

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Urban Affairs Committee  
January 22, 2008

---

[LB768 LB813 LB899 LB947]

The Committee on Urban Affairs met at 1:30 p.m. on Tuesday, January 22, 2008, in Room 1510 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB768, LB813, LB899, and LB947. Senators present: Mike Friend, Chairperson; Amanda McGill, Vice Chairperson; Abbie Cornett; Ray Janssen; Steve Lathrop; Kent Rogert; and Tom White. Senators absent: None. []

SENATOR FRIEND: (Recorder malfunction)...started. We have just enough votes right now to defeat anything you all wish for (laughter), so I think we're ready to go. My name is Mike Friend. I represent northwest Omaha, District 10 in the Nebraska Legislature. And we have other representatives here: on my far right, Senator Tom White, he's from Omaha, kind of a centrally located guy in Omaha; Senator Janssen will be joining us shortly probably; the Vice Chair of the committee, Senator McGill from Lincoln, Amanda McGill; my...or the committee legal counsel, I should say, Bill Stadtwald; and also the committee clerk, Beth Dinneen, to my left; Senator Abbie Cornett from Bellevue; and a couple of other senators that will join us probably shortly, Senator Lathrop and then Senator Rogert. If you could do us a favor, we transcribe all of the hearings, put the cell phones on vibrate, if you will, or else turn them off, if you will; that we would appreciate that. Those wishing to testify on a bill please, there are green sign-in sheets by the door, near the table by the door, I should say, including senators and staff, if you will; fill those out. If you do not wish to testify but you'd like your name entered into the official record as being present at the hearing, please enter your name and information on the white sign-in sheets. I think that there are some of those there too. If you do want to be listed on a committee statement as a testifier at the hearing you must complete one of those green sign-in sheets. As you begin your testimony, and we will...I will stop you if you don't spell your name and state it for the record, again, to help the transcribers out, we'd appreciate that, both first and last name, even if it's an easy name to pronounce and spell. If you would, we don't have red lights and time frames here. I've got one going in my head and I've got a clock straight ahead of me. If more than five minutes, you're kind of pushing it, especially for the subject matter we have today. Sometimes we extend that out a little bit, but we would appreciate five...anywhere from five to seven minutes is usually good enough. So anyway, I just want to let you know I'll be keeping an eye on it. If you have handout material, you'd like to distribute that to the committee, the page, who happens to be Molly Keenan, she's a University of Nebraska at Lincoln student, she's a marketing major from North Platte. The reason I know that is I have a note right here that says so. (Laughter) I asked her if she was married and had any kids, that was for Senator Janssen's purposes. (Laughter) []

SENATOR WHITE: (Laugh) A guy shows up a little late, and boom. []

SENATOR JANSSEN: You bet. []

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Urban Affairs Committee  
January 22, 2008

---

SENATOR FRIEND: Senator Janssen has joined us. Senator Janssen, welcome. []

SENATOR JANSSEN: That's all right. Nancy will be talking to you. []

SENATOR FRIEND: Okay. Please, no vocal display of support or opposition to any bills; we would also appreciate that and the transcribers would as well. With that, Senator Cornett has the first bill. It is LB768. []

SENATOR CORNETT: (Exhibit 1) Good afternoon, Senator Friend and members of the Urban Affairs Committee. My name is Senator Abbie Cornett and I represent the 45th Legislative District. Today, I am here to introduce LB768, a bill that relates to sanitary improvement districts, known as SID, and municipal library services. Currently, a person living in an SID cannot use a public library unless the person pays out of pocket for the full library membership. At the same time, a person living in a town or city like Bellevue, with library services, may receive a library membership. LB768 attempts to address this difference in services offered by making small changes to the current SID statute that will give legal authority for the board of trustees of an SID to contract for library services that are not currently available to persons living in an SID. At this time, I would also like to introduce an amendment to the committee. This amendment came about with the discovery of an error in the original draft. When originally drafted, LB768 only affected future SIDs. The amendment I have offered addresses this error by allowing the board of trustees of an existing SID to contract for library services. This amendment also addresses the ability for an SID to use tax revenue for the purpose of paying for any costs associated with a contract for library services. I would also like to note that there are several individuals here to speak to support this bill. LB768 is a win-win for both libraries and for persons living in SIDs, and I thank you for your consideration. [LB768]

SENATOR FRIEND: Thank you, Senator Cornett. Are there any questions for Senator Cornett from the committee? I don't see any. You'll be here if you want to close, I would assume. [LB768]

SENATOR CORNETT: No, I thought I'd leave. (Laughter) [LB768]

SENATOR FRIEND: Thank you. We'll start with anybody that would like to testify in favor of this legislation, if you would step forward, please. If you could state your name and spell it for the record, we'd appreciate that. [LB768]

GUADALUPE MIER: Good afternoon, Senator Friend. Yes, I will have to spell it. My name is Guadalupe, spelled G-u-a-d-a-l-u-p-e, last name is spelled, Mier, M-i-e-r. I am the director of the Bellevue Public Library and we serve the largest city in Sarpy County, and there are numerous SIDs, or sanitary improvement districts, along the periphery of Bellevue. What I am going to speak about is basically the history that we've had trying to get additional funding for those residents who live outside of Bellevue. As Senator

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Urban Affairs Committee  
January 22, 2008

---

Cornett said, if you live outside the city of Bellevue, you currently have to pay \$25 to receive the services. If you live outside of other cities in Sarpy County--Papillion and LaVista or Gretna--the cost may be much higher because of what their cities have requested that they set their annual fees for. Most of these fees are annual fees per family so that anyone within that family has use of the library card. One of the problems we have when we register people from outside our city is that there is always the confusion that they feel library service is free, and even though state laws provide the ability for cities and counties to support libraries, there is no provision for unincorporated areas to have library service as of yet. And what...this bill is to give us an avenue of seeking funds for some of those unincorporated areas. It doesn't address everyone. If you're a farmer living out in western Sarpy County and you're not incorporated as an SID, you will still have to pay a membership fee to the library you want to go to. Historically, what has happened in the past is that the librarians in Sarpy County have gotten together. They have approached the county commissioners as a group, also individually to our own specific county commissioners, and we have asked them to try to find some way to contract with the cities in Sarpy County for the service. County commissioners are hesitant to raise taxes for their constituents, in particular those in agricultural areas, and they feel that the larger number of people that would benefit from this type of service would be those who are in the sanitary improvement districts. They have always said, contract with the sanitary improvement districts. We tried to figure out ways to do this and, of course, they say, use an interlocal agreement. In reading through the laws that cover sanitary improvement districts, we are unable to find any place where it would allow library service. There's a whole list of things that they can contract for, but there was nothing there under library service. So this past year we read that very carefully. We recommended to our library board that we consider working on this as a process. One of our library board members, who happens to be a neighbor of Senator Cornett, said that he would then address Senator Cornett and see if she could help with this process. We, at first, proposed that the contract be between the SIDs and libraries. After talking to the League of Municipalities, they explained to me that they prefer that it be with the municipality because they are the ones that are paying the taxes. They're the ones that have to take care of the funding. So we agreed to that change. And after this went to Senator Cornett's office, they refined it to just say library services. And what this will allow is that those SIDs that live...that are close to a specific city would generally try to sign up or provide the service to those cities in whose planning jurisdiction they fall. There are some SIDs that do not fall in planning jurisdictions, in particular, some that are closer to the city of Omaha, and they might end up having to contract or wanting to contract with the city of Omaha. That's not a problem for any of us in Sarpy County, we feel, as long as they have some access to library service. Finally, it's our feeling also that in giving the residents of the sanitary improvement districts this option, it also is an excellent exercise in democracy because it gets them a chance to visit with their SID boards and ask them, why can't we have this service if we can have garbage pickup, if we can have other types of service; this is now allowable, let's have library service as well. Thank you. [LB768]

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Urban Affairs Committee  
January 22, 2008

---

SENATOR FRIEND: Thank you, Mr. Mier. Are there questions from committee members from Mr. Mier? Mr. Mier, I just had one quick one. [LB768]

GUADALUPE MIER: Sure. [LB768]

SENATOR FRIEND: I mean, how...we...I have actually a couple of SID. I mean, I live right smack, sort of, in the middle of Omaha and I have a couple of SIDs in there over by the Abrahams Library in Omaha. [LB768]

GUADALUPE MIER: Uh-huh. [LB768]

SENATOR FRIEND: I mean, if somebody walked in and they lived...if somebody walked into that library and they live--and maybe I'm a little thick on...or slow on the uptake here--they lived in that SID, they're going to charge that person for that card at the Abrahams Library? [LB768]

GUADALUPE MIER: That's correct. Yes, sir. [LB768]

SENATOR FRIEND: Okay. [LB768]

GUADALUPE MIER: Well, not in your county because, again, Douglas County happens to... [LB768]

SENATOR FRIEND: Right. [LB768]

GUADALUPE MIER: ...have a county contract, so they already provide free service. [LB768]

SENATOR FRIEND: Okay. [LB768]

GUADALUPE MIER: But in the case of LaVista... [LB768]

SENATOR FRIEND: Put ourselves in your situation, that's what you'd end up having to do, is charge that person that lives the SID for that particular card. [LB768]

GUADALUPE MIER: Yeah. Right. Yeah, in the case of LaVista, there was an SID right across the street from them, right across from the Metro Campus and where the library is located. Those people had to pay for a library card. [LB768]

SENATOR FRIEND: Okay. Interesting. Any other questions from committee members? Thanks. Thank you for coming down. [LB768]

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Urban Affairs Committee  
January 22, 2008

---

GUADALUPE MIER: Okay. [LB768]

SENATOR FRIEND: Thanks for the testimony. [LB768]

GUADALUPE MIER: Thank you. [LB768]

SENATOR FRIEND: Next proponent. [LB768]

