is expanding so well?

PAT KENNER: Well, in Hebron we have, it's a very high tech machining business that produces parts for FMC Corporation out of Stevensville, Texas, and their butterfly valves that are used in oil pipelines as well as food pipelines, those sort of things. They also are a...their other major customer is Parker Hannifin. It's a young company and a bunch of young whiz kids that have figured out how to use lathes and things better than even the Parker Hannifins of the large company so.

SENATOR JOHNSON: Great.

SENATOR MINES: Any other thoughts? Seeing none, Pat, thanks for your service at the local level and at the state

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level. Nice to have you here. Next testifier, number six, in support of the bill. Mr. Sedlacek.

RON SEDLACEK: (Exhibit 4) Thank you, Mr. Chairman. Chairman Mines and members of the Banking, Commerce and Insurance Committee, for the record my name is Ron Sedlacek. And I'm here today representing the Nebraska Chamber of Commerce, as well as the Nebraska Bankers Association, and as well as the Nebraska Economic Developers Association. To that end, NEDA has also asked for a letter to be distributed to the committee in support of the legislation. My last name again is spelled S-e-d-l-a-c-e-k. The state chamber as well as the Nebraska Bankers Association, I know for certain, were two entities that had supported the original venture capital format. And we're here again before the committee to ask you to favorably consider this version of the legislation. In regard to economic development matters, the state chamber has through its councils as well as its board of directors and interrelationships with other economic developers, has tried to approach economic development on a number of fronts. The two major fronts that we concentrate on are growing our own businesses here in Nebraska are getting that particular opportunity. Those businesses that have roots in Nebraska, hopefully, they can grow those roots even deeper in the state. This is an opportunity, with this particular legislation, to allow for that to happen for those entrepreneurs that are here in Nebraska that have perhaps an ability to develop a business, to give them a chance to do so. The other front, of course, is to look at those other companies that might be interested in doing business in Nebraska and providing those particular opportunities for them. So, in accord with those particular positions in economic development we wholeheartedly do support the passage or the advancement and, hopefully, passage of this legislation. I'd be happy to entertain any questions.

SENATOR MINES: Thank you, Ron. Questions for Mr. Sedlacek? Seeing none, thanks for your testimony.

RON SEDLACEK: Thank you.

SENATOR MINES: Next testifier, Bruce? Is there anyone following Bruce that wishes to testify in support? Please raise your hand. All right. This better be good. You're

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it.

BRUCE BOHRER: (Exhibit 5) Thank you, Mr. Chairman, members of the committee. For the record, Bruce Bohrer, again testifying on behalf of Lincoln Chamber of Commerce. I'd like to submit a letter for the record at your agreement if you'd make that a part of the record.

SENATOR MINES: Absolutely.

BRUCE BOHRER: I'm not going to belabor the points. The previous testifiers have already thoroughly covered the attributes and benefits of (LB) 498. I just want to have the chamber on record as supporting (LB) 498 because we believe it provides for the continued organization, coordination, and information flow between venture capital investors and small businesses. It's already been mentioned, spin-offs for the university. Two of our specific targets for our Angelou report for economic growth in Lincoln are, especially, electronics, and biotech, and technology related companies. We feel that this is a needed part of our broad-based program for entrepreneur support so we would urge your support of this and I would be available for any questions you might have.

SENATOR MINES: Thank you. Questions? Seeing none, Bruce, thanks for your testimony.

BRUCE BOHRER: Thank you.

SENATOR MINES: No one else wishing to testify in support? I don't see any hands. Those wishing to testify in opposition? How about neutral? Seeing none, and Senator Landis has waived closing. That will close the public hearing on LB 498. And I will open the public hearing on LB 716. Senator Engel, et al. Whenever you are ready, Senator.

LB 716

SENATOR ENGEL: (Exhibits 1 and 2) Okay, good afternoon, Chairman Mines and members of the Banking, Commerce and Insurance Committee. I am Pat Engel. That's spelled P-a-t E-n-g-e-l and I represent District 17 in northeast Nebraska.

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I am here today to introduce LB 716. LB 716 would create the Advantage Nebraska Workforce Training Institute within the Nebraska Department of Economic Development. The purpose of the institute is to operate custom job training and education programs to provide quick and effective job training to workers that will meet the employment training needs of existing, new, and expanding Nebraska employers. The Advantage Nebraska Workforce Training Institute may utilize the programs offered by postsecondary technical schools, community colleges, and other educational institutions. The institute would be statewide and available to assist any community in the state. The director of the Department of Economic Development would appoint a director of the institute and also provide staff and resources to administer the program to the extent that the program is funded by the state of Nebraska or other sources. The institute may enter into agreements with the above-mentioned postsecondary schools, colleges, and Nebraska employers to provide custom job training based on specific training needs analysis. The institute shall reimburse the training facilities, all or part of the cost, at the discretion of the institute. Employers shall submit an application designed by the institute to qualify for training assistance under LB 716. All requests must qualify under the guidelines, rules, and regulations adopted and promulgated by the institute. Grants of money, materials, services, or property of any kind from the state of Nebraska, any federal agency, or any private person or entity may be accepted by the institute if it will help carry out the objectives of this act. The goal of LB 716 is to fund \$5 million this year and phase upward to a goal of \$25 million in annual job training assistance. Nebraska needs to invest in a workforce and provide opportunities for our children and grandchildren. We must protect Nebraska's positive reputation as having one of the best workforces in the nation, but we also must have a trained workforce to compete with the other states. Other states are offering \$3,000 to \$8,000 per job. Nebraska is nowhere near that level. While we spent approximately \$600,000 to \$1 million in 2003, neighboring states appropriated up to \$35 million for custom job training. There is a handout for each of you showing the dollars devoted to custom job training in the other states in our geographic area and you can certainly see the disparity there. We must be competitive in this area or watch Nebraska lose out on more business

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opportunities so LB 716 is a vehicle to start improving our resources. Now there are other testifiers following me who will expand on my comments so with that I'd like to thank you for your attention and answer any questions you might have.

SENATOR MINES: Thank you, Senator. Questions for Senator Engel? Senator Redfield.

SENATOR REDFIELD: I do. Under the Workforce Investment Act that the federal government actually put together and funds are funneled through the Department of Labor, are any of those dollars available for us to funnel into this kind of a targeted training program?

SENATOR ENGEL: Well, if they are they'll certainly be...they're going to go after all the funds that they can find for this particular program. But I think someone coming after me will be able to answer that more specifically. But I think they're going to utilize funds wherever they can find funds.

SENATOR REDFIELD: I mean, I'm just wondering, that was the whole picture that we saw when we saw that act pass that we could use those dollars directed by businesses who really knew what skills they needed in the workplace. And what I'm hearing you say is we really haven't utilized the funds that way.

SENATOR ENGEL: Well, evidently, they haven't been available to us or they certainly would have been utilized, but this is something that, you know, the thing with the federal government when they do find something, you have it and then you don't have it, too. So I think we have to come up with something that's ongoing because we have to be ongoing because we're not competitive, as you know, with other states in so many areas now. And I think that's why we're trying to revamp our whole incentive programs, but if we can't provide trained workforce no matter how good our workers are, if they're not trained for or can't be trained for a specific industry that wants to come in, we lose out. In fact, they don't even come here. They don't even ask about Nebraska anymore because they know we don't have the funding to train the workers that they need, at this point so. But hopefully, someone behind me can answer that. If

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not, I'll certainly find out for you.

SENATOR REDFIELD: Okay. I'll ask. Thank you.

SENATOR MINES: Great, thank you. Other questions for Senator Engel? Seeing none, Senator. Always a pleasure to have you here.

SENATOR ENGEL: It's always a pleasure being here.

SENATOR MINES: Will you be staying for closing?

SENATOR ENGEL: I'll stick around but I don't think I'll close but I would appreciate you advancing this to General File.

SENATOR MINES: Thank you very much.

SENATOR ENGEL: Thank you very much.

SENATOR MINES: Nice to have you here. May I see a show of hands, those wishing to testify in support of the bill? One, two, three, four. Those wishing to testify in opposition? There's no opponents today. You're a lucky man. Anyone wishing to testify in a neutral capacity? You're a neutral? All right. I've got four pro, one neutral. Come on forward and give us your testimony. It's a pleasure to have you here today.

DUANE MATSON: (Exhibits 3, 4, and 5) Thank you. Senator Mines, members of the committee, my name is Duane Matson. I'm the training coordinator at Behlen Manufacturing. Behlen Manufacturing, if you aren't familiar with us is in Columbus, Nebraska. We employ about 700 people there and manufacture various steel and plastic products.

SENATOR MINES: Duane, could I have you spell your last name, please?

DUANE MATSON: Thank you. Actually, it's Duane, D-u-a-n-e Matson, M-a-t-s-o-n.

SENATOR MINES: Great, thanks.

DUANE MATSON: Tony Raimondo is our CEO and team leader.

