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Appropriations Committee
February 01, 2012

[LB955 LB1037]

The Committee on Appropriations met at 1:30 p.m. on Wednesday, February 1, 2012, in Room 1003 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB955, LB1037, and agency budgets. Senators present: Lavon Heidemann, Chairperson; John Harms, Vice Chairperson; Tony Fulton; Tom Hansen; Heath Mello; John Nelson; Jeremy Nordquist; and John Wightman. Senators absent: Danielle Conrad.

SENATOR HEIDEMANN: Welcome to Appropriations. We're going to go ahead and get started here. We have five members, which we have to have five members to start. There's some members that are on Exec Board right now, which I left to come down here. They're still probably running and they will join us later. But at the present time we are five and that's our quorum and we're going to start and we're going to do it by self-introductions over to my right.

SENATOR NORDQUIST: Jeremy Nordquist, representing District 7, downtown and south Omaha.

SENATOR HANSEN: Tom Hansen, District 42, Lincoln County.

SENATOR HEIDEMANN: To his left is Senator Danielle Conrad who...she was in the building earlier today. I'm not for sure she'll be in Appropriations today. To her left is Senator John Wightman from Lexington. He's Chair of the Exec Board and I got a feeling that's where he's at, at the present time. To his left is Anne Fargen, the committee clerk. I am State Senator Lavon Heidemann, Elk Creek, southeast Nebraska. To my left is Jeanne Glenn, the fiscal analyst at the present time, and to her left is...

SENATOR HARMS: I'm John Harms, 48th District, Scotts Bluff County, Scottsbluff, Nebraska.

SENATOR HEIDEMANN: Right next to his left is Senator John Nelson. He's actually on the...he's the Vice Chair of Exec Board and I got a feeling that's where he's at. Sitting next to his left is Tony Fulton, and I believe he might have a bill up. There might be some members coming and going as the afternoon passes because there's obligations in other committees as presenting bills. Sitting next to Senator Fulton is...

SENATOR MELLO: Senator Heath Mello, District 5, south Omaha and midtown.

SENATOR HEIDEMANN: With that, our page for the day is Christina and we've already got her working, passing things out. If you need anything, she's always a great resource. We also at this time want to remind you, if you have cell phones, we'd ask you to please shut them off as not to be disruptive later. Testifier sheets are on the table

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near the back doors. We'd ask that you would please fill them out completely and put them on the box on the table when you testify. At the beginning of your testimony, we ask that you would please state and spell your name. Nontestifier sheets near the back doors if you do not want to testify but would like to record your support or opposition, you only need to fill this out if you are not publicly testifying. If you have printed materials to distribute, please give them to the page at the beginning of your testimony. We need 12 copies. We ask in the matter of time that you please keep your testimony concise and on topic. At times, we run the light system. Today we're hoping not to. If it gets to be a little bit longer than we are anticipating, we might actually institute that partway through the afternoon. I really hope we don't have to do that; just keep your...we want all the information possible that you need to give us but please keep it as short as you possibly can. Following the principal introducer on bill hearings, we will take the testimony first from proponents, then opponents, and then from the neutral position. For agency budget hearings, we will take general comments on the agency budget proposal following the principal agency representative. With that, we are going to start today with LB955 and I see Senator Nordquist has already taken his spot.