KEN WINSTON: (Exhibit 2) Good afternoon, Chairman Friend, members of the Urban Affairs Committee. My name is Ken Winston, last name spelled W-i-n-s-t-o-n, and I'm the lobbyist for the Nebraska Library Association. I'm appearing on behalf of the Nebraska Library Association supporting LB768. We support increasing the availability of library services and we also support equitable funding for library services, and I want to point out that my letter and support has an unintended moment of humor in that I refer to them as "sanity and improvement districts," as opposed to sanitary improvement districts. (Laughter) I don't know, it might be a better name, but that's not really what they're called. So, in any event, my mind knew what I was writing but maybe it's a Freudian slip. I don't know. Anyway, so...but the other thing, as Mr. Mier pointed out, is the fact that this deals with some inequity sometimes between neighbors and neighborhoods that a person across the street might be able to get free library service, as Senator Friend was asking. They might...one person may be able to receive free library service and the person right across the street has to go pay a fee of \$25 or \$50 or what have you. And it's particularly troubling if you've got school children involved, so that one child can go and get...checkout books from the library free of charge and his or her little friend goes into the library and they say, well, sorry, you can't check out the books unless you pay us a fee. And of course, the child isn't going to understand why not. And so this would help address that kind of situation. So we would ask that this bill be advanced because it would provide a mechanism to address these kinds of issues. I'd be glad to answer questions if I can. [LB768]

SENATOR FRIEND: Thank you, Mr. Winston. Are there any questions from committee? I see none, Ken. [LB768]

KEN WINSTON: Okay. Thanks. [LB768]

SENATOR FRIEND: Thanks for the testimony. Next proponent. [LB768]

EILEEN BOSLAUGH: (Exhibit 3) Good afternoon and thank you for allowing me this opportunity. My name is Eileen, E-i-l-e-e-n, Boslaugh, B-o-s-l-a-u-g-h. I am a current resident of a sanitary improvement district. I am one of the people that they've been talking about that currently has to pay for library services. I have paid \$30 for the past two years at the Papillion library because I chose that one over Bellevue, and I do that because I do have children that I think need library services. I have one school-age

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Urban Affairs Committee  
January 22, 2008

---

child who is entitled to use the school library, but I have two preschoolers who virtually have no library, you know, which we can go to. So we've used the Papillion library for that purpose. I am supporting this bill because I do think it would be better if our entire neighborhood, and our...we have been an SID for over 20 years, I've lived in the neighborhood for 13, so the people that have lived in that neighborhood that entire time would have paid quite a bit of money for library services. So I think this would make it more equitable if our whole neighborhood could just build it into the fees; if we could contract with a library, build it into the fees, and then all families could have access to the library. That's basically my statement. I think it's...I do have an explanation of an SID if anyone feels like they don't understand that. Some bigger areas aren't represented with SIDs. Do you have any questions? [LB768]

SENATOR FRIEND: I don't understand them and I've been...(laughter). No, are there any questions? Thank you, Eileen. [LB768]

EILEEN BOSLAUGH: Thank you. [LB768]

SENATOR FRIEND: Are there any questions for Eileen? [LB768]

SENATOR CORNETT: Eileen? [LB768]

EILEEN BOSLAUGH: Yes. [LB768]

SENATOR CORNETT: She's going to grab that and going to run copies of it for you. [LB768]

EILEEN BOSLAUGH: Oh, okay. Yes, actually this is just from our neighborhood directory so it's a very crude explanation, but you're all welcome to that, of what we can do. Thank you for the opportunity. [LB768]

SENATOR FRIEND: I don't see any questions. Thanks, Ms. Boslaugh. [LB768]

EILEEN BOSLAUGH: Okay. [LB768]

SENATOR FRIEND: Next proponent, please. [LB768]

KATHY HOLKEBOER: Hi. My name is Kathy with a K, K-a-t-h-y, Holkeboer, H-o-l-k-e-b-o-e-r, and I live in Bellevue, use the Bellevue Library, have for many years, and I'm also president of the Bellevue Library Board. We moved to Nebraska compliments of the United States Air Force, but I didn't object to that at all because both of my parents were born here in Nebraska in 1926. It's been awhile. Anyway, one of the things that surprised me when I moved to Nebraska was this issue of you can't get a library unless you live in the city. It's not free library service. You probably have heard of

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Urban Affairs Committee  
January 22, 2008

---

a guy named Andrew Carnegie, who is famous for giving away money for libraries. He said this: Only in popular education can man erect the structure of an enduring civilization. Now I don't think he meant educating the popular kids at school. I think he meant that people need to maintain being educated all throughout life. And it is a hazard to think that libraries are just a building. Libraries are a place where information is available and people can continue their own personal education all throughout life. So this bill will, hopefully, be a stepping stone to providing library service for so many other people that currently are without it, without having to pay. And the idea of a whole crowd going together, if each household pays, you know, a couple dollars, that's way different than having to pay \$25. And this win-win thing happens, then the library has more income out of which to service those people who are coming. So we think it's a really positive way to put in the statutes what probably should have been there originally. I mean, if it's okay to contract for a wharf, why can't it be okay to contract for a library? So any questions? [LB768]

SENATOR FRIEND: Thanks for the testimony. Any questions for Ms. Holkeboer? [LB768]

KATHY HOLKEBOER: Holkeboer, uh-huh. [LB768]

SENATOR FRIEND: I don't see any. [LB768]

KATHY HOLKEBOER: Okay. [LB768]

SENATOR FRIEND: Thanks for the testimony. Are there any more proponents? [LB768]

LYNN REX: Senator Friend, members of the committee, my name is Lynn Rex, R-e-x, representing the League of Nebraska Municipalities. We strongly support this bill. We think that this bill addresses many of the issues that have been facing both libraries as well as citizens in SIDs wanting library service. I'd be happy to respond to any questions you have. We think this is a bill that's long overdue. [LB768]

SENATOR FRIEND: Thank you, Lynn. Are there any questions from committee members? I see none. [LB768]

LYNN REX: Thank you. [LB768]

SENATOR FRIEND: Thanks for the testimony. Are there any other proponents? Can I see how many other folks would like to testify on this bill, show of hands? Okay. [LB768]

ROD WAGNER: Good afternoon, senators. I am Rod Wagner, director of the Nebraska Library Commission. Wagner is spelled W-a-g-n-e-r. I'll be real quick. Wish to go on

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Urban Affairs Committee  
January 22, 2008

---

record stating that the Nebraska Library Commission supports this bill and encourages the committee to advance the bill. I think the people who have testified thus far have covered very nicely all the good reasons to advance this bill. Be glad to answer any questions. [LB768]

SENATOR FRIEND: Thank you, Mr. Wagner. Any questions from committee? Seeing none, thanks for the testimony. [LB768]

ROD WAGNER: Thank you. [LB768]

SENATOR FRIEND: Thanks for coming down. Next proponent? Or can we move to any opposition? Opposition testimony? [LB768]

BRIAN DOYLE: Good afternoon. Brian Doyle, B-r-i-a-n D-o-y-l-e. I'm with the law firm of Fullenkamp, Doyle and Jobeun. I'm here today representing the Eastern Nebraska Development Council. Additionally, my firm also represents about 150 different sanitary and improvement districts. I want to make very clear that I am not speaking on behalf of any of those SIDs or any of their residents. I certainly have heard numerous times from residents that would like to get library services without paying for them. Today I'm here in opposition to this bill. I think that one thing that we need to keep in mind about SIDs is that they are limited-purpose government bodies that were formed primarily for the purpose of installing and maintaining basic infrastructure, such as streets, sewers, roadways. SIDs are not a public service provider. I think that adding library services, while it sounds nice and certainly I think most everyone supports libraries, adding library services to the responsibility of SIDs goes well beyond the scope of what the SIDs were truly intended for. I think at this time that SIDs really are overextended in their responsibilities of what they have to do. The other issue is I'm not really sure it's necessary. I haven't heard anyone here today say that they were denied library services. I keep hearing people say, well, they're free to the residents that live in those cities. But the way I look at it is those residents pay taxes in that city for that. The people who live outside of the cities pay a basic fee to use. I don't think that fee is extensive and I guess I'm not aware of anywhere that is denied library services to anyone. They're so available. I guess with that, that's all my comments. I'm certainly available to answer any questions about SIDs, Senator Friend, if you'd like. (Laugh) [LB768]

SENATOR FRIEND: Thank you. Thank you, Mr. Doyle. That was only partly tongue in cheek. Are there any questions from committee members? Senator White. [LB768]

SENATOR WHITE: Aren't cities also overextended? [LB768]

BRIAN DOYLE: I think that's probably fair to say. [LB768]

SENATOR WHITE: Counties? State governments? The federal government? [LB768]



Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Urban Affairs Committee  
January 22, 2008

---

BRIAN DOYLE: Sure. [LB768]

SENATOR WHITE: What's more expensive than ignorance? [LB768]

BRIAN DOYLE: I'm not exactly sure where you're going with that, but... [LB768]

SENATOR WHITE: Thank you. [LB768]

SENATOR FRIEND: Are there any other questions from committee members? [LB768]

SENATOR CORNETT: Senator Friend. [LB768]

SENATOR FRIEND: Oh, sorry, Senator Cornett. [LB768]

SENATOR CORNETT: I believe Kathy Holkeboer mentioned some of the services that are more obscure that SIDs are allowed to contract for,... [LB768]

BRIAN DOYLE: Sure. [LB768]

SENATOR CORNETT: ...one of them being wharf services in Nebraska. [LB768]

BRIAN DOYLE: Yeah. [LB768]

SENATOR CORNETT: How many SIDs actually have a wharf? [LB768]

BRIAN DOYLE: I personally am not... [LB768]

SENATOR CORNETT: Do you represent 150 SIDs? [LB768]

BRIAN DOYLE: I'm not aware of any that have a wharf. What I would kind of direct the committee to look at is the types of things that are listed in there. We're talking... [LB768]

SENATOR CORNETT: One of them being wharf services, am I correct? [LB768]

BRIAN DOYLE: Right. Right. And there's also things like contracting for... [LB768]

SENATOR CORNETT: Garbage. [LB768]

BRIAN DOYLE: No, garbage is not one. I'm certain of that. [LB768]

SENATOR CORNETT: I thought garbage was one that they could contract for. [LB768]

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Urban Affairs Committee  
January 22, 2008

---

BRIAN DOYLE: No. I'm aware that there are some other SIDs that do, but it is not provided for in statute. [LB768]

SENATOR CORNETT: It is allowed though, correct? [LB768]

BRIAN DOYLE: No. [LB768]

SENATOR CORNETT: If it's not allowed, how do they contract for it then? [LB768]

BRIAN DOYLE: That's between that SID board and whoever they contract for. [LB768]

SENATOR CORNETT: Well, I'll look into that a little bit further. [LB768]

BRIAN DOYLE: Sure. [LB768]

SENATOR CORNETT: But there are services they contract for, am I correct? [LB768]

BRIAN DOYLE: Yes. [LB768]

SENATOR CORNETT: Why don't you list those services? [LB768]