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Tony apologizes for not being able to be here. He's actually entertaining some Chinese delegates in Texas. I'm also speaking on behalf of the state chamber, the Omaha chamber, the Lincoln chamber, and the Nebraska Bankers Association. I do not have a lot of prepared testimony for you. What I do have are three documents that I can see are being passed around right now. Got to wait and let them get caught up. One of these is a magazine put out by Behlen called the Behlen Focus and I folded it open. On one side it says, Tony's Corner. In this article, Tony talks about globalization, how Behlen needs to be competitive, how important it is to be globalized and have people who are engaged versus not engaged or actively disengaged. I'll let you read that more at your leisure. Another one of the pieces that I brought is a yellow trifold brochure. It outlines the various training and education opportunities we offer at Behlen. And then the last document is probably the one that I would imagine you'll spend the most time looking at. This is a summary or yearend summary of education and training activities at Behlen for the calendar year 2004. The first two pages outline the various programs, some of which are depicted there in the yellow brochure, how many people participate in the various types of training that we offered. And then towards the end of the second page we outline some of the costs that we incurred related to training. Roughly, last year we spent a little over 600,000 in training dollars. Companywide we have about 1,000 employees so that's in a nutshell what we spent. Third page is a line graph. These are dollars associated with manufacturing training. This is what we pull off one of our computer systems. This is basically what people charge their time to when they're in training. And the last page is a bar graph, kind of compares training over the last five years at Behlen. Roughly this last year we spent 1 percent of our payroll on training and we've been pretty close to that 1 to say, 1.5 percent for the last several years; 2002 there we did spend quite a bit more. We did a lot of leadership training that year. We had extra staff and basically kicked off the new initiative that has kind of run its course now. Having said that, I would ask you to look at these documents, ask questions and support LB 716. Any questions?

SENATOR MINES: Thank you. Any questions for Mr. Matson? Seeing none, thank you for your testimony. Roberta, you're

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second? Welcome. You've not been here this year, have you?

ROBERTA PINKERTON: I have not.

SENATOR MINES: It's nice to have you here.

ROBERTA PINKERTON: (Exhibits 6, 7, and 8) Thank you. Senator Mines and committee, my name is Roberta Pinkerton. The last name is spelled P-i-n-k-e-r-t-o-n. I'm testifying today on behalf of the Nebraska Economic Developers Association also known as NEDA. And I do have some letters of support that I'd like to submit. I'm just going to give them all to you. The first letter is from NEDA and I'd like to submit that letter of support for LB 716. NEDA is an organization made up of 290 members who are involved in economic development activities statewide and I'm serving as NEDA's president this year. I'm also submitting letters from AAA Nebraska and from the Gallup organization. For years, economic developers across the state have touted Nebraska's strong work ethic and quality labor force as one of the advantages of doing business in Nebraska. With global competition and constantly changing technology, the challenge is preparing our workforce for the future. We consistently hear from companies considering relocating or expanding in Nebraska that the need for a skilled workforce is a top priority in selecting a location. If we are not able to provide the skilled workforce needed these businesses will be forced to move to other geographic locations where a trained workforce is available. Nebraska communities need to be flexible and innovative in retaining their employees and creating jobs. One of the most limiting factors in economic development is the lack of qualified skill workers. Quite simply, employers need qualified workers. Communities need employers and people need work in order to be self-sufficient. We hear often the recurring problem of our best and brightest moving out of state to find better jobs. We need to stop the loss of our young people and give them a reason to stay in Nebraska. Good quality jobs will give them a reason to stay. Proper job training will give them the skills they need to fill those quality jobs. Job training provides an inducement to new companies considering Nebraska as a location and requiring a skilled workforce. Economic developers statewide report that prospective companies almost universally expect that start-up job training dollars will be available. Job

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training provides the technical skills and training necessary for Nebraskans to fill these new positions and remain in their communities and in Nebraska. In 2003, Nebraska allocated \$600,000 to job training in the state. Missouri devoted \$24.8 million. Iowa spent \$27 million and Kansas spent \$35 million. On average, the states in our region spent \$13 million on job training. The Nebraska Department of Economic Development does a really good job of administering the limited training dollars that we have. These investments have an immediate impact on Nebraska as new jobs come on line and are filled by Nebraskans. It's a direct payback for Nebraska. Training can help Nebraskans have more employment choices and a better future available to them as a result of their increased skills. Well-trained Nebraskans can be more productively employed, earn a higher wage for themselves and their families and contribute to the overall economy of our state. I encourage your support of LB 716 so that our communities and our state can remain viable and competitive in creating quality jobs for generations to come. I'd be happy to answer any questions that you might have.

SENATOR MINES: Thank you for your testimony. Questions for Ms. Pinkerton? Seeing none, thank you.

ROBERTA PINKERTON: Thank you.

SENATOR MINES: Well done. Testifier number three. Good afternoon.

DWAYNE PROBYN: Chairman Mines, committee, my name is Dwayne Probyn. First name is spelled D-w-a-y-n-e. Last name is spelled P-r-o-b-y-n. I'm currently employed by the Metropolitan Community College Workforce Development Institute. In this role I have the responsibility of providing incumbent training, both from a credit as well as a noncredit application throughout the community. Prior to my three years here at the college I spent a little over thirty-six and a half years with Caterpillar. And it's based on the experience that I've had with these two occupations that I was selected by the Omaha Chamber of Commerce to talk with you today. And the position that I currently have allows me to be a promoter of these kinds of programs for training purposes. The programs that I was a recipient of while I was at Caterpillar allows me to see the

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benefits of these kinds of programs. First, I'd like to explain to you that this LB 716 is very much a part of what I feel to be the initiative that we need in Nebraska to keep our company strong. In both of the prior occupations that I just described to you, it was very apparent to me that it is imperative that we have solid training programs for our incumbent workers as well as to attract new businesses to come into the state, to allow us to remain competitive with this high velocity workplace that we are currently involved with. As a matter of fact, if it were not for the benefits of LB 775, I wouldn't even be here with you today because it was based on those incentive programs and others that we added to about a thousand point matrix in deciding to build our Claas Caterpillar combine plant in Sarpy County in December of 1998. I was one of thirty families that was a multi-national workforce that were transferred to Sarpy County to start our combine facility. Soon after arriving it became very apparent to us that there were skills that were needed for the workforce. And so we began to introduce training programs and using the incentives to launch those training programs. And I'll give you just three examples of what I think are some of the ones that were the most important to us. One of the first ones was to develop a multi-faceted blueprint reading course. We found that there were some shortcomings in the workforce. As a matter of fact, some of the people we would not even be able to hire had we not launched this blueprint reading course. The next course that we developed was a study course on developing our first-line managers in how to manage a sheet metal fabrication. That's what a combine is, it's a big sheet metal box. That experience and the quality that is necessary for that kind of production was lacking so that was the second one. The third area was to launch our ISO program and we worked with the Nebraska Department of Economic Development to identify a third-party provider for our ISO program, which we launched for all of our employees. And, as a matter of fact, that will be the precursor of what we hope will be a carry-on program in six segments and we expect to establish that yet this year. Now let me fast forward to my current occupation and that is to provide training for incumbent workers, as well as to attract new companies coming into the state. Again, I'll give you three examples. We have currently worked with a company in Blair to develop a time and project management course. We've trained about 48 of their people. Secondly, we have trained

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19 of their folks to pass the Omaha requirement for a third grade engineer's license to handle steam boilers. Another program that we used LB 1337 for was to start a diesel technician program. This we did in concert and with the partnership of a diesel user, as well as the metro area transit district. In summary, the economic development programs that I've been involved with I think give me the unique credentials to allow me to talk to people that have a desire to come into the state. And the Greater Omaha Chamber of Commerce has asked me to talk with companies coming in and I've been able to describe to them the benefits that this kind of a program offers. And I can tell you that I am very bullish on the business climate of Nebraska, but I will also tell you and most people will agree that training in a downturn is one of the first things to be cut and the last thing to be reinstated. And I do believe that LB 716 can provide the engine to kick-start some of those incentive programs to start them again. I would be happy to entertain any questions you might have.

SENATOR MINES: Thank you, Mr. Probyn. Any questions? Yes, Senator Jensen.

SENATOR JENSEN: Yes, thank you and thank you for your testimony. When a company comes in or takes a look at a state like Nebraska and every company seems to require just a little bit different in training of its workforce. Is there ample time for that workforce to be developed concurrently with the development of the plant or the building of the plant so that when a plant is done the workforce is well trained?

DWAYNE PROBYN: Yeah. We anticipated that. We sent our HR manager ahead. He was actually living in the area and had office space in the cityhall in downtown Papillion. And he was here about 18 months before we actually started the first of the temporary facilities. We had actually two facilities. We started out in a 10,000 square foot temporary and then while that was being...we were introducing the combine. Then we were building the big facility across the street which is 150,000 square feet which is what you see just off the interstate. So our HR manager was here and he began to work with the Nebraska training programs to try to identify, first of all, the technicians. And we started our force with two folks that

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were the assembly technicians. And then as we began to expand into the larger program then we began to add staff. But more direct to your question, it's a constant training situation that you're involved with. Even after we were here, we were up to almost full staff, we were still experiencing areas that needed to be upgraded in skill-sets. And that's where these kinds of programs really help us is because then you can go and start developing those to bring your staff up to what the needs are. As I said before, it's an area that we found the six-segment programs and the attendant quality programs were really necessary in order to build a world-class combine that was competing in a world-class marketplace. And we did service markets outside the United States as well as inside the United States. Yes, sir.

SENATOR MINES: Senator Langemeier.

SENATOR LANGEMEIER: Thank you, Senator Mines. Mr. Probyn, I appreciate your testimony. I thank you for coming. I want to get back to your Cat days.

DWAYNE PROBYN: Um-hum.

SENATOR LANGEMEIER: You talked about Cat and Claas being a (LB) 775 company.

DWAYNE PROBYN: Um-hum.

SENATOR LANGEMEIER: And then when you came you didn't have enough trained people.

DWAYNE PROBYN: Um-hum.

SENATOR LANGEMEIER: If you had the choice of one or the other, would you rather have the trained people and not (LB) 775?

DWAYNE PROBYN: I think one really develops the other in my opinion. The (LB) 775 developed the incentives necessary to be competitive with the other areas that we had considered to locate a plant and then after we got here to use other incentive programs to train the workforce.

SENATOR LANGEMEIER: Okay. Thank you and then...

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SENATOR MINES: Other questions?