SENATOR NORDQUIST: (Exhibit 1) That's right, ready to go. Thank you, Chairman Heidemann, members of the Appropriations Committee. Again, Jeremy Nordquist, District 7, downtown and south Omaha. LB955 is a fairly straightforward bill. I'm asking to appropriate \$500,000 from the State Visitors Promotion Cash Fund to promote visitors to our state for the 2012 Olympic Swim Trials. The Legislature made a similar appropriation in 2008 in LB959. LB959 was introduced by Speaker Flood, at the request of the Governor, and appropriated \$250,000 from the State Visitors Promotion Cash Fund for promotional and visitor development related activities or activities related to hosting the Olympic Swim Trials by...in a city of the metropolitan class. There was no opposition to the appropriations funding at that hearing. In a similar way, I'm asking the state to partner in the promotion of our largest city and our state for the upcoming swim trials, which will once again be held at the CenturyLink Center in Omaha, June 25 through July 2, 2012. In 2008, the swim trials were an unprecedented success, drawing the biggest crowds ever to watch swimming on U.S. soils. The meet sold a record of 160,000 tickets over eight days. The previous record was only 40,000. In 2008, the meet brought \$23 million in economic activity to the area. Six out of ten tickets were bought by people coming from outside Nebraska. The trials generated more than \$1.3 million in state and local collections. Frank Busch, the national team director for USA Swimming, said there aren't many towns in America that could do a better job than Omaha. The success of the swim trials in 2008 has been a major factor in Omaha landing the U.S. National Figure Skating Championships in 2013. I have no doubt that the 2012 event will be even more spectacular and a bigger success for our city, the city of Omaha, and our state. All eight nights of the swim trials will be televised on NBC as a part of its lead-up to the London games, which is double the coverage that there was in 2008. In 2008, there were 6.5 million viewers who tuned in to watch the swim trials, which gave Omaha and the state of Nebraska \$97 million in national and international

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media exposure. USA Swimming and the Omaha Sports Commission indicated that to date there are over 23,000 hotel rooms booked with several months yet ahead before the event. Omaha and Nebraska will be exposed to over 170,000 people in attendance, representing all 50 states, not to mention the exposure that we'll receive every night at 7:00 p.m. on NBC in prime time as the country will tune in to watch the big names in swimming. In its role, the Omaha Sports Commission has and I'm sure will run a flawless event, and I think that the very least we could do is be a partner in this effort to promote our city and our state and build on the stellar reputation that we are building in our state for hosting spectacular big events like this. With that, I urge your support of LB955. Thank you. And I've distributed an article that speaks to the economic impact and the success of the last event and the lead-up to this year's trials. [LB955]

SENATOR HEIDEMANN: Did you want to make an amendment to your bill right away for the figure skating championship or was you coming back next year? [LB955]

SENATOR NORDQUIST: (Laugh) Well, the initial idea actually, as I talked to some of the cosponsors that drafted this, was to include both if we were going to get that amount, the full \$500,000, to amend it to say both. But we would be open to some sort of combination as we look at how this fits as we negotiate. [LB955]

SENATOR HEIDEMANN: And actually I said that in a little bit of a joke,... [LB955]

SENATOR NORDQUIST: No. [LB955]

SENATOR HEIDEMANN: ...but I thought the rest of the thought, after I come up with that, is there a way to combine these all? I mean if we are going to help you,... [LB955]

SENATOR NORDQUIST: Yeah. [LB955]

SENATOR HEIDEMANN: ...knowing that this is coming up, okay, we are going to help you but we want this to be for both. [LB955]

SENATOR NORDQUIST: And actually, in my initial discussions on the bill with Senator Ashford, Senator Mello and others, we did think \$500,000 for both events and we just neglected to get that drafted in the initial bill, but that certainly is something we would talk about as we finalize the package in the committee. [LB955]

SENATOR HEIDEMANN: Thank you. [LB955]

SENATOR NORDQUIST: Yep. [LB955]

SENATOR HEIDEMANN: I appreciate that. Senator Harms. [LB955]

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SENATOR HARMS: Thank you, Senator Heidemann. Senator Nordquist, what is the total cost of this project, not our part but what is the whole overall cost? It's got to be just huge. [LB955]

SENATOR NORDQUIST: I would have to defer to a fellow behind that will be testifying who's leading the charge on this. He can give you the exact amount. I have a rough idea but I don't want to throw out a number if he can confirm the exact amount. [LB955]

SENATOR HARMS: Okay. All right. Thank you. [LB955]

SENATOR HEIDEMANN: Any other questions? Senator Hansen. [LB955]