BRIAN DOYLE: Oh, I've actually got the bill with me. The services that are contracted for are gas and electricity for street lighting, for the public streets, constructing and contracting for the construction of dikes and levees for flood protection, and I believe that is the only things that they contract for. The SIDs also...they are allowed to contract for police and fire protection services, but they do not. In particular the SIDs, a number which I believe are in your district down in Bellevue, south of Highway 370, like police services for example, they do not contract with the city for police services. Police services are provided by the county. [LB768]

SENATOR CORNETT: Correct. What about snow removal? [LB768]

BRIAN DOYLE: Snow removal is provided for by the county. [LB768]

SENATOR CORNETT: By the county. [LB768]

BRIAN DOYLE: Right. SIDs don't contract for snow removal. [LB768]

SENATOR CORNETT: No, I was aware of that, but I know that they do contract for other services and I just feel that something as fundamental as the right to check out a book is something that, if the SID can vote on and agrees to do, that they should have the right to do that. And as you stated when you first sat down, particularly for Senator

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Urban Affairs Committee  
January 22, 2008

---

White's benefit, who had to be at another committee, that you're not here actually representing any SID. Am I correct? [LB768]

BRIAN DOYLE: That's correct, yes. [LB768]

SENATOR CORNETT: You're just representing a law firm that represents SIDs, but you're not here representing any SID. [LB768]

BRIAN DOYLE: Yeah, that's correct. I represent the Eastern Nebraska Development Council. It's primarily developers, engineers, attorneys that are involved in residential subdivisions. [LB768]

SENATOR CORNETT: So basically, you're worried about creating more work for yourselves, and it's not the people that you represent, who you stated at the beginning said that they want library services. [LB768]

BRIAN DOYLE: Well, I would say in the large number of SIDs that we have that I occasionally hear libraries come up, but it is an exceedingly rare concern. I don't want to sound like I'm against libraries. I mean we're not opposed to libraries. But what I'm trying to point out here is that the SIDs really are a limited public infrastructure body. I think there's got to be a better way, rather than using SIDs who basically build infrastructure and nothing else... [LB768]

SENATOR CORNETT: Is it true that they don't have to contract, under this bill, though, for those, for library services? [LB768]

BRIAN DOYLE: Yeah, that is... [LB768]

SENATOR CORNETT: It's their choice to do that. [LB768]

BRIAN DOYLE: Yes. [LB768]

SENATOR CORNETT: And don't you think that the SIDs should be able to choose what they want to do inside their own community? [LB768]

BRIAN DOYLE: I'm certainly not...I would agree that it is nice for people in their community to choose. I don't think anyone now doesn't have the choice. They have the choice to go contract on a personal basis with the library. I don't think that... [LB768]

SENATOR CORNETT: At a much higher rate than they could as a whole community, correct? [LB768]

BRIAN DOYLE: And that might be the case. I would certainly assume so. [LB768]

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Urban Affairs Committee  
January 22, 2008

---

SENATOR CORNETT: Thank you. [LB768]

BRIAN DOYLE: Yeah. [LB768]

SENATOR FRIEND: Are there any more questions for Mr. Doyle from the committee? Mr. Doyle, I detect from the committee a bit of surprise by your testimony. [LB768]

BRIAN DOYLE: (Laugh) [LB768]

SENATOR FRIEND: Did...just out of curiosity, did anybody on the committee know that you were actually going to come in and testify in opposition? And I'm not chastising you or anything. I just...that I detect some surprise, I guess. [LB768]

BRIAN DOYLE: I personally only became aware of the bill this morning. [LB768]

SENATOR FRIEND: Okay. [LB768]

BRIAN DOYLE: I kind of was surprised, frankly, that with the number of SIDs, that we weren't ever asked about it, but... [LB768]

SENATOR FRIEND: Okay. Yeah, I was just curious. I mean, it's usually good to get the surprises out of the way before a hearing. So are there any other...are there any questions from committee? I don't see any more, Mr. Doyle. Thanks for coming down. [LB768]

BRIAN DOYLE: Thanks. [LB768]

SENATOR FRIEND: Is there any more opposition? Anyone in a neutral capacity that wishes to testify? Senator Cornett, to close. [LB768]

SENATOR CORNETT: Thank you very much. First of all, I'd like to apologize for my apparent oversight in not contacting a law firm but contacting the SIDs directly. I do have a letter from an attorney that represents SIDs that has helped us with this bill. He is unable to attend today and it is attached to a back of the amendment, and I didn't know if anybody had gotten to that last page or not. But I do urge you to support this bill. We have had a number of people request this from our community and it has received generally favorable opinions on it. So thank you very much. [LB768]

SENATOR FRIEND: And before...thank you, Senator Cornett. I didn't know if there were any other questions from committee for Senator Cornett. Before we close the hearing, I would like to read Ronald W. Hunter, Attorney at Law, 11605 Arbor Street, a letter showing his support, among other things, for LB768. (Exhibit 1) So I don't see other

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Urban Affairs Committee  
January 22, 2008

---

questions. Thank you, Senator Cornett. And that would close the hearing on LB768. With that, I believe Vice Chair Senator McGill to open on LB813. Senator McGill. [LB768]

SENATOR MCGILL: Yes, Chairman Friend, fellow members of the Urban Affairs Committee, I'm Senator Amanda McGill, M-c-G-i-l-l. I represent the 26th District in Lincoln. LB813 would allow a municipality, through its governing body, to designate a section of the city that's developed in the last 20 years to be an urban growth district. That governing body could then calculate an estimate of the portion of the city's local option sales and use tax revenues that are generated in the urban growth district and issue bonds for construction or improvements of roads, streets, and other public infrastructure. The bonds would be secured in whole or in part by a pledge of the urban growth local option sales and use tax. I've introduced LB813 at the request of the city of Lincoln and know of their struggle to keep up with the demands of their growing areas and the maintenance of the infrastructure throughout the city, especially streets and roads. The appeal of this approach taken in this bill to me, at least, is that it asks for no state funds, it requires no increase in local taxation, and would give the city administration an additional tool using existing city revenue sources to keep from falling behind in this important city function. I'll be followed by supporters of LB813 who will be able to answer questions about bonding, about the current flow of municipal revenue, and other issues of municipal law. I urge you to advance LB813 to the floor. Thank you. [LB813]

SENATOR FRIEND: Thank you. Are there...thank you, Senator McGill. Are there questions for the senator? Senator White. [LB813]

SENATOR WHITE: Senator, a number of developers have come and said that this is essential to help orderly and increasing growth. Have you seen anything in your study of the bill that indicates it will hurt growth or our cities? [LB813]

SENATOR MCGILL: No, I've seen nothing like that. And there's a line of people behind me that are in that business as well here to support it. [LB813]

SENATOR WHITE: Thank you. [LB813]

SENATOR FRIEND: Thank you, Senator White. Any other questions from committee members? Seeing none. [LB813]

SENATOR MCGILL: All right, thank you. [LB813]

SENATOR FRIEND: Let's move to proponent testimony, those in favor of LB813. [LB813]

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Urban Affairs Committee  
January 22, 2008

---

DON HERZ: (Exhibits 4, 5) Good afternoon, Senator Friend and members of the Urban Affairs Committee. My name is Don Herz, the last name is spelled H-e-r-z. I'm the finance director for the city of Lincoln, and I'm here today in support of LB813. This bill will provide an additional financing mechanism for the city of Lincoln and many other municipalities in the state as we attempt to meet our backlog of street funding needs. As mentioned by Senator McGill and confirmed by the legislative fiscal note, this bill does not require any state tax dollars. It just permits the ability to bond the local portion of our sales tax dollars. This bill would allow a city to create one or more urban growth districts within the city's current corporate limits, but outside the corporate limits as they existed on January 1, 1988. I think the best way to describe it is to look at the attached map that I handed out to you. It shows the city's limits as it existed today and as of January 1, 1988. The area in blue is the 1988 city limits, and the area in light green is the area that has been annexed in the past 20 years. The area in blue is sixty and two-thirds square miles; the area in light green is twenty-seven and two-thirds square miles for a total of eighty-eight and one-third square miles. We selected 1988 as the base year because this approximates the time that Lincoln and other growing cities began experiencing significant growth on its fringes. In this 20-year time period, Lincoln has seen approximately a 31 percent growth in its footprint. This rather dramatic growth has resulted in significant demand for infrastructure in the form of roads, water, and sanitary sewer services. The most difficult of these infrastructure needs to meet is roads. We currently have the statutory authority to issue water and wastewater revenue bonds. While the city has enacted road impact fees for new growth and have bonded a significant portion of its highway allocation funds, we face a shortage of approximately \$100 million just to build arterial streets within the annexed area--that's the light green area. As LB813 is written, it would allow the city of Lincoln to utilize 31 percent of our local option sales tax to pay debt service on bonds secured by our sales tax revenues. This percentage is calculated by dividing the new growth area--that's the light green area--by the current city footprint of eighty-eight and one-third square miles. Our local option sales tax currently generates about \$56 million. So if 30 percent could be bonded, we'd have the ability to pay approximately \$17 million towards debt service. While the amount of the bonds that could be financed will be dependent upon tax-exempt rates and terming of the bonds, this could produce as much as \$200 million potentially in bond proceeds in today's tax-exempt market. Since the 31 percent ratio would increase over time as our city continues to grow, additional bonding capacity could then be created. We have used this geographical growth to calculate the percentage allocation because of the difficulty to account for actual sales that occur within the pre '88 limits and what exists in the area annexed after 1988. We have used an approximation technique with the assistance of the Nebraska Department of Revenue and determined that the geographical method that I've just described is a close approximation to actual sales. This geographical method also eliminates any cost to the state Department of Revenue to deal with collecting and payments of sales tax back to us. We strongly encourage you to consider supporting this bill and ask that you report this bill out to the full Legislature. If you have any questions, I will attempt to

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Urban Affairs Committee  
January 22, 2008

---

answer them. [LB813]

SENATOR FRIEND: Thank you, Mr. Herz. Any questions from the committee? Senator White. [LB813]

SENATOR WHITE: Do you know of any other states that are employing this mechanism? And if so, how has it worked out for them? [LB813]

DON HERZ: Senator, I am not aware of any other states that... [LB813]

SENATOR WHITE: Okay, thank you. [LB813]