SENATOR LANGEMEIER: ...I have one more follow-up question.

SENATOR MINES: I'm sorry.

SENATOR LANGEMEIER: You talked about training blueprint readers?

DWAYNE PROBYN: Um-hum.

SENATOR LANGEMEIER: What does a blueprint reader pay?

DWAYNE PROBYN: Those jobs were about \$13 an hour. They were about the equivalent of the top technician salaries in the area and then on top of that you would have benefits.

SENATOR LANGEMEIER: Thank you.

DWAYNE PROBYN: Um-hum.

SENATOR MINES: Further questions? Thank you for your testimony.

DWAYNE PROBYN: Thank you for the opportunity.

SENATOR MINES: Nice having you here today. I think this is the final testifier in support. Mr. Baack, nice to have you here.

DENNIS BAACK: Thank you. Senator Mines and members of the Banking and Insurance Committee, my name is Dennis Baack, B-a-a-c-k. I'm the executive director of Nebraska Community College Association here to testify in support of LB 716. We are probably the entity that the Department of Economic Development looks to most often when it comes to training workers and we work very closely with them. We would plan to work very closely with them in the future and continue to do that. One of the questions I know that Senator Redfield asked early on was about the Workforce Investment Act and do we spend any of the dollars for training. Another one of my roles in representing the community college is to sit on the worker training board. And the worker training board is an entity that puts dollars out there for training of incumbent

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workers for companies that already exist in Nebraska. And for the last couple of years, each of the last two years I think that the governor has put in \$300,000 of discretionary funds from WIA into the worker training program so we've been able to expand our program a little bit because of those funds. So we do use some of it for worker training now. There is a lot of training that takes place that has resulted from WIA and a lot of that takes place at our community colleges but specific funds, there's about \$300,000 a year that has gone into the worker training fund. So I think that this is one of the things that we see happening all across the state, is technology is changing and is changing very rapidly. And we're going to see the need for training of our incumbent workers and our new workers. That's going to be a continual thing. They talk about lifelong learning. It is really here. You do have to be a lifelong learner if you're going to stay current with the technology as fast as it changes in the state and around the world today. So I think this is something that could be very, very important for attracting business and industry because what they absolutely require, some kind of a trained workforce when they get here and then they require after that a continual updating of that training for all of their workforce. So I think this could be a very important piece for economic development for Nebraska. With that, I would be happy to answer questions, if there are any.

SENATOR MINES: Thank you, Dennis. Questions for Mr. Baack? Seeing none, thank you very much. Thank you. Anyone else wishing to testify in support of the bill? I see none. Anyone wishing to testify in opposition? I see none. We have one neutral testifier. Director Baier, nice to have you back. I'm interested to see why...

RICHARD BAIER: (Exhibit 9) I went the whole year and didn't get a chance to visit with you.

SENATOR MINES: ...I'm interested why you are neutral.

RICHARD BAIER: I'll address that, Senator. Be happy to do it. Again, my name is Richard Baier spelled B-a-i-e-r. I'm the director for the Department of Economic Development. I'm here to testify today in a neutral position on LB 716 and that really is a result of our position on this issue, as the administration when this was put together, we were

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still working under a budget and forecasts would not really allow for this kind of an expenditure. I think we're taking a wait-and-see approach to determine where that goes as future forecasts come out. I really want to today emphasize the importance of having a training system that is flexible and responds quickly to the challenges of the new workforce. Our new economy that we're working on and the projects that we're working on is really unique and it has several characteristics that are unprecedented and they include high productivity increases, rapid technology change, heavy investment and capital, increased global competition, and high business mobility. In many ways these changes that are occurring are not just rapid, they're almost revolutionary. In this new environment lifelong learning is not just jargon, but instead has become a growing necessary for many of our employers to be successful. What I'd like to do today is talk quickly about DED's role. We have historically managed the state's customized job training program and the focus of this program has been for newly-created jobs by business operations that are either locating or expanding to our state. Over the past year DED has been reviewing all of our training programs and we've come to the conclusions that we need to make some fundamental changes in how we deliver these programs. There are two particular concerns that came up during this review. One was that we do not have a consistent integrated training program across the state. For example, we cannot offer a standard start-up training program for manufacturing technicians in all areas of the state, and we are routinely finding that companies with multiple Nebraska locations expect and deserve highly flexible, consistent, customized job training programs wherever they are located across Nebraska. The second concern is that we have not worked as consistent as we would have liked to with the community colleges and the other institutions of higher education in providing our customized job training program. While we have a good working relationship on individual projects we believe there would be huge advantages if we learned to improve our interaction with the community colleges and other institutions on a statewide and ongoing basis. I'll give you an example. After reviewing the best practices training programs across the nation, a team consisting from the Department of Labor, the community college system, and the Department of Economic Development recently went to Georgia to review the operations of their highly successful

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Quick Start training program. I can tell you that we learned a great deal from this. Subsequently, we've had follow-up meetings with the community colleges and universities, and have planned to announce and continue to refine our worker training system this summer and into the fall. With that, I would be happy to answer any questions. I do have a couple of comments in response to some of the questions Senator Redfield on the WIA issue. In addition to what Mr. Baack was able to share with you, we do work with the Department of Labor in targeting those dollars for what I'm going to call more general type skills development. I think our friends at labor would refer to them maybe as more of alarm clock skills, basic language skills, those kinds of things. What's envisioned under this legislation, as well as the current customized job training program, is more of a technical blueprint reading, you know, reading pressure in an ethanol plant, for example. I mean, making sure that you have those technical skills and math skills, in many cases, to put those pieces together. So it's a little bit different focus on how the two training programs are offered. And Senator Jensen, some of the previous testifiers were correct in that we're seeing most of our communities now as part of their local incentive, provide training space either at the community college or in a local facility ahead of time before the project is up and running, and we see that in many instances. We've got several of them ongoing right now across the state but...

SENATOR MINES: Thank you. Questions for Director Baier?
Senator Redfield.

SENATOR REDFIELD: So the administration has put money into the budget for the Invest Nebraska Act, but not for this training program, at this time?

RICHARD BAIER: At this point, it does not include any funding for the training, in the customized job training program, that's correct.

SENATOR REDFIELD: Okay.

SENATOR MINES: Other questions? If you would, I see the institute could enter into agreements with oh, secondary technical schools,...

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RICHARD BAIER: Um-hum.

SENATOR MINES: ...community colleges, and other educational institutions, whatever that might be.

RICHARD BAIER: Um-hum, um-hum.

SENATOR MINES: Does job training ever get referred to other institutions of higher education, state college system, university system...?

RICHARD BAIER: Absolutely.

SENATOR MINES: Do you interpret this to exclude them or is other educational institutions inclusive?

RICHARD BAIER: That is meant to incorporate all the institutions here in Nebraska.

SENATOR MINES: Okay. Would that include private institutions, as well?

RICHARD BAIER: Well, I can't remember any where we've done that but I think it could, assuming that there was a unique reason or a unique program...

SENATOR MINES: Yeah, I'm not proposing it. I just...I wonder if anyone is excluded by language.

RICHARD BAIER: No, we have not, at this point. Again, we would try and make best use of the resources, obviously,...and we'd also...

SENATOR MINES: Sure.

RICHARD BAIER: ...try and target whoever can provide the best delivery of those services.

SENATOR MINES: Yeah, certainly, technical schools and community colleges are the place that much of this will happen but...

RICHARD BAIER: But it could be things like leadership training or those kinds of issues. It is not uncommon for many of our employers now, and what you're seeing is an

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increased education level. Many of our employers and one I probably don't want to name because they're probably not quite ready to announce this, but they're actually requiring...they have in excess of 3,000 people working in Nebraska. But this company actually requires all of their frontline supervisors to have a four-year degree and if you want to be a manager at the next level you have to be working on a master's with a plan to finish that master's degree.

SENATOR MINES: Okay.

RICHARD BAIER: So there is an increasing level of education among many of our business and traditional industries in Nebraska.

SENATOR MINES: Absolutely. Senator Johnson, did you have a question?

SENATOR JOHNSON: Yes. The question that I had was this, and I haven't read the bill so I don't know where the funding is coming from whether it was meant to be an appropriation from the General Fund or whatever. I presume that would be the case.

RICHARD BAIER: Um-hum, yes.

SENATOR JOHNSON: Would it not be possible, however, that you could set up a system for training similar to what you have with (LB) 775 where a company contracts, say, with a community college to train this workforce,...

RICHARD BAIER: Um-hum.

SENATOR JOHNSON: ...and then have it as a tax credit similar to what (LB) 775.

RICHARD BAIER: There could be a way to look at that. As it's envisioned, the bill as it's envisioned now is a General Fund appropriation escalating up over time. But you're correct in that there would be some other ways to approach the issue. I think the people that are supportive of this issue across the state will tell you it really is not about the process, but the end result so I think we'd be willing to entertain any and all ideas to make sure we get a

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trained workforce to be competitive. And I think leading edge is my preference as whatever that looks like.

SENATOR MINES: Other questions for Director Baier? Seeing none, thanks for being here again. Anyone else wishing to testify in a neutral capacity? Seeing none, Senator Engel to close. Senator Engel waives closing and that will close public hearing on LB 716. And I will open the public hearing on LB 546. Senator Brown. I sure hope all these people aren't going to testify. Oh, they're all waving (laughter).

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SENATOR BROWN: No. Good afternoon, Senator Mines and members of the committee. Actually, we've managed, we hope, to control testimony a little bit.

SENATOR MINES: Okay.