SENATOR HANSEN: When did the bidding process start for this 2010 meet? [LB955]

SENATOR NORDQUIST: Well, I know it's been...oh, it's probably...discussions probably began shortly after the last trials, and there was a lot of discussion because there was...and again, a gentleman following me can address this, but there's a lot of discussions. Because of the dates between the College World Series and the swim trials not aligning, they had to do some pretty significant negotiations to get them to work out and be able to do both events this summer. [LB955]

SENATOR HANSEN: Okay. Thank you. [LB955]

SENATOR NORDQUIST: Yeah. [LB955]

SENATOR HEIDEMANN: Just as a policy question, and this is something that we can talk about, where do we as a state...this is a large...it's a large function, a large, you know, thing that's going to happen in our state and maybe we need to partnership and do this, but where is that cutoff point of what we should help out and know that we can't do everything? [LB955]

SENATOR NORDQUIST: Well, I think long term we need to look for a sustainable funding, a fund, and I think Senator Harr, Burke Harr, has a bill in to put an idea on the table for...of putting some of that money away for the attraction and making sure that we do these large events right. Like the event...you know, certainly this event is already here, but I think the way we do these events is what attracts more events in making sure that we have what we need. So you know, there certainly would be a line and I don't know who would make that decision but I think we need to look at a sustainable fund for large, big events like this, like the Special Olympics, like this that would be ongoing to attract and to support these big events. I mean there...this is an event that not only the dollars that come into the state of the Qwest...or the CenturyLink Center, that's generating about a million a year in turnback that goes to outstate projects, so the success of that has an impact all throughout our state. So it's a statewide issue and I

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think we do need an ongoing...so we don't have to necessarily have these bills for one event like this but we have an ongoing fund. [LB955]

SENATOR HEIDEMANN: Who would administer that ongoing fund? [LB955]

SENATOR NORDQUIST: That could be...that would be up to a policy discussion. I don't know. [LB955]

SENATOR HEIDEMANN: Any other questions? Thank you. [LB955]

SENATOR NORDQUIST: Thank you. [LB955]

SENATOR HEIDEMANN: Will you be closing? [LB955]

SENATOR NORDQUIST: Yeah, I'll be around. [LB955]

SENATOR HEIDEMANN: Is anyone else wishing to testify on LB955? Welcome. [LB955]

HAROLD CLIFF: (Exhibit 2) Thank you, sir. Mr. Chairman, members of the committee, my name is Harold Cliff, the president of the Omaha Sports Commission and the COO of Olympic Swim Trials, spelled H-a-r-o-l-d C-l-i-f-f. Thank you very much for the opportunity to present to you this afternoon. I will try and keep my comments very brief and certainly entertain any questions you may have and answer any questions thereof. I'd like to start by briefly describing what is the event. The Olympic Swim Trials for swimming is a single competition to select the swimmers who will represent the United States of America in the 2012 London Olympic Summer Games. Less than 50 swimmers of the 1,600 who will now participate in Omaha will make the team. United States is the strongest swimming nation in the world and to select the best team the organizing committee needs to provide the optimum setting to select the team members. In 2008, more than 160,000 tickets were sold for the trials, making it the largest spectator attendance swim meet ever held in the United States, and that's quite a statement when you consider the Los Angeles Olympics and Atlanta Olympics. We exceeded those totals. This year we're aiming for a total of 175,000 spectators with over 100,000 attendees coming from out of state, as compared to the 95,000 who attended in 2008 from out of state. As mentioned, in 2012 more than 1,600 swimmers will participate, as compared to 1,200 who attended in 2008, and this represents representation from all 50 states. In addition, there will be more than 600 coaches and support personnel who attend. NBC, the Olympic network, will televise the competition live every night during prime time on the major network. This is double the representation than what we've had viewing in 2008. In 2008, it was four nights on the NBC network and four nights on the USA network. So eight nights prime time and, in addition, with their recent acquisition of the sports, NBC Sports, which is the former