SENATOR FRIEND: Thank you, Senator White. Any other questions from committee members? Don, I was talking to Senator McGill about this earlier and actually got a chance to talk to Mayor Beutler briefly about it. This is a...we get into a risk-reward situation with this Legislature where every time you take a risk or anytime you do something that there's going to be a benefit, there's going to be some reward but there could be some problems. The only thing to really worry about here is the bond rating of a city or village. The first question is, the only thing you'd really have to worry about as far as cost benefit would be your bond rating I would think. [LB813]

DON HERZ: The bond rating and your overall capacity to issue these bonds and your credit rating. [LB813]

SENATOR FRIEND: Okay, good point, your overall capacity to issue those bonds. I mean this is...and I had spoken to Senator McGill about this earlier. Maybe I shouldn't even bring it up. Maybe I should let you talk to me about it. I mean I don't want to condemn villages and certain, you know, class of cities. Is this the type...an urban growth district or this type of capability, not to offend anybody in a village, but do we want this as a sweeping, you know, opportunity for every community in this state? I mean this gets...this seems a little, I wouldn't say too creative, but I mean a little riskier than your normal, you know, capability when it comes to...tax increment financing is pretty commonly used. This type of bonding authority isn't. So... [LB813]

DON HERZ: Well, just a couple of comments regarding that. Many of the smaller cities and villages I don't believe have local option sales tax so they wouldn't be able to use this. And they may not have much growth since 1988 so if they do have a local option sales tax, the portion of their sales tax that may be able to bond would be rather, you know, much less significant as compared to a city like Lincoln, you know, the half dozen to maybe dozen cities within Nebraska that have seen growth on the magnitude that you see here in Lincoln. [LB813]

SENATOR FRIEND: Okay, so, Don, in other words there is already a partition set up.

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Urban Affairs Committee  
January 22, 2008

---

Why do you need to set one up where you're only allowing first- and second-class cities to do it and maybe not villages? I mean is that your... [LB813]

DON HERZ: Well, I think the concept is to be able to deal with...is to provide a tool for those cities that have seen this extensive growth on their fringes. And so I think that's kind of the concept to provide this additional tool. And in the case of the city of Lincoln, you know, getting back to the amount of debt service, we continually look at that. Our rating agencies look at that and so we would have to factor all of those things as to the amount of debt that we can incur. [LB813]

SENATOR FRIEND: Okay, good enough. Any other questions? I don't see any. Thank you, Mr. Herz. Next proponent, please. [LB813]

DAN MARVIN: (Exhibit 6) Thank you, Chairman Friend and members of the Urban Affairs Committee. I'm Dan, D-a-n, Marvin, M-a-r-v-i-n, chair of the Lincoln City Council. Mayor Beutler is out of town this week so I'm standing in pinch-hitting for him here. The city of Lincoln has two priorities this session--road funding is one of them. We appreciate the Legislature's efforts to find new sources of revenue for local road needs. Mayor Beutler has pledged the city support to both the Speaker and to the Chairwoman of the Transportation Committee on this issue. We will assist in whatever way we can to build a coalition for the Legislature's road package. But we don't want to just come in here asking for more money. We recognize our responsibility to do what we can to help ourselves locally. And that's what LB813 is all about. As Senator McGill noted, we are not asking the Legislature for new dollars with this bill. We're simply asking for another tool to help us help ourselves. I want to first emphasize the magnitude of the needs we face here in Lincoln. Five years ago I sat on a local task force that took a close look at Lincoln's long-term infrastructure financing needs. As part of that process, we estimated the city's road funding gap at roughly \$200 million over the next 12 years. Here we are five years later and road funding is still a high priority. Yes, we've done several things locally to try to dig ourselves out of this hole. We've issued two sets of highway allocation bonds--one in 2004 and another in 2006. Those two issues raised \$62 million for road funding. And right now, we are awaiting the recommendations of a local group looking for ways to save money on our road designs. Second, I want to talk briefly about highway allocation bonds. The Legislature granted municipalities the authority to issue this type of bond via a vote of the local city council several years back. Lincoln certainly appreciates this tool. And as I mentioned before, we have issued highway allocation bonds twice before. LB813 proposes a similar financing mechanism in that these urban growth bonds will also be issued by a council vote and backstopped by the city full faith and credit. Urban growth bonds would indeed help us help ourselves if we had the political will to do so. I want to close again by thanking the Legislature for its focus on road funding this session. News from Washington, D.C., of late has been kind of grim with the talk that the federal highway trust balances are rapidly declining. This in turn has led to the state Department of Roads' recent announcement that it may soon have



Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Urban Affairs Committee  
January 22, 2008

---

to go to essentially a maintenance-only program. All this translates into fewer and fewer dollars for local governments which, as you well know, have been struggling to keep property taxes low during these times of flat sales tax revenue. And so again we appreciate your willingness to identify new sources of revenue, and we ask you for local financing tools like LB813. With both, we will be well on our way to closing the gap and keeping pace with our new growth. Thank you again for your time, and I'll take any questions. [LB813]

SENATOR FRIEND: Thank you, Councilman. Are there any questions for Councilman Marvin? I don't see any. [LB813]

DAN MARVIN: Okay, thank you. [LB813]

SENATOR FRIEND: Thank you for coming. Next proponent. [LB813]

BRUCE BOHRER: (Exhibit 7) Good afternoon, Chairman Friend, members of the Urban Affairs Committee. Bruce Bohrer, appearing on behalf of the Lincoln Chamber of Commerce. For the record, Bohrer is spelled B-o-h-r-e-r. Lincoln Chamber of Commerce wishes to support LB813 which you've already heard provides statutory framework, the statutory framework for municipalities to create urban growth districts and provide bonding authority for urban growth bonds. We believe LB813 is a creative proposal that will allow the financial benefits of growth to help pay for growth-related infrastructure costs. Lincoln is fortunate to be a growing community. Of course, growth brings the need for enhancing our infrastructure capacity. Road infrastructure is, in particular, of utmost importance to the continued economic vitality of Lincoln and of all of the communities across our state. As with many other types of long-term assets, however, you likely will need to pay for the asset over an extended term of years. LB813 accomplishes this by identifying additional sales tax as a bonded revenue stream. The Lincoln Chamber has worked with the city of Lincoln on numerous local efforts. Chairman Marvin already mentioned those so I'm not going to go over them, and those are listed in my submitted testimony. I would just close by adding that this is an issue that is supported on a communitywide basis in Lincoln. I'm here representing the business community, but we pulled together a group, we call it a community consensus meeting, just prior to the Legislature coming into session. Our legislators participate. We pull in a broader set of constituencies, and this rises to the top in all of our constituencies here in Lincoln. So just want to point that out and thank the mayor and also Senator McGill for proposing this idea. I'd be happy to answer any questions you might have. [LB813]

SENATOR FRIEND: Thank you, Mr. Bohrer. Any questions from committee members? Seeing none, thanks for the testimony. [LB813]

BRUCE BOHRER: All right, thank you. [LB813]

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Urban Affairs Committee  
January 22, 2008

---

SENATOR FRIEND: Others in favor of LB813. [LB813]

LYNN REX: Senator Friend, members of the committee, my name is Lynn Rex, representing the League of Nebraska Municipalities. We would like to thank Senator McGill for introducing this important piece of legislation. This bill is desperately needed, not just in Lincoln, but in other cities that are facing huge growths as well as deficits in road funding. As you know with last year's budget the state of Nebraska had, there's a huge deficit in terms of for the Department of Roads what they're going to be able to do. And has already been stated, we're looking at basically a maintenance-only type budget for them. So across the state of Nebraska there is a huge deficit in municipalities with roads funding. I would like to underscore, though, that this bill, Senator Friend, to address some of your concerns, already has some immediate limitations in it which we support because it's just by definition. There are of the 531 cities in the state only about 160 cities with local option sales tax. By definition, in order to issue a bond like this, in order to get a clean bond opinion, you're going to have to have some growth in that. And you're looking at basically ten or less cities in the state that would be impacted by this. This is a very important piece of legislation because the State of Nebraska's revenue also grows when cities grow. When local and municipalities in the state of Nebraska grow and generate more sales tax revenue, that grows your budget also. We think this is important. We think this will help Lincoln, Nebraska, and about nine other communities certainly assist them in their efforts to try to take care of a huge gap in financing for roads. I'd be happy to respond to any questions that you might have. [LB813]

SENATOR FRIEND: Thank you, Lynn. Are there questions from committee members? Senator Rogert. [LB813]

SENATOR ROGERT: Yeah, just one. Lynn, this obviously came as a result of a request from Lincoln. Is there a greater risk by allowing smaller communities, just first-class-size cities, to do this than there would be for a large city like Lincoln as far as backing the bonds and being able to manage the sale of those? [LB813]

LYNN REX: Well, the only two cities in the state that have rated bonds in any event are Lincoln and Omaha. But, Senator, already this bill by virtue of the way it's drafted, is going to limit it to about ten cities in the state of Nebraska. So of the 160-some cities with local option sales tax, those cities aren't having growth in that sales tax. And that's what you're going to have to have in order to issue bonds and have this kind of an effort. So literally you're looking at about ten cities, Lincoln, Omaha, and maybe eight cities of the first class. Operatively, that's how this would work is the way it's drafted right now and we strongly support it. [LB813]

SENATOR FRIEND: Are there any other questions from committee? Lynn, then I'll play

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Urban Affairs Committee  
January 22, 2008

---

devil's advocate. I'll take the other side of the argument for a second, really quickly. So it's almost like walking into a bank and the only way they're going to lend you money is if you have money. So what Senator Rogert is saying is there's a first-class city out there or a second-class city that says, you know, we sure would like--and we hear it all the time, you hear it all the time--we sure would like a growth initiative. We sure would like something out of the Urban Affairs Committee or anybody else, Revenue Committee, something that helps us. But the devil's advocate part is, we're helping ten cities here maybe. [LB813]

LYNN REX: Well, this is very important, though because... [LB813]

SENATOR FRIEND: But, Lynn, in other words, we get out to the floor and somebody says, this is a Lincoln and Omaha bill. Thank you, McGill, thank you, Friend. What are you doing for us? I mean you see where I'm going with this. [LB813]

LYNN REX: I do. But I would also indicate to you we don't want it limited just to first-class cities, Lincoln and Omaha, because we have cities like Waverly, cities like Hickman, those are cities that could potentially some day use this bill too. So I do think that this is an important bill. [LB813]

SENATOR FRIEND: So there's potential is what you're saying. [LB813]

LYNN REX: Absolutely, absolutely. [LB813]