SENATOR BROWN: My name is Pam Brown, and I am from District 6 in Omaha, and here to introduce LB 546. It was almost 50 years ago that a group of academics in North Carolina established the Research Triangle Park, leveraging the activities of Duke University, the University of North Carolina, and North Carolina State, coordinating things within the three communities, Raleigh, Durham, and Chapel Hill, which are all located in three different counties. The interesting thing in North Carolina was not just the establishment of the Research Triangle Park, but how that influenced the way that the three communities interacted. And they began to--three communities that had been, up to that point, fairly competitive, began to work together. And it is a totally different place in the 50 years that have transpired, than it was at that time. It was almost 80 years ago, 80 years ago, 1927, when Dallas first approached Fort Worth with the idea of a regional airport. In 1940 the feds said, no more money until you guys get your act together. It took until 1968 for them to develop a joint authority for the airport, and until the mid-1970s to actually construct it. So it took them almost 50 years to do that which they knew that they needed to do in 1927. And still, they did not--they got some of the targeting and development that they wanted, and some coordination by

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virtue of the location of the airport, but they didn't get the targeting that they possibly could have, had they had a more formalized arrangement amongst the local elected officials. In October, the Governor hosted a summit on economic development in Lincoln and Omaha and the I-80 corridor in between that Senator Jensen--it was really kind of Senator Jensen's idea, but he was busy doing some things with mental health and so I got to do some of the work on the summit. The structure of the summit was looking at the areas of targeting that had been established by a Deloitte Touche study, the four areas--information technology, biotechnology, value-added agriculture, and financial services, and insurance services. Looking at the infrastructure that was particular to the region, J.B. Milliken, who had just come into his role as president of the university, had come from North Carolina and brought some ideas on the research that he had done about what had worked in North Carolina. And Coss, an organization that is located in this area, talked about what things the state had done very well, in terms of attracting them and getting them to be a very successful company within this corridor. But probably the most memorable of the speakers was a gentleman named Roger Siegel, a nationally known marketing consultant out of New Orleans, who's done quite a bit of work in Omaha. And he spoke about that if Nebraska had followed the pattern of development that other states have followed, that we should have a population of four-and-a-half million people. And he made a very strong statement right before lunch, or right before his conclusion, which was, your state is dying. We don't have the 80 years that I've talked about before, or the 50 years to keep doing what we've been doing. We need to do more. So I have researched regional economic coordination and what has caused it to be successful in other areas, what some of the key points are. And the criteria I have come to believe are that there is a meaningful public/private partnership. It involves higher education, targets development in ways that we think are particularly good, the kinds of jobs that we want, high tech, environmentally sensitive, aesthetically sensitive. It builds on the regional aspect, the physical attributes of the region, the political and cultural aspects of the region, and it coordinates the interaction of the region with federal authorities, either elected or groups out of the federal government. So LB 546 is sort of the template of what I believe the criteria are. It establishes the

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(Nebraska) Opportunity Zone Act, which is a very general idea of what regional economic coordination could look like. And it's really more than economic coordination, because we've been doing that, and very successfully, for a while. But we haven't necessarily overlaid the part of political coordination to the economic coordination. LB 546 specifically authorizes the zone, the Nebraska eastern innovation zone, which is building on the work that Lincoln and Omaha are doing together, and have been doing. And I think that it's a real critical time for that piece. It builds on what is going on with the university system and their willingness to work together, the three campuses that are located within the zone; builds on the economic impact of Offutt, which is a huge driver within the eastern part of the state; and the development that's going on in Ashland. And I truly believe that the time is now. Now I have my own reasons for approaching this the way that I have. I have been very fortunate in the time that I've been in the Legislature, to work on things like the Kiewit Institute, which is the first time that we really established something within the university system that was truly a different kind of an animal. It doesn't necessarily belong to a campus; it really belongs to a public/private partnership. I was very involved in the Caterpillar class recruitment and sponsored the legislation that made the incentive legislation more workable for them. And I've seen how the development in Sarpy County, you know, some of it--Sarpy County has been very progressive, and some of it is very, very good, and some of it probably we have done it a little bit differently, and it's not just Sarpy County, but it's the aesthetics of that whole area along the interstate. I happen to believe, and there are some people that may speak about this and be a little bit concerned about a focus on development, and I would say that the best way to manage growth and development is not to try to stop it, but rather to figure out what you want and try to encourage that which you want. We can look at this and, at this point in time, it may not be as substantive as it could be, but as I said, the whole idea of the (Nebraska) Opportunity Zone Act is to create a very general template. I think that there is a lot being done in a regional approach to economic development, but if we ever move to the point where some meaningful things could follow--I've talked to a senator about the possibility of having a tier in the economic development incentive legislation that would only be available to

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regions that are working together in a meaningful way, that have targeted what kinds of industries they really want, and that might be available, a special tier that might be available to that. Senator Jensen has a bill that talks about looking at funding counties by region, so that we can make sure that we are getting a coordination of services. And so as we move towards that kind of thing, I think that there's going to be more of an impetus to formally establish some of these regions. I have been approached about whether I'm being exclusive, and that was absolutely never my idea. In fact, the whole reason for doing it as the (Nebraska) Opportunity Zone Act, rather than just establishing the innovation zone, the eastern Nebraska innovation zone, was because I believe that there is a lot of reason for us to look at this statewide. I don't know as much statewide, even though I have some connections to places like Mullen and Broken Bow and Osceola and places like that, I don't know enough to be able to design the specifics for every single place. But what I've promised is that I will work with all of those regions that wish to develop an opportunity zone, to figure out what is particular to those regions over the next year, before I'm out of here. And so, I think that this is just a first step, and I see it as broader than that. But I've spent a couple of years just developing this piece of it. I wasn't quite ready or able to do all of it, nor did I know enough to do all of it. I was asked at a meeting not very long ago, what is the down side? This sounds like really nice and fluffy and we should all think it's a great idea. And I would say, and it's something that's mentioned in one of the letters of support actually, is that in the worst of all worlds, it could be just another level of bureaucracy. And that's why I said, a meaningful public/private partnership, because rightly or wrongly, in the state of Nebraska, we expect that elected officials are the ones that make policy decisions. And so as long as that's true, and as long as we have a multitude of local elected officials, having some way for them meaningfully to interact, I think, is absolutely critical. The other things about it are that by putting...for the Lincoln, Omaha, I-80 Corridor area, one of the areas of great significance is that businesses will only look at, certain kinds of businesses will only look at locating in an area of a million people. Now to get an MSA designation of a million, you have to be able to show that you're actually working together as Lincoln and Omaha, I think, are in a way

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that is very regional, is very real and very regional. But I think having a designation in statute doesn't hurt, either, and so I think that that's an important piece of this legislation. I do not mean in any way, shape, or form that this is just going to be a bunch of people having one more meeting where they hold hands and sing Kum Ba Yah. This is about making some meaningful decisions together about where this part of the state is going. And I mentioned some support letters. We have letters from the Omaha Chamber that I think you may have, a letter from Jim McClurg, who is not only a regent but also the president of a biotech company and very interested in this, and Prem Paul, who is the UNL vice chancellor, and I would be glad to answer any questions.

SENATOR MINES: Thank you, Senator Brown. Members, do you have questions? Senator Johnson?

SENATOR JOHNSON: Well, I don't know if I have a question, but I certainly have a comment. I applaud you for what you're doing. I can give you an illustration in Nebraska, as bad as the one, percentage wise at least, as Texas, and that is out in our area 25 years ago, there was an attempt to build a tri-city airport between the tri-cities. It would have cost about \$10 million combined for all three cities to contribute to. They could not agree. To build the same airport today is now prohibitive, because it would be \$100 million, I'm told. So you know, it's time to get going on this sort of thing, and I applaud you for moving in this direction.

SENATOR MINES: Thank you, Senator. Any other comments or questions? Seeing none, thanks for your testimony.

SENATOR BROWN: Thanks.

SENATOR MINES: May I see a show of hands of those wishing to testify in support? One, two, three--holy moly! One, two--let's please hold them up. One, two, three, four, five, six, seven, eight. Those wishing to testify in opposition? I figured there wouldn't be any. Those wishing to testify in a neutral capacity? I see one. Bruce, you're first up.

BRUCE BOHRER: (Exhibit 1) Thank you, Mr. Chairman, members

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of the committee. Bruce Bohrer, appearing on behalf of the Lincoln Chamber of Commerce, in strong support of LB 546. I've got a letter for the record, and I'm going to deviate in my comments a little bit from this, just to first of all thank Senator Brown and other members, Senator Jensen, for being advocates for this for a number of years. I attended the I-80 Corridor Summit that the Senator referenced, in October. I thought it was probably one of the best seminars or summits, if you will, on economic development that I have ever attended. We had some speakers there, obviously hearing from the president about his experience, President Milliken about his experience in North Carolina, and from the gentleman she referenced from Louisiana. I think it really opened some eyes, at least for this Nebraska boy. When I heard that Nebraska was a population of about a million people in the year 1900, and in 2005, we're at about 1.7 million, and if we would have grown at just the average rate of growth, the rest of the country has grown over the last 104 years or 105 years, we'd be about what? What did you say, 4.5 million? That would help us with a lot of problems that we face with too few belly buttons in this state, and we're not going to get any more belly buttons in this state, unless we have more jobs. We do have certain corridors. I think along the I-80 corridor it doesn't take a brain surgeon to look across the state and see where a lot of the economic growth, population growth has been over the last 10 or 15 years. We need to leverage those assets and really do it in a coordinated way, and we would support that and support the opportunity zone commission (Nebraska Innovation Zone Commission). I guess just an aside, I was really struck, too, and I think Senator Brown mentioned this in her opening, when President Milliken referenced North Carolina and the Research Triangle that's famously well-known across the country for what it's done, and talked about how long ago that really started. You know, we think of it in just the last 10 or 15 years. It was somebody talking about doing that and really getting it started about 50 or 60 years ago. That really struck me as something that we need to look back and think, you know, we haven't done this yet. It sort of developed, at least the area between Lincoln and Omaha has developed on its own, with some natural assets between the two communities. Obviously the water, the Platte River there, and some of the facilities that we have now, as far as recreation. But that really struck me as being something that I didn't want to look back

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in 40 years, and I've got three young boys that I hope they have opportunities here around Lincoln, or at least in Nebraska, where they can stay here. I don't want to look back and say, jeez, we really should have pursued that, or really should have been a little bit more cooperative, or had an organization or a framework, if you will, to do what we needed to do 30, 40 forty years ago, looking back. So with that, I'll end my testimony and be available for any questions you might have.