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Versus channel, they'll be taping the morning sessions and providing an additional 10 to 12 hours of coverage. So in total, we're looking at more than 20 hours of NBC coverage for the event. The economic impact from 2008 was outstanding with more than \$20 million identified through the study that was conducted by Doctors Ernie Goss and Thompson. We anticipate that in 2012 that number will surpass \$35 million, and to back that up to date, as the good senator mentioned, we have in excess of 24,000 room nights currently booked with five months to go. This compares to the 13,700 that was tracked in 2008. Quite simply, the 2012 Olympic Swim Trials will generate tax revenue and media coverage that will benefit all Nebraskans. I think everybody wins with such incredible media exposure, especially through the on-screen Nebraska word mark since it is strategically placed on the touchpad at the end of the races. And if you notice on the last page of the document the touchpad, the yellow item, is what the camera shows at the end of the race because the person has to touch that wall to stop the clock. That is a very highly visible and sought after location. More than 1,000 volunteers from around Nebraska will work hand in hand with volunteers from more than 35 other states to help make this an outstanding event. The hosting of the trials is a collaborative effort between the United States Olympic Committee, United States Swimming, and the Omaha Sports Commission, and with the restrictions that apply with the USOC and the use of the rings I think it's noteworthy to realize that over 70 percent of the total budget--and the answer to your earlier question, Senator Harms, it's about a \$9 million budget to put on this event--70 percent of that \$9 million will come from ticket revenue. More than \$1 million has already been raised through the private donations to assist with this effort. And we would be more than willing to entertain means of splitting this money in some fashion with the figure skating, which is another event we're very pleased to be bringing to Nebraska in January of 2013. Your favorable consideration of this bill is extremely important for the swimming trials organizing committee, as we attempt to deliver the goods in a manner which has become recognized worldwide, not just in Nebraska, as the last trials were recognized by the participants as being the finest swim meet ever staged, period, not just in the United States but worldwide. The financial support will be directed, as in 2008, to areas of advertising, promotion, public relations, and a myriad of other fully accountable for categories which were worked out in the contract negotiations with the economic development corporation. Quite simply, as we identify the budgetary areas that would be most beneficial for the use of the funds and, in return, identified areas of the state of Nebraska could be recognized at the competition, whether it be through the touchpad or through acquisition of space in the aqua zone or tickets, etcetera, etcetera. So the second component of this, which would normally be a sponsorship, is what do you get for your money, and that's still to be determined upon successful negotiations here. Thank you for your attention. If you have any questions, I'll be pleased to entertain them at this stage. [LB955]

SENATOR HEIDEMANN: Senator Harms. [LB955]

SENATOR HARMS: Of the \$9 million, can you tell me how that's broken down in the

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budget? I'd like to see a budget of how that money is spent. [LB955]

HAROLD CLIFF: Sure. The \$9 million is allocated, combination of a rights fee that we're required to pay United States Swimming a fee of over \$1 million for the event. We have building expenses which are well in excess of \$1 million. There are staffing expenses, promotion advertising expenses, hospitality on-site for the athletes and the coaches. My catering bill in 2008 was in excess of \$1 million. We feed and outfit more than 1,000 volunteers for the ten days' duration of the event and so forth. It's essentially a break-even budget at this stage. And the figure skating, to follow up on your earlier question, the budget for that is in the \$3.5 million range with similar requirements to the organization. We are required to provide a \$500,000 guarantee to U.S. Figure Skating for the competition. [LB955]

SENATOR HEIDEMANN: If it is more than a break-even proposition in 2012, where does that excess money go to? [LB955]

HAROLD CLIFF: The excess month is split fifty-fifty with United States Swimming Association and the Omaha Sports Commission for us in bringing other events to town. We're a 501(c)(3) corporation, so any revenue that we derive from these events helps sustain operations and provide bid opportunities for other events to bring to the state. [LB955]