SENATOR FRIEND: So that right now...okay, all right. I got you. [LB813]

LYNN REX: I'm just suggesting in response to your question, Senator Friend, this isn't a bill that you're going to have 531 cities go out and implement on Day One. It just isn't going to happen. You're going to be dealing here with cities that have some growth in sales tax, that have capacity, that have a need to do it, and almost all of them have the need to do it, but in terms of having the capacity to do it, they're looking basically at this point if it passed today, you're looking at about ten cities. Maybe by next year we'll have 20 cities. So we don't want to limit it just to cities of the first class, Lincoln and Omaha. I think it's important to leave it open and leave this option open for cities of the second class as well. [LB813]

SENATOR FRIEND: Fair enough, fair enough. [LB813]

LYNN REX: This is really an important bill. [LB813]

SENATOR FRIEND: Thank you, Lynn. Are there any other questions for Ms. Rex? [LB813]

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Urban Affairs Committee  
January 22, 2008

---

LYNN REX: Thank you very much. I appreciate it. [LB813]

SENATOR FRIEND: Thanks for the testimony. Next proponent. How many others wishing to testify, if I could see a show of hands? Thank you. [LB813]

WALTER RADCLIFFE: Senator Friend, members of the committee, my name is Walter Radcliffe, R-a-d-c-l-i-f-f-e, and there were no more little green sheets back there. I could have used the back of the bill. It would have been the same color. I'm appearing before you as a registered lobbyist on behalf of the Nebraska Realtors Association in support of LB813 with just one little...with one caveat and that is the realtors have not had their meeting to specifically support the bill, although this is consistent with what their legislative mission is. And so I guess it was somewhat my decision to come and just...if they don't like what I'm saying, they can fire me but I'm sure that they will be supportive of the bill because anything that's going to enhance cities' abilities to deal with their infrastructure issues is something that they historically have endorsed. And I'd urge you to report the bill out. I understand what you're saying, Senator Friend, about its perhaps limited application. But at the same time, limited application is better than none. And as Lynn indicated, I think there is definitely a possibility for some growth in the future. [LB813]

SENATOR FRIEND: Thank you, Mr. Radcliffe. Any questions from the committee? Seeing none, thanks for the testimony. [LB813]

WALTER RADCLIFFE: Thank you. [LB813]

SENATOR FRIEND: Next proponent. [LB813]

JACK CHELOHA: Good afternoon, Senator Friend and members of the committee. My name is Jack Cheloha, last name spelled C-h-e-l-o-h-a. I'm the registered lobbyist for the city of Omaha. I wanted to testify in support of LB813. Initially when the city...first of all, I should congratulate the city of Lincoln. You hear the old axiom, thinking outside the box, well, this is one of those concepts. I mean they're trying to come up with a new way to fund their roads and infrastructure, and I congratulate them on that. I think it's an innovative idea. When they first shared it with us, I took it to our public works department in Omaha and our various offices of the mayor and city council, and we're always looking for new tools. Based on a study in Omaha, our physical needs, if you will, are estimated anywhere from \$300 million to \$400 million in terms of infrastructure we need in the Omaha metro area for roads and construction and things like that. And, you know, that's despite the fact that we just put in a \$100 million expressway over Dodge Street, if you will, around the 114th area. So there's still a great demand so we're always looking for ways to help, you know, build roads and pay for them, etcetera. In the sense, though, we were a bit cautious because we weren't certain in Omaha, you know, it's a tool that we could use, but we weren't sure, you know, how often we would

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Urban Affairs Committee  
January 22, 2008

---

use it. We're supportive of it because it could help. But Omaha is a little bit unique in the sense from Lincoln because we utilize the SIDs and a lot of times we ask the sanitary and improvement districts, you know, that's why they're organized, to pay for the roads from the get-go and start with the improvements, etcetera. So we have that benefit, if you will, in Omaha that Lincoln does not. In the meantime, you know, other sources of funds to pay for roads, we get our highway allocation fee from the state. You know, that varies. Mostly Omaha, I think, receives anywhere from about \$25 million up to \$28 million, \$29 million a year. And as you can see, if you have \$300 million or \$400 million in needs, you know, that's not going to cover it. So in the meantime we issue various types of street and highway bonds to pay for it piecemeal and try to go along that way. So in the end as we're trying to piece this together, as the Legislature is going to try to piece together what our highway program is for 2008, we think this would be another tool and because of that, we're supportive of LB813. I'll try and answer any questions you might have. [LB813]

SENATOR FRIEND: Thanks, Mr. Cheloha. Any questions from the committee? I don't see any. [LB813]

JACK CHELOHA: Okay, thank you. [LB813]

SENATOR FRIEND: Thanks for the testimony. Are there any other proponents? Anyone else in favor? We can start with opposition. Is there any opposition to LB813? No opposition. Neutral testimony. [LB813]

BRUCE KEVIL: (Exhibit 8) I'm Bruce Kevil, K-e-v-i-l, representing the Nebraska State Home Builders Association in a neutral capacity. I'm going to cut through the chase here and just kind of get down to the bottom half of my remarks. The State Home Builders appreciates the advantages provided and proposed under this concept. But a little more facts and figures would seem to be in order. We have not done our bill review. We will do it in early February so we decided to testify in a neutral position. We'll have more reaction to the bill at a later date. But something like urban growth districts, there's questions about, you know, should we allow the funds to go to any other area of the municipality or should it be to service those urban growth districts? The idea of it being one district or one city or is it an idea of where it is a couple of districts within a city? Some guidance for fairness and predictability. Most of the cities that would probably use this have a capital improvement plan. But in a case that they don't, we think that would be a good idea. Some guidance and direction on the income stream. You know, I come from a different perspective perhaps than the city. And when you say urban growth boundaries or urban growth districts, that's a little bit of area. And so our perception is you've got a big box store like a Home Depot, you know. How long is that going to be committed--the sales tax from the store's sales collections--five, ten years? Just some guidance like that. Broad parameters for how these districts are to be structured I think would be a big help in establishing concerns over fairness and predictability from city to

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Urban Affairs Committee  
January 22, 2008

---

city in a metropolitan area or the creation of multiple districts within a city. Now obviously if they're designed to be multiple districts within a city going to one pot, that's not going to have much of an impact where you got multiple districts. Just concludes my comments. [LB813]

SENATOR FRIEND: Thank you, Mr. Kevil. Senator White had a question. [LB813]

SENATOR WHITE: Thanks, Bruce. I appreciate you coming and testifying. I see your notes and I understand some of your concerns. But your concerns also raise concerns on my part. If, for example, you indicate in your written testimony use the money only inside of the district. What if you need a sewer lift station outside of the district to service the district? Or you need an expressway into the district to handle people commuting back to the city? Or library services from a library that's out of the district and yet would provide services? You know, it's interrelated. And I guess if we get down that road, though I see your concern, how do we decide where to stop? Do you see what I mean? [LB813]

BRUCE KEVIL: Well, first off, I'm in a neutral testimony position. [LB813]

SENATOR WHITE: Right. [LB813]

BRUCE KEVIL: So I don't want you to even conceive that this is opposition. [LB813]

SENATOR WHITE: Um-hum. Thank you. [LB813]

BRUCE KEVIL: And all it is, is to raise questions that from reading of the bill was not that obvious. [LB813]

SENATOR WHITE: No, you did and I'm looking at that and I'm thinking, okay, yeah, I can see that. You don't want to kill growth on the edges to rebuild inner city and I can see that being legitimate. Generally we have bonds like this devoted to the area, TIF is, things like that. But at the same time, I'm trying to think how you can draft to meet that concern. Can you give me any guidance? [LB813]

BRUCE KEVIL: No, I cannot give you any guidance. I talked to my national association just today wanting to get a reaction. And the cursory reaction is, hmm, this is really innovative. This is really interesting. They couldn't put me on to a place that does this. And so the city of Lincoln is to be applauded. [LB813]

SENATOR WHITE: But if I understand what your thought is at least on that first one, you're concerned about there's a political struggle in the city, they functionally tax the heck out of the edges of the city because the votes are still in the inner city but that problems growth. [LB813]

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Urban Affairs Committee  
January 22, 2008

---

BRUCE KEVIL: We haven't gotten that far. [LB813]

SENATOR WHITE: Okay. I appreciate your concern. I'm just...at the same time you recognize through the home builders we need to do something... [LB813]

BRUCE KEVIL: Right. [LB813]

SENATOR WHITE: ...right now especially. [LB813]

BRUCE KEVIL: I just didn't...that's very positive and just short. Any questions? [LB813]

SENATOR FRIEND: Thank you, Mr. Kevil. I see none. Any more neutral testimony? And Senator McGill to close. [LB813]

SENATOR MCGILL: Senator Friend, members of the committee, I'd like to thank everyone here for their very positive testimony, in my eyes, about the city of Lincoln and what they're trying to do to solve this problem that we're all facing when it comes to funding roads. I've been working with the mayor who, as you know, unfortunately couldn't be here today. And I think it's great that they've been working so hard to find a way that Lincoln can help solve its own problems. They just need a little help from us. I thank Bruce for his testimony and bringing forth some of those questions. I know when it came to any part of...some of the language in there, I had some of those same questions for the mayor when I sat down with him. And, you know, all of us can sit down and work through some of that. But he didn't want to tie the hands of the city to use that money just in those areas because other parts of the city do impact that part and there are needs in all parts of the city. And again, that's something that I know that he'd be willing to sit down and discuss with the home builders once they've met and come to conclusions about the bill and try to make it even better. Thank you and I ask for your support. [LB813]

SENATOR FRIEND: Thank you, Senator McGill. Any other questions? Seeing none, that will close the hearing on LB813. And I believe Senator Kruse is here and we will move to LB899. Senator Kruse, welcome. [LB813]

SENATOR KRUSE: Thank you, Mr. Chairman. I am glad to see you and glad to be seen. That's the sign of an old man, yes. [LB899]

SENATOR FRIEND: Thanks for coming over. [LB899]

SENATOR KRUSE: Mr. Chairman and committee members, my name is Lowen Kruse, K-r-u-s-e, District 13, and the bill is LB899. In your heads, you kind of need to move from Lincoln to Omaha now, though this bill wouldn't have to be restricted to Omaha.