SENATOR MINES: Thank you, Bruce. Questions? I've got one, and just because you're with the chamber.

BRUCE BOHRER: Yeah. Yeah.

SENATOR MINES: Nebraskans, in my opinion, I believe Nebraskans are parochial by nature, and the communities of Lincoln and Omaha, over the decades, have been parochial and were learning how not to play nice for quite some time. And there has been recent work together and do you foresee that an initiative like this would bring the two closer together, or is this just something that, you know, long term might be a nice thing?

BRUCE BOHRER: Well, I think it could, and I'm glad you asked the question. I actually had a note. I should have mentioned in my testimony that my boss, Jim Fram, and David Brown, the president of the Omaha Chamber, meet on a monthly basis. I can't tell you how many times, Senator, that I get asked about us, the two communities, cooperating. And I think there's a lot more cooperation there than people realize. Certainly there are times when we compete for projects, communities across the state compete. That's healthy. But I think there's a lot more cooperation and just working together on projects than a lot of people realize, that might make some people nervous. But I think that goes out to the west as well, and to the east of here and south. We do a joint...our arm of the chamber that does economic development is called the Lincoln Partnership for Economic Development. We do joint marketing agreements with Falls City, Beatrice, Seward, and I think also Saunders County, and that's just to go to trade shows, to market an area, rather than just have Lincoln go, and these smaller communities really can't afford to go on their own. They can partner with us and make sure they're represented at

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those trade shows, and we share leads with them as well. So I think that's something that we need to see a lot more of across the state.

SENATOR MINES: And it's happening in Douglas County, as well. You've got the Greater Omaha Chamber actually houses Sarpy County's economic development group, as well as Washington County's, and I think they're talking to Dodge County. But those are very regional, very close regional operations. To get Lincoln and Omaha together, I hope this is the kick start, because it better happen. This is not going to get any better unless something like this does move forward.

BRUCE BOHRER: Yeah, I agree, and as you know, I'm a Blair High grad, and so it's like, I'd like to see that. I know the benefits of that to a community. I joked with somebody the other day, we used to call ourselves the suburb of Omaha. Now we call ourselves the suburb of Fremont. (Laughter)

SENATOR MINES: Well, thanks for your testimony. Any further questions? Thanks, Bruce.

BRUCE BOHRER: All right, very good.

SENATOR MINES: Second testifier of eight, please come forward, in support. Good afternoon.

R.J. BAKER: (Exhibit 2) Good afternoon, Mr. Chairman.

SENATOR MINES: Hi. You've patiently been waiting.

R.J. BAKER: Yes, I have. I've been in favor of several of the other bills, because I'm an economic developer. I am R.J. Baker, R.J. B-a-k-e-r, no relation to the senator. I'm executive director of Elkhorn Valley Economic Development Council, which is four counties and 16 communities surrounding Norfolk; Madison, Stanton, Pierce, and Antelope counties. We have formed a regional economic development group and started about five years ago to do that, but has actually been in operation now almost three years. All of those communities and counties came together under an interlocal agreement to do economic development together. I

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support this concept. Regional economic development is a concept and it's time has come, I guess I would say that. What we have passed out is the annual report from the Center for the Study of Rural America at the Kansas City Federal Reserve Bank. And the last few years they've been studying rural America and have done an awful lot of work on regional economic development in the rural parts of this country, and actually reports from around the world. If you have an opportunity to go their conferences, I would recommend it. I agree with Senator Brown. She's done an amazing amount of work here. We had a conversation earlier today, and we were both passionate about our beliefs in rural economic development. I have only one concern about the bill as it's written, and Senator Brown mentioned that, that it's quite exclusive. And my hope is that there would be something in the bill that would allow other regional groups to become commissions under this template. I think it's very important to have the state recognize and authorize the need for regional economic development, and for those regions to target the industries that they are best suited for. I think that's extremely important. I would hope that that one change could be made. Certainly, other than that, we support this concept. We support this bill. I think the time is long past when any of our communities can continue to struggle against one another for economic development. With that, I would just say that all of my experience in economic development has been multi-community, and now multi-county and community. This movement is going forward, and certainly we're supportive of it.

SENATOR MINES: Thank you very much. Nice to have you here.

R.J. BAKER: And would just answer any questions you might have.

SENATOR MINES: Questions for Mr. Baker? Are there questions? Seeing none, thanks for being here.

R.J. BAKER: Okay, thank you very much.

SENATOR MINES: Testifier number three? Mr. Withem.

RON WITHEM: (Exhibit 3) Thank you, Senator Mines. I'm Ron Withem, that's W-i-t-h-e-m. I'm representing the University of Nebraska in support of LB 546. President Milliken's name

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has been mentioned quite favorably here a time or two, and he wanted me to pass on that he personally has a keen interest in this legislation. We at the university know we need to be more involved in the economic growth of the state. There are excellent examples from all over the country where economic development is led by partnerships with the university and the business community, and we're committed to doing that. This bill recognizes two types of partnerships, as I see it. One, the regional type of partnership, with local communities and businesses working together, and also the partnership with higher education. And we think both of those are key to future development. I'm going to be incredibly brief, for me particularly, here today. I have a handout. Senator Brown indicated that vice chancellor for research Prem Paul, of the University of Nebraska-Lincoln, wanted to submit a letter in support. As a matter of fact, he actually wanted to hook up some distance testimony, he felt so strongly about this, but we asked him to settle for the letter.

SENATOR MINES: Thank you.

RON WITHEM: We have representation from the Peter Kiewit Institute from UNO. Dorest Harvey, representing that institution, is here. We'd also like to have you hear a little bit from the president of UNeMed. It is a University of Nebraska Medical Center entity that is designed to work with the intellectual property that is developed at the med center, and translate that into businesses to help the state's economy grow. So if it's okay with you, I'd like to ask Dr. Tom McDonald, who is the president of UNeMed to follow me here in the chair, if that's okay.

SENATOR MINES: (Exhibits 4, 5, and 6) That's great. That's great. Do you have questions for Mr. Withem? Seeing none, thanks, Ron. Next testifier? By the way, while you're approaching I just want to read into the record, we had Glenn Johnson from the Lower Platte South NRD was here to testify in support, but he had to leave, and here is his testimony. We also have letters from Randy Lenhoff with the Seldin Company and Dave Brown, of the Greater Omaha Chamber, both in support. Welcome, nice to have you here.

THOMAS McDONALD: (Exhibit 7) Thank you very much. I'm new at this game. I've not done this before, but I felt so

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strongly about this I wanted to come here and appear and say a few words.

SENATOR MINES: Wonderful, wonderful!

THOMAS McDONALD: My name is Thomas L. McDonald, T-h-o-m-a-s McDonald, like the hamburger stand I don't own, M-c-D-o-n-a-l-d. I come to you wearing several hats. I'm a professor at the University of Nebraska Medical Center, and I have been that for almost 25 years. I research, run research laboratories, teach medical students, and do a lot of work on arthritis, anti-inflammatories and research of that sort. I hold 14 issued patents and have 27 patents pending. I have started a couple of companies way back, biotech companies, and one of them is now, I've sold, but it is marketing international products, so I've kind of got the scars on the knees, been there, done that, from discovery all the way through to taking a company public. It is not fun with any company, and especially with biotech companies. In 1995 I took over presidency of the UNeMed Corporation, which is the corporation that was set up in 1990 by the University of Nebraska Medical Center and it's charge was essentially to commercialize innovation, intellectual property, technology, inventions, that were created as a result of research at the medical center. These were mandates by the federal government, by Dole act (Bayh-Dole Act) and so on, that allowed universities to own intellectual property and some smart legislation came out that says you actually have to do something with it. So the university put this process in place, and I have been the president of that corporation for over 10 years, trying to commercialize technology, knowing the science side and knowing the business side, and trying to interface all those interactions, and using my expertise for that. Traditionally, UNeMed was a strict licensing corporation. We would look for big pharma and then license our technology. It was all early stage. We essentially gave it away, licensed it for nothing. We hadn't proven the concept on it, and so on. And so we turned around about eight years ago and decided, this is really stupid. Why are we doing this? Why don't we form start-up companies, develop the economy based on these start-up companies in Nebraska, or at least contribute to it, and develop the technology, because a lot of times in the biotech world, you think your technology will cure some disease and you find out it works

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better repairing tires. You just don't know the breadth or the field of use of that technology. So we start up companies, we've been focusing on that, and we have been continuing to focus on that. One thing I will tell you, as a matter of fact, I will mention a company called Eleos that Mr. Fairfield mentioned. That is one of UNeMed's start-up companies, based on University of Nebraska Medical Center technology. But where I want to go with this, and not give you a lecture on how great we are and how forward thinking we are, but I want to talk about a problem that we run into with essentially most of our biotech companies. We can help them get started, we can help provide some virtual resources, and so on, but as they mature and move down the line, one thing that they miss and that is, who are you going to call when you have issues related to regulatory issues, state and local, federal issues, FDA, manufacturing issues, zoning issues? How do you deal with those? And we run out of expertise there, because what the companies have to do is one on one. And we view and strongly support LB 546, that it could provide that overview structure, a vehicle, a infrastructure, if you will, that could provide a one-stop shop, where these start-up companies and these people can go and get advice on what to do, where to go, who are you going to call, that kind of thing. So that's one opportunity that we see in supporting (LB) 546, and I'm talking now, not just as UNeMed, but I'm talking as a professor and I'm also talking and representing the University of Nebraska Medical Center. A second thing is that we view this commission as a way to support Nebraska's coordinated effort in an organization that we attend, the meeting that we attend annually and have since 2002, and that is called BIO. It is the Biotechnology Industry Organization. It is an organization that is essentially the largest business economic development organization and meeting focused on biotechnology in the world. The meeting has over 1,700 biotech companies present, it has 35 countries present, and it also has over 20,000 attendees, all of them focused on economic development, recruiting biotechnology to their local region, recruiting biotechnology partnerships, venture capital, and so on. It is, to overuse a word, awesome. It was mind boggling when I first attended this. Well, guess what? Nebraska had no presence. And here, we're looking at Iowa, we're looking at Minnesota, we're looking at Kansas, LSU, Wyoming, and there's no booth there. There's no presence from Nebraska.