SENATOR HEIDEMANN: And if for some reason this doesn't work on the Legislature's side, how do you make it work on your side? [LB955]

HAROLD CLIFF: We either tighten our belt or run at a deficit, and we don't like running deficit so we'll be doing our best to work...live within our means. The primary purpose of the acquisition of state funds most honestly is to do it at a level that's appropriate for the type of event that would benefit all Nebraskans. The exposure itself from the competition is really a statewide exposure. We really can't do more than that other than to suggest that we do our best to create an environment that the athletes compete, more importantly the visitors in the venue come away with a great feeling as to what Nebraska did to host the competition. [LB955]

SENATOR HEIDEMANN: Thank you. Any other questions? Seeing none, thank you for testifying today. [LB955]

HAROLD CLIFF: Thank you much. [LB955]

SENATOR HEIDEMANN: Welcome. [LB955]

NATALIE PEETZ: (Exhibits 3-4) Thank you, Mr. Chairman. Members of the committee, Natalie Peetz, registered lobbyist. That's N-a-t-a-l-i-e P-e-e-t-z. I'm registered lobbyist

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for the Metropolitan Entertainment and Convention Authority. I'm here today testifying in support of LB955. I'm also entering support from the Greater Omaha Chamber of Commerce. Thank you for allowing me this opportunity. You're receiving copies of letters from Roger Dixon, who's the president of MECA, as well as the Greater Omaha Chamber, which can give you a little bit more detail on the economic benefit of this event on the entire state. Chairman Heidemann, you hit the nail on the head. Ideally, if you could, I think MECA would love to see a portion of this money also fit in with the skating trials. In a perfect world, we would not be coming before you each and every year for events like this. The good news is we have events like this to come and talk to you about because the incredible benefit to our state has just been phenomenal. So I'm thrilled that we have the opportunity to once again host the games. I think it's a great investment on the state's side, as you are trying to come up with dollars to fund the budget. I also wanted to make you aware of, and I'm sure there's some folks from the tourism industry here that will also bring this up, last year there was a bill, LB684, Senator Schilz introduced. I think every one of you supported it, and it's about tourism and it is a needed, comprehensive review of what we should be doing with tourism in our state. We have said for many years there should be a special fund for these types of events. You were kind enough to support the swim trials before. We were here. I had the privilege of serving on the board for the U.S. Special Olympic Games' huge success for Lincoln and the entire state, and now we're back again today not only for the swim trials but the skating industry. And you've already seen the press that Nebraska has gotten in anticipation of that exciting event. So I think the good news is we have these wonderful events before us. And we're asking for money that I think is going to yield a great return on investment for the state. The even better news is, is next year, I foresee 2013, I hope, to be the year for tourism because it is our third largest industry in the state. It impacts every corner of the state and by working together I think we can make a huge impact on your bottom line to grow more revenue. Ideally, the more people we draw from outside the state is exactly what we're after and this event, it doesn't really get any better than this. So appreciate your past support. This would be very helpful. As Harold mentioned, there's already been \$1 million of private money raised. That's only the beginning. I can tell you for all these events that come through, there's a huge significant effort from not only financially but just the volunteers that go into recruiting these events and making them a success. So that's the end of my testimony. I'd be happy to answer any questions. [LB955]

SENATOR HEIDEMANN: Are there any questions? Seeing none, thank you. [LB955]

NATALIE PEETZ: Thanks. [LB955]

SENATOR HEIDEMANN: I would like to point out at this time that Senator Nelson has joined us from Omaha and Senator Wightman from Lexington. Evidently Exec Board is finally finished. [LB955]

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SENATOR WIGHTMAN: Finally finished. [LB955]

SENATOR HEIDEMANN: Welcome. [LB955]