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Urban Affairs Committee  
January 22, 2008

---

The bill is fairly straightforward. It is land reutilization and would transfer the functions in...for a metropolitan city, but in this case we're looking at in the county of Douglas. It would transfer the LRC functions from the county to the city. It would close a county office and transfer it to the planning department, where there would...it would be handled by persons who are already employees. That's the bottom line of it. That obviously would save a little taxpayer money because we'd be closing an office and we would not be adding staff by it. It would, obviously, shift from the county to the city the responsibilities not only for the city but for the county. There will be others speaking to this, and you know, recognizing and answering questions about how that might work, I would simply observe that the LRC function in Douglas County has gone...has been diminished greatly in recent years. I have been a participant in that process of several occasions, been very frustrated with the process. Basically, LRC is an administrator function. They're trying to keep the I's dotted and the Ts crossed and make that go. They are not an advocacy. They are not trying to help processes to move. I remember my extreme frustration, and not derogatory at all, it's just the way they operate, that one of the city people called me, a private citizen, and asked if I could notify them when two years had gone by after a sheriff's sale so that this parcel of property could be looked at again. Now, (laugh) I don't quite understand that and I just realize this is not, the bottom line understatement is, this is not an aggressive operation that we are dealing with here. But it's gotten down to one person within the office and the thought is that the planning department would be able to handle this. And I was attracted to the bill because I felt, well, that would be a pretty good place, not that it's under the planning department, but that planning minds would be looking at these parcels. And as others will say to you, this becomes a very important item for Omaha as we are trying to get into a massive reclaiming of parcels that have been stranded in various processes down through the years, and are parcels of land that are just sitting there and really need to have somebody advocating, I would say, on behalf of the land, but of course others would say on behalf of the city and its citizens. So that would be my opening, Mr. Chairman. [LB899]

SENATOR FRIEND: Thank you, Senator Kruse. Are there questions from committee members for Senator Kruse at this point? I bet if you hung around and closed, there may be some later. [LB899]

SENATOR KRUSE: All right. I'd be pleased to. [LB899]

SENATOR FRIEND: I don't know that for sure. You can do whatever you want. [LB899]

SENATOR KRUSE: I am a part of a very, very exciting committee that is meeting as we meet. But, you know,... [LB899]

SENATOR FRIEND: I under... [LB899]



Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Urban Affairs Committee  
January 22, 2008

---

SENATOR KRUSE: ...I'll just pull myself away from that for a little bit. [LB899]

SENATOR FRIEND: Okay. I understand. [LB899]

SENATOR KRUSE: Thank you. [LB899]

SENATOR FRIEND: Thank you, Senator Kruse. We'll start with proponent testimony. Those in favor of LB899, go ahead and step forward and...welcome, Councilor. [LB899]

FRANK BROWN: Thank you, Senator Friend, and thank you other members of this fine body. I'm here today not in incognito, but I'm on snow duty because when it snows we have complaints in the city and I've got to go out and look at some of them. So that's why I'm before you like this today. [LB899]

SENATOR FRIEND: Councilman, for the transcribers, you might want to... [LB899]

FRANK BROWN: Frank Brown, and last name spelled B-r-o-w-n. Sorry about that. [LB899]

SENATOR FRIEND: Thanks. [LB899]

FRANK BROWN: Thank you. And I'd like to thank Senator Kruse, too, as well for sponsoring what is a very, very important bill, not for only for the city, the schools, and Douglas County, but also for the taxpayers of all the bodies. Currently, they are putting in \$25,000 apiece to help with the budget of the LRC. The LRC, we recognized several years ago, is hemorrhaging, it's not losing, it's hemorrhaging funds. We currently have a budget which requires \$7,800 a month to offset the outflows, the financial outflows, and we receive, if nothing, very little each month when we sell vacant properties that have come to us by way of foreclosures. Seventy-eight hundred dollars a month is the average and currently we have fifty...fifty-seven...fifty-two thousand dollars in the bank. If we don't make a change we will run out of money and I think, as overseers, as politicians representing the taxpayers, we must take action, at least by way of the city, and that's why I brought it forth to the others on the LRC, the other two members, and I put it on the agenda as the city council's or the city of Omaha's wish list to bring it here. And once again, Senator Kruse was so gracious to sponsor this change. It's just a small change that would bring it to the city planning department for oversight. And as Senator Kruse says that it is an important piece for the future, too, as well as for north Omaha. Currently, we're in a redevelopment process, trying to take vacant lots and put them on the tax rolls. There are many vacant lots in the city, in my district. In some places it looks as if a bomb hit it and there's no development. So in the future this would help because the city planning department, which is involved in the redevelopment of my district, could look at areas and make determination of how it should be developed. Many years ago when the LRC was created, there were thousands of lots in the

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Urban Affairs Committee  
January 22, 2008

---

inventory. In 1990, there were 2,500 lots. Now we're down to 57 lots, and most of them are slivers and can't be built upon. And with very few lots coming into the LRC, we make our money on the sales. We're selling some of these lots for \$100, \$250, and by the numbers we cannot, cannot continue at this pace. So I could go on and on, but I know time is of a factor. I heard you earlier, so... [LB899]

SENATOR FRIEND: Well,... [LB899]

FRANK BROWN: ...I'll entertain any questions you might have. So thank you for listening. [LB899]

SENATOR FRIEND: Thank you, Councilman Brown. Are there questions from committee members for the councilman? Senator White. [LB899]

SENATOR WHITE: Councilman, how will this help save money, Councilman? [LB899]

FRANK BROWN: Because under...the city planning department would take over the...they would become the oversight and they could think of energetic ways, excuse me, to reduce some of the loss. And here's an important part of this. The city of Omaha currently, when there's a house that is condemned, fire or otherwise, the city of Omaha takes that initiative and not only condemns but will also raze the house. That's, at a minimum, at \$5,000. Then it goes through a legal process and then winds up in a sheriff's sale. Then it comes to the LRC. Now people are buying these houses for \$250 bucks...or, I'm sorry, the vacant land for \$250 and so the city of Omaha loses a substantial amount of money because they're not recouping the loss. The planning department could think of ways to increase that cost to come back to the city of Omaha and also pay for what we're losing right now. [LB899]

SENATOR WHITE: The city can bid in, though, that \$5,000 and buy the lot itself. [LB899]

FRANK BROWN: The city could, but the city has no money. [LB899]

SENATOR WHITE: Right, but they wouldn't have to. I mean it would just bid in the debt that's owed to it on the lot. [LB899]

FRANK BROWN: Yes, sir. Yes, Senator. Yes, they could. [LB899]

SENATOR WHITE: Okay. Is the problem you don't have the administrative and the planning to start...I mean, if the city could assemble the number of lots, then you might have...be able to more effectively redevelop. It's sort of a problem in my district as well, as you know. [LB899]

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Urban Affairs Committee  
January 22, 2008

---

FRANK BROWN: Yes. [LB899]

SENATOR WHITE: Is that the problem, we don't have the planning in place or...I mean, you think this is what will help fix the problem? [LB899]

FRANK BROWN: I believe so. [LB899]

SENATOR WHITE: Okay. [LB899]

FRANK BROWN: The planning department has a great deal of experience and especially they are the ones who create the redevelopment areas... [LB899]

SENATOR WHITE: Yes. [LB899]

FRANK BROWN: ...they bring to us, so you're exactly right, and they could increase the sales or even take over some of these lots that are very valuable to the city of Omaha. When we go out, meaning the city of Omaha, and try to buy back that lot, that homeowner will sell it to us for \$25,000 in some cases. It's a tremendous loss. [LB899]

SENATOR WHITE: Now I understand a lot of people from the West Coast, the East Coast are putting together investment consortiums, buying a large number of these lots. [LB899]

FRANK BROWN: Yes, Senator. [LB899]

SENATOR WHITE: And that's becoming a problem in redevelopment because of the price they then ask for the lots that the city sold for \$200. Why isn't the city, Councilman, now bidding in, you know, its debt just to hold the lot? Is there a reason why we haven't been doing that? [LB899]

FRANK BROWN: Because of the process that it goes...it's going through, and I don't want to chastise other members of the board. [LB899]

SENATOR WHITE: Right. We're not going to throw stones. I mean... [LB899]

FRANK BROWN: Right, and... [LB899]

SENATOR WHITE: ...is the ability there now, or do you need something like this to do it? [LB899]

FRANK BROWN: The ability is there, to a certain extent, where the city can ask the LRC within a certain boundary area for property, and by them taking it over they would have first right at these lots that the city that...where there are structures and they're

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Urban Affairs Committee  
January 22, 2008

---

tearing it down, and they wouldn't have to go through the LRC process, asking us for the lots. [LB899]

SENATOR WHITE: Thank you. [LB899]

FRANK BROWN: Yes, Senator. [LB899]

SENATOR FRIEND: Thank you, Senator White. And are there any other questions for Councilman Brown? Councilman, I'm...that was helpful. I'm wondering if, I don't want to seem like a broken record here, I'm wondering how this could be something that could be utilized by other communities in this state. I mean, right now, the way this bill is, you know, set up, pretty narrow in its focus. I mean, do you think it would be something that would...it certainly wouldn't offend you if we worked on this in order to try to create something that would be a little more advantageous to other communities. Am I stepping over the... [LB899]

FRANK BROWN: Oh, no, Senator, you're not. You all have great minds here... [LB899]

SENATOR FRIEND: ...stepping over the edge? [LB899]

FRANK BROWN: ...and I think that it would be a tremendous help. [LB899]

SENATOR FRIEND: Well, I don't know. [LB899]

FRANK BROWN: And we currently help, I believe, two other counties, and my director, David Schreiner, is here who could ask...you could ask him more probative questions and he could respond, but we currently help two other jurisdictions because they're unable to do it themselves because of the financial constraints to them. [LB899]

SENATOR FRIEND: Yeah, and I guess in your...do you have anecdotal...I mean, I would think that Grand Island maybe, you know, Scottsbluff, I would imagine they have issues like this too. And then they see a bill like this come along and, next thing you know, in a 90-day session they said if it's good enough for Councilman Brown in Omaha it's good enough for us too. [LB899]

FRANK BROWN: Uh-huh. [LB899]

SENATOR FRIEND: I just don't know if you've received any feedback from other folks or talked to other, you know, city officials around the state or anything about this problem. [LB899]

FRANK BROWN: No, I have not. [LB899]

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Urban Affairs Committee  
January 22, 2008

---

SENATOR FRIEND: Okay. Any other questions for Councilman Brown? I don't see any. Thanks for coming down. [LB899]

FRANK BROWN: Thank you, Senator, and thank you, senators. Thank you again, Senator Kruse. [LB899]