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So we started, five years ago, we said, this is crazy; we, meaning the Greater Omaha Chamber of Commerce, who was there with me, and our vice chancellor for research. We decided we're just going to have a booth there, an exhibition, and we're going to go for it. So we started a theme, "Bio's Hot in Omaha," and we entered into that exhibition hall with our first booth. And where I'm going with that is from that time until now, this year 2005, that has grown into a booth containing five booths, essentially, and it is a cooperative effort now, supported not only financially but personally, and personnel wise, by the Greater Omaha Chamber of Commerce, the Omaha Public Power District, the University of Nebraska Medical Center, now the University of Nebraska-Lincoln, as well as the chamber in Lincoln, as well as the Department of Economic Development. Every single one of them there, with representation, talking about "Bio's Hot in Nebraska" now, not just Omaha. And so what I'm looking for is that I think this bill, (LB) 546, could provide that same overview and resource so that we can say at that booth, at that exhibition, that we have the state of Nebraska behind us, we have an oversight committee, not maybe oversight is the wrong word, that sounds like bureaucracy, let's talk about a resource committee representing state and local governments, regulatory issues, and so on, universities, and chambers in the different cities, all of them focused to help bring and recruit biotech companies to Nebraska. I think that would be just really, as they say in the commercial, priceless. It would be a tremendous asset. And the last thing I will address, I don't want to run over my time, I'm sorry. But the last thing I will address is as a result of a challenge from Congressman Osborne and Congressman Osborne's staff to try to capitalize on the intellect at the universities, the intellectual property at the universities, and he's looking primarily at Lincoln and University of Nebraska Medical Center, to capitalize on that and this whole concept of biotechnology and biobusiness, and figure out a way that you can help the farmers and the communities in the 3rd District, as well as other districts in Nebraska. How can we as Nebraska get some benefit out of this? So we started a very forward-looking project just recently. It's called the NebGene project, and I know it sounds like something out of a Rod Serling movie, but the NebGene project is really focused at collaborating with University of Nebraska-Lincoln, University of Nebraska-Kearney, Department of Economic Development. Now

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we have the Corn Board that is interested, and we have a meeting next week to finalize their support, and UNMC, and what the whole object of NebGene is, is to make a process whereby we can make user-friendly recombinant proteins, or genetically engineered proteins, in Nebraska crops, and we're targeting corn to start with. I know a lot of people have tried this. A lot of states have bits and pieces, but we're going to try to put the whole project together. One thing that we're going to run into as we get down that road, we have all the science and the research relationships and so on, to pull this off, and put it all together as a package. But one thing we're going to run into in the next two years, and that's going to be regulatory issues, state and federal issues, zoning issues, etc, etc. And we need an organization such as the Nebraska Innovation Zone Commission, but actually it would be far-reaching from the I-80 corridor, from essentially the Missouri River all the way to the end of the Panhandle. We would need the Nebraska Opportunity Zone Act and other commissions to help supply that overview on how do we approach these issues. And I just really think it's forward thinking to address them now, rather than get down the road and say, who are you going to call? So that's what I had to really say, and I strongly support this, and the medical center does, and UNeMed does, in the behalf of economic and business development for the state of Nebraska, based on biotechnology.

SENATOR MINES: Thank you for your testimony, professor. Any questions for Professor McDonald? Senator Jensen?

SENATOR JENSEN: Yes, and thank you, Professor McDonald, for bringing that forward. Last year I was over at a CSG, Council of State Governments, in Des Moines, and there was a tour that was offered up to Pioneer Hi-Bred in Johnston, Iowa, just 10 miles north of Des Moines. And going through Pioneer, I saw where they were doing some genetic hybrids that offered many things. One, we get about I believe it is, about 2.6 gallons of ethanol per every bushel of corn, and they have developed a hybrid which will produce 3.2 gallons of ethanol, which is just substantial, when you start thinking about that. And of course, Senator Mines, that would certainly be in your district, with Cargill. Also, one of the things they did, the hybrids that they have is one that will require less water, that's certainly meaningful to Nebraska. They have an early hybrid, and they

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are now able to grow corn in Canada, which they didn't used to be able to do. But another one is, they have a corn, a hybrid corn that they can feed to hogs, and the pork has less trans-fatty acids. Well, that's tremendous in health.

THOMAS McDONALD: Absolutely.

SENATOR JENSEN: And so I really applaud you and hope that Nebraska continue, we have a wonderful research facility now and even expanding on the med center, and if we can combine that with what Nebraska does very well, and that's produce corn and soybeans and so on and so forth, and bring those two together, I think that the outcomes are phenomenal, and that it can happen. And so I really hope that we can do more of that. I also was part of that biomedical infomatics group that met over a year ago, and I think that if there's anywhere that Nebraska needs to go, that is certainly a direction that we can go and we're sitting perfect for that. We have the communication network and with the campus of University of Nebraska now being 500 miles wide, I just hope that we can continue to expand into those areas.

THOMAS McDONALD: Thank you for your kind comments.

SENATOR MINES: Thank you. Any other comments, questions, for the professor? Thanks so much for being here.

THOMAS McDONALD: You're very welcome. Thank you.

SENATOR MINES: Next testifier, number five of eight? Welcome.

RANDY LENHOFF: Thank you, Senator. My name is Randy Lenhoff and I'm president of Seldin Company. We're a development and management company based in Omaha. I did submit a letter to the committee, and I wanted to speak for just a few moments. I'll try to keep my comments brief. I have worked in commercial real estate since 1977, and I've had the unique opportunity to work in both Lincoln and Omaha. And I'm very familiar with the corridor between Lincoln and Omaha. I think the time is right for development there, and I think it should be well-planned, well-thought out development, that those of us who drive that corridor on a regular basis can be proud of and excited about. There's a real opportunity to create jobs out there,

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meaningful jobs that keep our children here in the state. I think we should try very hard to do what we can to foster that growth and make sure it's well-thought out, and I think this bill, (LB) 546, is a step in the right direction. With that, I'll be happy to answer any questions.

SENATOR MINES: All right, thank you. Any questions for Mr. Seldin (sic: Lenhoff)? I have a...I'm sorry, Senator Jensen.

SENATOR JENSEN: Randy, you're familiar, certainly, with development and in construction. We are now in the process of making that road system from Omaha to Lincoln into six lanes. And along with that, we're tearing down bridges along the interstate and widening them to six lanes. What does an interchange cost today?

RANDY LENHOFF: Well, actually I happen to know that. It costs about \$8 million today to put an interchange in, at least that's what we've been told, for an interchange at Pflug Road that we've been working on, encouraging being put in. And an interchange, though, does great things for economic development. The problem with it is, as you know, if you put just a bridge over the interstate, you're going to spend \$2 or \$3 million for that, and then when you want the interchange later, you tear that \$2 or \$3 million bridge out, and you spend \$8 million for the interchange. So the idea of putting interchanges in at the time you're widening the interstate where you need them, is really the wise thing to do, economically.

SENATOR JENSEN: The reason I mentioned that, of course, you know my background also. As a developer of Old Mill, we put two bridges over the Papio Creek, one over Dodge Street, took down a bridge over 108th Street, and lowered that property 60 foot. That cost us about \$2.5 million back in 1967 to 1969. And you know, Nebraska has precious few resources; I'm talking about dollars. And boy, if we can just think ahead, plan ahead, the dollar savings are just tremendous, as opposed to the couple million dollars that we spent back then, as to the figures that you're saying today, of \$8 million for one interchange. I just think it behooves us to do that planning as far out as we can. Businesses do that; in government we kind of do a two-year budget.

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RANDY LENHOFF: Yes.

SENATOR JENSEN: So I just hope that we can do that. Thank you.

RANDY LENHOFF: I agree, and I can't emphasize enough the importance right now, with the interstate expanding, if there's a time to do interchanges, now is the time, because of the cost of putting the bridges in and tearing them out again later and putting the interchanges in later. And I think that Senator Brown's bill allows for some of this planning now, which would be very helpful.

SENATOR MINES: Thank you. Other questions for Mr. Lenhoff? Randy, I do have one. This is a nice start. I mean, this puts together a loosely formed organization to begin the process. But as a developer, don't you want a more complete package, from a regulatory standpoint, from a governing standpoint? Don't you want to know exactly what you're up against, zoning, utilities, all this stuff? Doesn't it need to be nailed down? And would that be the next step?

RANDY LENHOFF: Well, I think that's certainly something to consider, but I think at this point, because we're now far enough along in some of these areas, between the two communities.

SENATOR MINES: All right.

RANDY LENHOFF: But I think this commission allows you to start taking those steps. And you also have, for instance, in Sarpy County they're pretty forward thinking out in western Sarpy County, where Sarpy County is. That's one county I've worked with there, and they've already thought about zoning. They've zoned, I believe, their entire county now, if I recall right. And they're doing a study now for sanitary sewer needs in western Sarpy County, which doesn't have it now, and water, how they're going to provide. So I think a lot of the local jurisdictions are already working on some of these things and thinking about it. I think this commission kind of gives them a commission over them to kind of help them to maybe figure these things out ahead of time and trade ideas, and be more efficient as they go forward. That's kind of the way I see it.

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SENATOR MINES: It's been my perception that Sarpy County has grown because of growth. And they're now catching up with that growth, where this corridor could be actually planned.

RANDY LENHOFF: Yes.

SENATOR MINES: And the implementation could be very methodical and proper.

RANDY LENHOFF: Yes, I agree, and I think also that because Lincoln and Omaha are working more and more together, and having lived in both communities, as I mentioned, I think it's imperative, going forward, that the two communities work together. In planning on this corridor, maybe we can enhance that working together, and it will work better for all of us. We'll have a well-thought out plan there, and I also think it will help us attract jobs to Nebraska, which we need.

SENATOR MINES: Thank you. Other questions? Randy, thanks for being here, appreciate it.

RANDY LENHOFF: Thank you.

SENATOR MINES: Next testifier, number six of eight.

FRED UHE: Chairman Mines, members of the banking committee, my name is Fred Uhe, the last name is spelled U-h-e. I'm the chief deputy county clerk in Sarpy County and the registered lobbyist for the Sarpy County Board, appearing on behalf of my board today in support of LB 546. Sarpy County...I appreciate Senator Brown's efforts on this bill and also during her testimony mentioning the progressive nature of Sarpy County, as well as Mr. Lenhoff's. We traditionally have attempted to address problems through regional solutions where appropriate, countywide communications, 911 system, countywide GIS, member of the Papio watershed partnership to address some of the storm water runoff issues. And we feel that this particular commission is an outgrowth of basically a similar concept of regional cooperation and feel that working together, we can be much more effective, so my board is strongly in support of LB 546, and with that, I would be willing to take any questions.

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SENATOR MINES: Thanks, Fred. Questions? Thanks for being here. Appreciate it.

FRED UHE: Okay, thank you.

SENATOR MINES: Next testifier, number seven of eight? Mr. Radcliffe?

WALTER RADCLIFFE: Senator Mines.

SENATOR MINES: Nice to have you here.

WALTER RADCLIFFE: Nice to be here. Senator Mines, members of the committee, my name is Walter Radcliffe, R-a-d-c-l-i-f-f-e, appearing before you as a registered lobbyist on behalf of the Nebraska Realtors Association in support of LB 546. The realtors, for obvious reasons, support a measure such as this and would like to thank Senator Brown and the rest of the posse for signing on to it. This type of growth and forward-looking planning really is one of the keys to maximizing our economic development potential, and for that and many other reasons, the realtors would be supportive. If you have any particular questions regarding their position, I'd be happy to try to answer them.

SENATOR MINES: Thank you, sir. Any questions for Mr. Radcliffe? Seeing none, thanks for being here.

WALTER RADCLIFFE: Thank you, Senator.

SENATOR MINES: Number eight testifier in support?

BOB FRICKE: Thank you, Mr. Chairman. My name is Bob Fricke, or Robert C. Fricke, F-r-i-c-k-e, from Ashland, Nebraska. I'm the president of the Farmers and Merchants National Bank there, serve as the chairman of the Ashland Planning Commission and co-chairman of the Ashland Downtown Improvement District. I'm here today speaking as an individual, not representing any one of these particular entities. I'd like to voice my strong support in favor of this legislation, and I think the (Nebraska) Opportunity Zone Act and the creation of an innovation zone commission would be a wonderful thing. Sitting right there in the

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absolute middle, or as someone said earlier, belly button of the project, we of course have great interest in what's going on, and we'd like to be involved in it as much as possible. We have a little lint in our navel right now, as you're aware of, but we also have the jewels of the state park and we're trying to work through that. As you are aware, we are probably...our city limits are about three miles away from the Mahoney Park interchange, two-and-a-half miles from our zoning influences at this time. We're not planning any annexations, unlike some of our neighbors. South Bend is safe, at least for tonight. (Laughter) But we are surrounded on three sides by flood plain, and as a result, we recognize and plan and are looking toward the growth of our community out toward the Mahoney Park area. We currently provide all the fire and rescue for those areas, without benefit of any kind of tax assistance along those lines. So I guess what I'm saying is while we do strongly support this, we very much would like to be included on the board of this. Ashland was mentioned earlier. We see Lincoln and Omaha joining hands above us in great cooperation, but we'd like to have you consider, at least, the possibility of adding Ashland to the board and perhaps some of the other communities that would be most directly affected by this. And again, I'd be happy to answer any questions. If you'd like any clarifications, I'd be more than tickled to help you out. But I'd like to see our community and the communities involved in this corridor, which has yet to be delineated, I guess, be directly involved in it. For instance, our county, we're in Saunders County, 25 miles away. Plattsmouth, Cass County, 25 miles away. Ashland, two miles away, so we'd like to get our name on the list, if we could. Any questions?

SENATOR MINES: Senator Jensen?

BOB FRICKE: Yessir.

SENATOR JENSEN: Yes. Highway 66 is the one that comes in from the south into Ashland, correct?

BOB FRICKE: Yes, um-hum.

SENATOR JENSEN: Is there any plans, or has Ashland looked at that highway, or is there any plans along the highway to widen it, to improve it, to do whatever it needs?

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BOB FRICKE: Not directly. It's outside of our, you know, it's outside the planning jurisdiction. It's in Cass County, primarily in Cass County on to the south, out to the Greenwood interchange.

SENATOR JENSEN: Um-hum.

BOB FRICKE: Our limitation goes out...our zoning area only goes out one mile. It doesn't even hit that, doesn't even hit 66. We have some great interest out there, but again, it's across the county line and it's really outside of our planning scope. I think Cass County is looking for that, primarily for the industrial development type things. There are some small manufacturing out there right now; there is some industrial oriented, racing is out there. That type of thing has the greatest interest. You know, we recognize the jewel of the Mahoney Park interchange area, and in our planning meetings, we've had planning and land use meetings, we've had some inquiries for industry to look at that new corridor going out to Mahoney Park, and that's something we have absolutely no interest in. We want to preserve that; by the same token, I think we should, you know, we will expect some sort of development out that way. We would like all the help we can to make sure that it's the right kind, but again as I said earlier, I don't want to see the hands of cooperation meeting above me, and we don't have two cents of input on what goes on.

SENATOR JENSEN: Right. But certainly with Ironwood and more development goes out there, you're going to have to have a better access, it would seem like.

BOB FRICKE: Absolutely. See, our access from Iron Horse and actually the south part of town is pretty good. Highway 6...

SENATOR JENSEN: Oh, yes, 6...

BOB FRICKE: ...you can get, yeah, very quickly, and the access from downtown Ashland straight out to Mahoney Park is in the process, right now, of being widened and greatly improved. That area, is that the piece you're talking about?

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SENATOR JENSEN: That's the area I'm talking about.

BOB FRICKE: I'm sorry, I'm sorry. I was thinking of 64.

SENATOR JENSEN: Yeah, there are some curves in there that...

BOB FRICKE: That is in the process of being dramatically improved.

SENATOR JENSEN: Great.

BOB FRICKE: The city of Ashland is looking at siting some water improvements, water towers out in that area. We are currently going through our land use map and establishing how we'd like to see that go. Again, we don't even go out as far south as the eastern turn to Mahoney Park, so you know, with the one-mile planning jurisdiction, that's...the city limits of Ashland end right where Iron Horse begins up there. So we don't have the...we haven't annexed Iron Horse yet. The assessed valuation is not built up enough to do that, so we don't get out there as far. We've had inquiries in the past for water problems, water supply problems out in the Mahoney Park area. Various entities have contacted us to run the pipe out. Nothing has moved on that lately. We've not had any inquiries. But there's some movement afoot. We need to, you know, pull that stuff together, but we'd like to be involved.

SENATOR MINES: Thank you very much. Other questions? I have one question.

BOB FRICKE: Yessir.

SENATOR MINES: If the committee added Ashland, should the committee also add Bellevue and LaVista and Papillion and Ralston and Waverly and...

BOB FRICKE: What's the scope, you know, what's the scope of the...

SENATOR MINES: Sarpy, Cass, Lancaster.

BOB FRICKE: ...what's the scope of the development? I don't know, you know, I would think you would probably...

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SENATOR MINES: That's maybe part of the problem of including everybody, is eventually, it's almost meaningless, you know?

BOB FRICKE: Exactly. Again, who is most affected, should probably be included in that.

SENATOR MINES: Bellevue, Ralston, Papillion, LaVista, Omaha, Ashland, Lincoln.

BOB FRICKE: Perhaps. That's right.

SENATOR MINES: Waverly, Gretna, Greenwood.

BOB FRICKE: Waverly, Greenwood. Senator Brown had mentioned in her testimony the cities of Dallas and Fort Worth. You know, cities. You know, you're looking at entities, government political entities, and you know, we have as much or more at stake in a big way. The community of Ashland has a lot at stake. And so we'd like to at least be a party at the table rather than, you know, someone who might not be as sensitive to the effect it has on our community, from either our county or university, or from Sarpy County or Omaha or Lincoln. I mean, we're right there. We're the ones that are going to get it done, or you know, we're going to be...

SENATOR MINES: Thank you.