SENATOR FRIEND: Next proponent, next person in favor of LB899. [LB899]

DAVE SCHREINER: Afternoon, ladies and gentlemen. My name is Dave Schreiner, S-c-h-r-e-i-n-e-r, and I am the director of the Land Reutilization Commission, which I'll call LRC from here on out. It's much easier. I would just echo everything that Mr. Brown said. There is a need for the LRC; the one way to look at it is if there is not an LRC what property goes to the sheriff's sale and does not get bid on, after the two-year redemption period is up, would just languish, nothing would happen to it, it would just sit there. Would kind of create a monster, in my opinion, of, you know, people...there's no teeth behind the law in that case. People can not pay their taxes and there's no teeth behind it, unless somebody bids on it at the sheriff's sale. Typically, people are not going to bid on properties with building demos on them, because it's worth \$500 or \$1,000 and it has that \$5,000 building demolition lien on it. So that's typically what's going to happen there, as far as, you know, the bidders on those things with demos. [LB899]

SENATOR FRIEND: Thank you, Mr. Schreiner. Senator White had a question, I believe. [LB899]

SENATOR WHITE: Yeah. The Supreme Court recently said that those building demo liens are extinguishable and they're subordinate, so those properties are being cleaned, as we speak now, of title. There is a bill pending to make them not extinguishable. It's not actually been filed yet, to my knowledge, but they're starting to work it. This is a huge problem in Omaha. I mean we have... [LB899]

DAVE SCHREINER: Absolutely. [LB899]

SENATOR WHITE: ...an enormous problem and we need to get this back on the tax base and recreate growth. Why will this make it better? I mean, I, unfortunately, had to do a lot of foreclosures as a young attorney. The city right now can bid in its taxes and take all of those properties rather than having them sold to third parties. Why is it not doing that? Why is Land Reutilization Commission not doing it or asking the city to do it and then taking assignment of the property to assemble them into developable lots? [LB899]

DAVE SCHREINER: Right. As Mr. Brown referred to, there are certain city redevelopment areas that have been approved by the Omaha City Council and the LC

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Urban Affairs Committee  
January 22, 2008

---

board. The city can, and in fact they have first right to purchase any of those properties from the LC in those redevelopment areas. If the planning department was in charge of the LRC, I think they could broaden that scope, I think that was previously stated, and they would not have to be necessarily in a redevelopment area. But they could, instead of bidding on them and paying that \$5,000 in demo... [LB899]

SENATOR WHITE: Well, you don't. You have to demo first, almost always. [LB899]

DAVE SCHREINER: Oh, yeah. Yeah. [LB899]

SENATOR WHITE: And then it's a lien, but you don't pay out more money. [LB899]

DAVE SCHREINER: Right. [LB899]

SENATOR WHITE: You only bid in the debt. [LB899]

DAVE SCHREINER: Exactly. [LB899]

SENATOR WHITE: So there's no more adverse cash flow. What I don't get is how come we're not doing that. Why are we, as a people, not assembling these lots instead of letting them go for peanuts to people from the coasts? [LB899]

DAVE SCHREINER: That's a good question. Mr. Brown, I don't know if you can help me on that one. [LB899]

FRANK BROWN: (Inaudible) I don't know what the rules are so...I do have an answer. [LB899]

SENATOR JANSSEN: Have him come back up. [LB899]

SENATOR FRIEND: The... [LB899]

DAVE SCHREINER: Can I defer? [LB899]

SENATOR FRIEND: The rules are we'll bring you back up here in a little bit and... [LB899]

DAVE SCHREINER: Okay. [LB899]

SENATOR WHITE: And I want to be helpful. Please understand I'm not hostile, but I want to get it solved so that people, local developers, local people with commitment to the neighborhoods will redevelop them and put those properties back on the tax rolls as good neighborhoods, commercial areas. And that becomes a problem, in my

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Urban Affairs Committee  
January 22, 2008

---

experience, when they're owned all over the country by people who don't have a real commitment to the community. [LB899]

DAVE SCHREINER: Right. [LB899]

SENATOR WHITE: Is this going to solve that problem? If it's not going to solve this problem, what else can we do? [LB899]

DAVE SCHREINER: Well, something we've just done recently as an LRC board is enact a covenant that on buildable size-wise lots and lots that I've driven by and that appear to be buildable, that they're not on a cliff or something like that, that the LRC requires that person, that buyer, to commence construction within a year of deed and conclude construction within a year of commencement. So as the LRC board, we're trying to work on that a little bit, and I think we've made a positive step in that direction. I don't know if that answers your question. [LB899]

SENATOR WHITE: Thank you. There may be others from the planning department or perhaps we can talk to them after, you know, informally. But I appreciate it. Thank you. [LB899]

DAVE SCHREINER: Okay. Thank you. [LB899]

SENATOR FRIEND: Thank you, Mr. Schreiner. Are there any other questions for the testifier? [LB899]

DAVE SCHREINER: Thank you. [LB899]

SENATOR FRIEND: Seeing none, thank you. [LB899]

DAVE SCHREINER: All right. Thanks. [LB899]

SENATOR FRIEND: Next proponent. He's from the "Garden District." [LB899]

DAVID LANDIS: (Laugh) Senator Friend, members of the Urban Affairs Committee, David Landis, L-a-n-d-i-s, Urban Development director for the city of Lincoln. Looking at the records of this session uncovered the existence of the county authority to have a land utilization committee and, while that is every county's right, to my knowledge, Douglas County may be the only one that's exercised that right. The function that this bill returns to the city is a function that in Lincoln would be played by the Urban Development Department. And so, in fact, I find that I have a lot of sympathy for the goal of the bill, I find myself also unencumbered by the same Lincoln utilization committee, but a county that would have the right to create that authority which might complicate what we're doing now. What I'd like to do is I'd like to suggest that the city of

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Urban Affairs Committee  
January 22, 2008

---

Lincoln supports this bill and, with the help of your able counsel, we'd like to have essentially these same principles applied to our city of the primary class but to vest that authority in the Urban Development Department, the net effect which would be to leave us essentially where we are, which is an authority that would not have to ask county permission to do this function but could do it on its own. We recently, in fact, undertook exactly this process about some lots that came to us based on a loan that was taken. These are six lots in the Air Park area. They came to us in the late nineties because of unpaid obligations by a developer. They were next to a park and we had to decide whether or not we wanted to use them as part of the park or to make some use other than that. And over time, it took us awhile to get around to this example but a \$9 million shortfall in your city's budget will make you scramble for what you own that perhaps you could sell and put back on the tax rolls, and our department found this. When we found this and that it had been languishing there for a moment, we went through this surplusing process and that is to give notice to the community to meet with the neighborhood to show them what we're doing, to then take that proposal to the planning commission to see that it's in conformance with the planning process, then to take it to the city council which then authorizes us to sell the land and, in fact, if we do have a purchaser, to take it back to the city council--plenty of public notice, plenty of public process. However, what we have in the city of Lincoln is a city department pushing the process, namely, the Urban Development Department, who's out looking for land that we own that we ought to sell in the middle of a shortfall when we don't have the budget to support this and we don't want to raise taxes and we're sitting on unfunctioning property. We don't want to share that authority or ask county permission if we can do that. So our answer is to say that we support this bill. We'd like an exemption to the extent that in the city of Lincoln, a primary class city, that that function be with the Urban Development Department and that that would allow us to continue to do what it is that Councilman Brown wants to have happen in Omaha that we are doing here and that would also not take away county rights but, in the case of the city of Lincoln, would permit us to continue to do what we're doing. We wouldn't want to necessarily tell our county that they couldn't have such an authority. We don't want to attack county authorities, but we do want to continue to exercise city authority in this area. We'd like that amendment to be drawn with the expertise of your council. Chairman Friend, questions? [LB899]

SENATOR FRIEND: Thank you, Director. Director Landis is the title now? [LB899]

DAVID LANDIS: (Laugh) I go by Dave, but... [LB899]

SENATOR FRIEND: Dave. Dave. Are there any questions from committee members for Dave? Dave, put yourself back on this committee... [LB899]

DAVID LANDIS: Okay. [LB899]



Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Urban Affairs Committee  
January 22, 2008

---

SENATOR FRIEND: ...for a second. [LB899]

DAVID LANDIS: Yeah. Sure. [LB899]

SENATOR FRIEND: Take your director's hat off. [LB899]

DAVID LANDIS: Sure. [LB899]

SENATOR FRIEND: York has a problem too. So what you're saying, the city of York would have a problem, Grand Island probably has some issues where they've got tumbleweeds flying around in areas. Put yourself in our situation. And because they weren't lucky enough to be at this hearing, they don't get the advantage because the green copy doesn't turn into an amendment that looks good for everybody. Bill writes up an amendment; we all look at it, say this is great, and next thing you know it becomes a Lincoln and Omaha bill and weird things happen, right? [LB899]

DAVID LANDIS: Sure. It seems to me that there's a reason to at least have the cities have a role in this process, and the reason is, a city has a community development perspective. They know what intersections have property that's not being utilized or lots that are undeveloped or people who are not doing their business, the buildings that ought to be pushed down and rehabilitated. They probably have a community development energy or function that a county doesn't necessarily have. I'm not trying to take business away from the counties. Fair enough to let them have it; don't need to repeal it. But what you want to do is you want to harness the city's self-protective, self-preservation energy to do its own community development and get them behind this process. And if it you want to go further than Omaha and Lincoln, my guess is first-class cities have some logic there. There is a place where, if you're in a village, you'd...it's the kind of thing that's done in the coffee...you know, in the cafe. It's not done in city government halls. There's a place where it runs out. But I would say this: The energy for community development rests in city government, not in county government, and you've got a land reutilization function vested with the county. And, thank goodness, in Omaha they have a lot of, you know, there's a lot of similarity, but I can understand why Councilman Brown is down here. You want the city pushing to get its own lands highly developed at its highest and best use and on the tax rolls. Draw the bill at Omaha, draw it at Omaha and Lincoln, draw it at Omaha, Lincoln, and first-class cities, but put cities behind the community development agenda because they really care and they know what they're doing. [LB899]

SENATOR FRIEND: Dave, do you transfer a lot of that? I mean, is there an implication there that when you get down to a second-class size city that the county can handle these types of things, either that or some guy in a cafe can handle it? [LB899]

DAVID LANDIS: Yeah, I don't want to speak for second-class cities and villages. I'm

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Urban Affairs Committee  
January 22, 2008

---

going to guess by the time... [LB899]

SENATOR FRIEND: No, I know you're not. [LB899]

DAVID LANDIS: ...in villages, I'm going to say it doesn't make sense. I'm going to say in a first-class city, like Kearney or York, I would think it would make sense. I don't know much about second-class cities. I'm not going to suggest. My guess is that this committee has a lot of experience. And Gary from the league is right behind me. My guess is that you could ask him the same question. [LB899]

SENATOR FRIEND: Thanks, Dave. [LB899]

DAVID LANDIS: But I would say metropolitan, primary, and first-class cities have a city government of sophistication, complexity, and energy to go after this problem of highest and best use of underutilized land. [LB899]

SENATOR FRIEND: Are there any other questions for Director Landis? I see none. Thanks for the testimony. Next proponent. Can I see how many other folks are wishing...can I see a show of hands? Anybody else wishing to testify on this bill after Mr. Krumland? Welcome. [LB899]

GARY KRUMLAND: Senator Friend, members of the committee, my name is Gary Krumland, last name is spelled K-r-u-m-l-a-n-d, here representing the League of Nebraska Municipalities. I'm here for a couple reasons. One is to go on record in support of the bill, both in support of the bill as submitted and if the committee desires to include the city of Lincoln and first-class cities in the bill. Dealing with tax delinquent property is a problem throughout the state, even in small communities, and it's an issue that we have on our long-range target to deal with and we probably will be coming to the committee over the interim this year and the next few years to see what different solutions there would be to do it. I don't want to hold up this bill, though, while we're dealing with all of that. I think, as you have indicated, this may not be applicable or a solution for some of the smaller communities across the state, but there are other things that we would like to look at over the next year or two to do that. But I do think for the city of Lincoln, for cities of the first class, that the city needs to be involved with this. And if you wanted to amend it without holding up the bill to do that, I think that would be very appropriate. And I'm happy to answer questions. [LB899]

SENATOR FRIEND: Thank you, Mr. Krumland. Any questions from committee members? I see none. Thanks for the testimony. Anyone else in favor of LB899? Is there any opposition? Anyone wishing to testify in a neutral capacity? Councilman Brown, I forgot to call you back up. I mean, did you have any other comments? [LB899]

FRANK BROWN: Just one quickly, (inaudible). [LB899]

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Urban Affairs Committee  
January 22, 2008

---

SENATOR FRIEND: If you would step forward and, even though it's quick, if you could sit down in front of the mike. [LB899]

FRANK BROWN: Yes. Thank you, Senator. Frank Brown, once again, B-r-o-w-n, if I had to do that. I don't know, but... [LB899]

SENATOR FRIEND: That's fine. [LB899]

FRANK BROWN: To answer your question, Senator, because of personalities the way they are and people have different ones, the commissioners on the board sometime are lobbied heavily by entities that want the property in these redevelopment areas so they can sit on them and they know the city will come back and they will charge the city of Omaha more money to buy that property that initially the city tore down. They purchased it for \$250-\$500 bucks; they will go after the city and tell...ask the city to pay them \$5,000 to \$25,000. So the lobby is heavy at times. [LB899]

SENATOR WHITE: Councilman, if that's a problem, what do you think about a law that says the city must bid in the amount of money it expended to clean the property? Perhaps it's just the destruction of the condemned home. And as you know, from in my district, they could be crack houses, they could be a threat to children, they could be a lot of bad things, so that they must at least bid that in and...other words, if somebody wants that property then they got to at least get the city's money back, otherwise the city owns it. [LB899]

FRANK BROWN: That would be great, Senator, and also put a caveat to that that would say if not...if no one would sell at that price that the city could negotiate a firm price. [LB899]

SENATOR WHITE: Yeah, I mean with something. [LB899]

FRANK BROWN: Yes. [LB899]

SENATOR WHITE: And I guess what I'd ask is would you be willing to maybe sit down, put some thoughts on...because I do want to get...this is a huge problem in our community,... [LB899]

FRANK BROWN: Yes. [LB899]

SENATOR WHITE: ...and especially in the north...well, south, too, south Omaha too. Would you help maybe make this a little more teeth so we can actually assemble this land in a responsible manner and get it back on the tax rolls? [LB899]

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Urban Affairs Committee  
January 22, 2008

---

FRANK BROWN: Yes, sir. Absolutely. [LB899]

SENATOR WHITE: Thank you. [LB899]

FRANK BROWN: Thank you very much. [LB899]

SENATOR FRIEND: It's a date. Am I... don't know if I'm involved in that or not.  
(Laughter) Thank you. [LB899]

FRANK BROWN: Yes. [LB899]

SENATOR FRIEND: Thank you, Councilman Brown. [LB899]

FRANK BROWN: Thank you. [LB899]

SENATOR FRIEND: I don't see any other questions. I appreciate the information and  
you coming down. [LB899]

FRANK BROWN: In the last check of the condemnation lists with the city of Omaha,  
there's more than 400 buildings or structures that are on that list and they're all through  
all seven council districts, so... [LB899]

SENATOR FRIEND: Thank you. Thank you, Councilman. Appreciate it. [LB899]

FRANK BROWN: Thank you. Thank you very much. Thank you all. [LB899]

SENATOR FRIEND: I did want to read into the record a letter of support from David G.  
Brown, president and CEO of the Greater Omaha Chamber of Commerce. (Exhibit 9)  
Chamber of Commerce is in support of LB899. I don't see Senator Kruse. I would  
assume he's waiving closing. With that, that will close the hearing on LB899 and we  
now open the hearing on LB947. Oh, that's mine. [LB899]

SENATOR MCGILL: Yes. (Laugh) Senator Friend. [LB947]

SENATOR FRIEND: Thank you, Vice Chair McGill. My name is Mike Friend, F-r-i-e-n-d.  
I represent northwest Omaha, District 10 in the Nebraska Legislature. And this is a  
pretty simple bill. It's a minor change but believe it has a little bit of significance. It  
amends Section 16-321 and 17-568.01 to increase the minimum amounts for bidding  
and engineer's estimates for public works projects in cities of the first and second class  
and villages. Current law requires public improvement contracts to be bid if the cost of  
the project is \$20,000 or more. LB947 raises the minimum bidding amount to \$30,000.  
Mostly for...a bill like this is for inflationary reasons and it has been...the last time it was  
raised, I believe, 1997. So the bill is very simple. If you'd look...I'd be happy to answer

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Urban Affairs Committee  
January 22, 2008

---

any questions. If you'd look at it, have any questions, I'd be happy to answer those. I believe that the league and other members behind me will testify after I'm done. [LB947]

SENATOR MCGILL: Any questions? Seeing none, thank you. [LB947]

SENATOR FRIEND: Thank you. [LB947]

SENATOR MCGILL: Those who are here to testify in support of the bill. [LB947]

GARY KRUMLAND: Senator McGill, members of the committee, my name is Gary Krumland, last name spelled K-r-u-m-l-a-n-d, representing the League of Nebraska Municipalities in support of LB947, and want to thank Senator Friend for introducing the bill. As the senator mentioned, it is dealing with bidding and engineer's estimates in cities of the first and second class and villages. The statute now provides that city council has to go get an engineer's estimate and do bidding for public improvement contracts if the cost is \$20,000 or more. LB947 raises this minimum amount to \$30,000. The statute talks about public works projects as enlargement/general improvements, such as water extension, sewers, public heating, bridges, work on streets, and other work or improvement when the cost is assessed to the property, although many cities use this statute as basically their basic bidding criteria when they do contracts. The last time it was raised was in 1997. I'm not a statistician and I can't even pronounce the word, but if you look at inflation over the last 11 years, \$20,000 in 1997 would be equal to \$26,515, and that's the CPI for consumers. So if you look at actually construction costs, for example, petroleum products have increased 300 percent over that time, so it would be quite a bit higher just for construction costs. So we're just asking that this bill be introduced to pretty much keep cities and villages where they were in 1997. It...for small projects, repairs, things like that, contracts, going through an engineer to get an estimate, going through bidding delays it and adds to cost. This just keeps the cities and villages equal to where they were. I just want to mention there is provision in the statutes, too, for bidding, minimum bidding standards for municipal electric systems, and those are raised, too, although they're stairstepped and they're raised in a proportionate amount. The increases relate to the 125 electric systems, municipal electric systems, and they're set out in here in a way, based on the amount of electricity generated: less than \$1 million; less than \$5 million; less than \$10 million; and over \$10 million. There are I think six that we've identified in the highest category. There are less than five in the second highest category. So most of them are in the lower categories where the bidding minimums would be the same--\$20,000 to \$30,000; or, for the middle category, from \$1 million to \$5 million would be from \$40,000 to \$60,000. But so that's basically is the intent, is to maintain the standard that was adopted in...or increased in 1997 and to account for inflation over the last few years. Be happy to answer any questions. [LB947]

SENATOR MCGILL: Any questions? Thank you for your testimony. [LB947]

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Urban Affairs Committee  
January 22, 2008

---

GARY KRUMLAND: Uh-huh. [LB947]

SENATOR MCGILL: Is there anyone else here to testify in support of this bill? Anyone here opposed? You support? [LB947]

JERRY WILCOX: Support. Senator McGill and other senators, thank you for this opportunity. My name is Jerry Wilcox, J-e-r-r-y W-i-l-c-o-x. I'm the city clerk for the city of Crete; just moved down to this area of the state from the city of Curtis, so I have some experience with different sized communities and a couple different communities. Just wanted to be in support of this. As prices have increased, especially in construction area, it's been the councils' policy at both the cities I've work for to be prudent, even on smaller projects, and request proposals and negotiate prices, even on the small projects. And on those smaller projects, if we have to include engineering and advertising costs, then we don't feel that that's prudent. So we would appreciate your support to increase these amounts. If you have any questions... [LB947]

SENATOR MCGILL: Seeing no questions, thank you, Mr. Wilcox. [LB947]

JERRY WILCOX: Thank you. [LB947]

SENATOR MCGILL: Any other supporters? Anyone here to testify opposed to the bill? Any neutral? Senator Friend, would you like to close? Senator Friend waives closing. That's the end of our hearing for today. [LB947]

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Urban Affairs Committee  
January 22, 2008

---

Disposition of Bills:

LB768 - Advanced to General File, as amended.  
LB813 - Advanced to General File.  
LB899 - Indefinitely postponed.  
LB947 - Advanced to General File.

---

Chairperson

---

Committee Clerk