BOB FRICKE: Thank you.

SENATOR MINES: We have a question by Senator Langemeier.

SENATOR LANGEMEIER: I'm just reading in here. It says one member could be appointed from the Saunders County Board, and not a board member, just appointed by the board.

BOB FRICKE: By the board. Yeah, keep your fingers crossed.

SENATOR LANGEMEIER: Yeah.

SENATOR MINES: There you go. Senator Jensen?

SENATOR JENSEN: Oh, I was just going to say also that if

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Interstate 80 ever gets shut down, you know where they all head, to Highway 6.

BOB FRICKE: Oh, you bet.

SENATOR JENSEN: And that has happened several times. I can remember it was flooded down there by the river one time.

BOB FRICKE: That's right.

SENATOR JENSEN: But I think that's a very important thing, that Highway 6 also be part of that corridor.

BOB FRICKE: Certainly. As I say, I have not heard any discussion as to how wide that corridor is, where it starts, where it stops. You know, I'd be curious about that. I'm sure that something, you know, once it gets started, that will be set up. And we'd like to have our two cents in that, if at all possible.

SENATOR MINES: Thank you. Any other questions for Mr. Fricke? Thanks for your testimony.

BOB FRICKE: Thank you very much.

SENATOR MINES: Anyone else wishing to testify in support? Anyone wishing to testify in opposition? Anyone wishing to testify in neutral? We have one neutral testifier. You're the most patient person in the whole room. You've waited through the whole afternoon.

CECIL STEWARD: Well, it was a nice afternoon, a nice way to spend the afternoon.

SENATOR MINES: Thanks for being here.

CECIL STEWARD: (Exhibit 8) Senator Mines, members of the committee, my name is Cecil Steward, C-e-c-i-l S-t-e-w-a-r-d. I'm Dean Emeritus of the College of Architecture at the University of Nebraska. I'm also serving currently as President/CEO of the Joslyn Castle Institute for Sustainable Communities. I have a foot, if you will, in both communities and my body usually can be found somewhere on this corridor. I'm testifying in a neutral position, primarily because I'm concerned about what

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is not in the legislation, rather than what is. First, I should give you a handout, if I could get the page assistance. The Joslyn Castle Institute was formed in 1996 as a potential bridge between public and private interests, and concerning development, physical planning, design, aesthetics, and issues of the physical environment of our communities. For the last three years we have been working on a study of the 60-mile radius around Omaha. This radius was described through consultation with the Omaha Planning Department, and the study that they had performed in 1999, which indicated that by the year 2050, there very likely will be more than two million people residing in this 60-mile radius territory. Worse than the population projection is the employment projection, and I was very interested in some of the comments and testimony on your job training proposals earlier. I think it's very much related to this. The Bureau of Business Research projected that there could be 250 deficient jobs; in other words, potential jobs in Douglas and Sarpy Counties that there will not be working-age population to fulfill. So one solution, one hypothesis for this set of conditions is that there will be more commuters into and out of Omaha. And the population projections did not even consider Lincoln's job market. So when you begin to think of this 60-mile region of the two communities, and the potential pressure on infrastructure for the economic growth that seems to be coming our way, it becomes a very complex set of issues. When you add into that fact that we have two of the most fragile ecosystems in the entire middle of the United States within this 60-mile region, that being the Missouri River Valley and the Platte River Valley, when you consider some of the prior discussions about technologies of transportation that have been discussed vis-a-vis the railway connection potential, or going even further back, the possibility of an airport between the two communities, one I think can quickly see that there are many, many complex and intertwined conditions to be considered. That's what we think sustainability and a sustainable approach needs to understand and to take into account. We have produced a report, just at the end of December, which we entitle Flatwater Metroplex. It is on our website. In the course of the study we did an 800-person regional telephone survey, commissioned by the Sigma Group. These documents are all available for public use and for anyone's interest. What you have in your hand as a handout is the next step that we have in mind. We've

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recently been informed that the Nebraska Environmental Trust is inclined to give us another three years' support on top of the first three that we've already had. So our...I guess our concern is maybe it's...it wouldn't be my word to use the word "exclusive," but it would be my concern that the membership representation is not broad enough to take into account more than just the corridor. The economic development that may happen along the corridor will affect many other communities in the area, and vice versa, many other decisions. There are 16 counties in this 60-mile region, two state governments, and 119 communities besides Council Bluffs, Omaha, and Lincoln, that are more than 400 people. Your most recent discussion with the last testifier would indicate that, who is to be left out? How are you to make the decision beyond this highway? So we are very much in support of economic development. We are very much in support of collaboration and cooperation. It is our mission, as a private nonprofit organization, to continue to work for those collaborations, and regardless of the outcome of this proposal, we hope that we can continue to have some influence on the region in a positive way. My last comment would be that I think it's somewhat ironical that Dallas and Fort Worth have been raised as a potential positive model. I'm a native Texan, and I can tell you that I don't think it's a positive model. I think the space between Dallas and Fort Worth has grown to be one of the ugliest urban environments in the country, notwithstanding the airport. And maybe it was because they didn't have the foresight to set up a regional commission, something similar to this. What absolutely is true is that they had no control, and it was just whatever the market seemed to play out. I am for planning; I'm also for volunteer planning, not statutory imposed planning. I think it works best when you get everyone agreeing to be on the same page at the same time. I'd be happy to answer any questions you might have.

SENATOR MINES: Thank you very much. Senator Langemeier?

SENATOR LANGEMEIER: Thank you for your testimony. You handed out a sheet.

CECIL STEWARD: Yes.

SENATOR LANGEMEIER: This one here. Were you part of this group that made this?

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CECIL STEWARD: Yes.

SENATOR LANGEMEIER: What do you think? You know, since Nebraska's population has been pretty much stagnant for 60, 70 years or more. In here, you put in here that we're currently one million people in this 60-mile circle.

CECIL STEWARD: Um-hum, um-hum.

SENATOR LANGEMEIER: And that's going to double. What do you think is going to cause that to double, when we haven't done anything for 60, 70 years?

CECIL STEWARD: Well, I think part of it is arriving at the plateau. Lincoln experienced some new growth spurts when it hit 200,000. Omaha has experienced some new growth when the metropolitan region hit 600,000. I think it's a case that growth attracts growth, and we believe that this region, this corner of the state and part of Iowa, are at the precipice of a spurt in growth, if the national economy stays as it is or gets better. The infrastructure will keep that growth from happening if we don't keep up with forward looking infrastructure. There's that argument going on right now in Lincoln, and to some extent, in Omaha. The projections are not huge; they're not unrealistic. It's about 1.5 percent for this 60-mile ring. And that's almost exactly what Lancaster County, and Douglas and Sarpy Counties have combined, been growing at. The smaller communities are attracting new development, new activity. Waverly is a very good example. Articles in the paper this week, these annexation battles that are taking place are signs of that kind of growth intensity and growth anticipation. So it's...I think regardless of what else happens in this state, we could very easily hit two million people over the next 45 years.

SENATOR LANGEMEIER: Thank you.

SENATOR MINES: Thank you.

SENATOR LANGEMEIER: I like the positive thought to that.

SENATOR MINES: Yeah, exactly.

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SENATOR LANGEMEIER: Versus anything else we've heard.

CECIL STEWARD: The challenge is planning for it.

SENATOR LANGEMEIER: Thank you.

SENATOR MINES: Any other questions? Thank you so much for being here.

CECIL STEWARD: Thank you.

SENATOR MINES: Very informative. Any other testifiers in a neutral capacity? Seeing none, Senator Brown to close?

SENATOR BROWN: Senator Mines, I thought I would respond to a couple of the questions that were raised. And there was lots of good testimony about what the chambers have been involved in. But some questions about what has been done in a meaningful way with local elected officials. There have been some ad hoc attempts to...I think that the Lancaster County Board and the Douglas County Board have met together. I don't think that there has ever been inclusion of any other county board members from any of the other counties. And there was one meeting between Lincoln and Omaha and their administrations and councils that I'm aware of. But once again, no other inclusion of any of the other individuals, elected individuals, within the region. There were some points made about interchanges, and I would just like to point out that Congressman Fortenberry was here today, and he has been, I think, inundated with requests for earmarks. That's one of the things that we have talked a lot about, in terms of this kind of coordination. It might help with the prioritization of some of that. But the corridor is an area that both he and Congressman Terry are very, very interested in. And I'm not saying that they...I'm not speaking for them supporting the bill, but I know that they are very interested in that, as is the Governor. But once again, I'm not speaking for him. In terms of the testimony about allowing other regions, that's exactly what the (Nebraska) Opportunity Zone Act, that piece of it, is about. I do believe that each one of the regions must be fairly carefully constructed, and be fairly specific. You heard from one of the individuals from one of the communities in the area who felt that there was not enough representation from their area. So, I mean, it's not

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an easy task to arrive at what the composition of those regions is going to be, and especially if we're going to have either economic development or any funding following those regions. There may need to be criteria set up apart from just the voluntary kind of economic development activities that are already in place, but building on those. As to Mr. Steward, I think that obviously he wasn't listening, because I did not hold Dallas/Fort Worth up in any...I'm a native Texan, too. I did not hold them up; in fact, I suggested that the length of time that it took and even with the cooperation that finally came, they were not able to influence the way that that development happened in the same way that North Carolina was able to influence it. And it...maybe it was just a different genesis or a different culture. Whatever happened, it was not held up in any way as a model. And with that, I'd be glad to take any questions.

SENATOR MINES: Thank you. Questions for the Senator?
Thank you for being here.

SENATOR BROWN: Thank you, let you guys go.

SENATOR MINES: With that, I will close the public hearing on LB 546. That completes the work of the committee this afternoon. Thank you for being here.