ANDY LICHT: (Exhibit 5) Chairman Heidemann and members of the Appropriations Committee, my name is Andy Licht, spelled L-i-c-h-t, and I appear before you today on behalf of the Nebraska Hotel and Motel Association in support of LB955. The bill would provide a one-time expenditure from the cash fund created by Nebraska's 1 percent lodging tax which is paid by our properties. We believe that the expenditure of \$500,000 for the Olympic Team Trial event to be held at the end of June in Omaha will bring many visitors to Omaha. This will bring in revenue for our hotels and motels, restaurants, and other tourism venues, enhancing Nebraska's third largest industry. When we first reviewed this bill, we thought it might be advantageous for this bill to be amended to allow for an annual \$1 million earmark for the state of the state lodging tax dollars for major projects such as this. This could be accomplished with the advisory committee of the Tourism Division reviewing the projects on a grant basis, thus, alleviating coming to the Legislature every year for funding for special projects such as this. However, at the present time, the Tourism Division of the Nebraska Department of Economic Development is undergoing a broad-based assessment and study of tourism marketing in Nebraska. We believe ideas such as this will be part of that study. The study was created under LB684 this past year and we were excited about its potential outcome. Attached to my testimony here is a breakout of all the hotel and motel taxes paid for tourism and other projects. In 2010, the total taxes were over \$30 million. We believe this study will open new horizons for tourism and make certain our dollars are spent judiciously and we get the best bang for our buck. Thank you for allowing us to testify today. [LB955]

SENATOR HEIDEMANN: Thank you for coming in and testifying. Are there any questions? Seeing none, thank you. [LB955]

ANDY LICHT: Thank you. [LB955]

SENATOR HEIDEMANN: Welcome. [LB955]

JACK CHELOHA: (Exhibit 6) Thank you. Good afternoon, Senator Heidemann and members of the Appropriations Committee. My name is Jack Cheloha, the last name is spelled C-h-e-l-o-h-a. I'm the registered lobbyist for the city of Omaha. I'd like to testify in support, on behalf of my mayor and my city council, in support of LB955 and thank Senator Nordquist and many members of the Omaha delegation for sponsoring this legislation. We have experience hosting this event from 2008. We're delighted that it's coming back to Omaha and we think it's a terrific event. The city of Omaha works also in partnership with the various private 501(c)(3)s that are ultimately doing the legwork on this. I apologize on that letter. There is a misprint there where the council president

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asked for the support of the General Affairs, so we'll work on them later after we get this support here, so... (Laughter) [LB955]

SENATOR HEIDEMANN: I just picked...I picked up on that actually. [LB955]

JACK CHELOHA: Yeah, I apologize for that. A little bit of disconnect on the short turn around on the facts here. I apologize for that. But nevertheless, we understand that it does come from Appropriations. We need legislation to make this movement. One other point that I, too, was going to bring out but it's already been mentioned by some of the other witnesses is that the Legislature did pass a bill, LB684, just in 2011 relative to trying to study our tourism industry. We would agree, at least from the city's standpoint, that we need some type of comprehensive plan on the state level, especially as we try to host either national or international events, as this Olympic tryout is. That way it could alleviate, you know, some of these, you know, one-on-one approaches that we take relative to various events. If we could come up with a statewide model and a plan, I think that would be helpful and we, too, would support that. Overall, once again I just ask for your support for LB955 and try and answer any questions. [LB955]

SENATOR HEIDEMANN: I've learned a lot today actually. I didn't realize it was run by a 501(c)(3). What's the city of Omaha's role? Are they contributing financially to this? [LB955]

JACK CHELOHA: Good question. I wish I could answer that. In terms of money, I might look back, I don't think we have a financial input but we do have various in-kind services that the city would contribute. When you have events of this nature with so many participants and spectators, it requires extra police staffing, traffic control, etcetera, so I know that will be heightened, if you will. Obviously, there's on staff medical staff, emergency rescue personnel, etcetera, so there is a coordination, if you will, with our city departments in terms of operation. So it is kind of a major event that we work hand in hand in, but yet at the same time it's not a city-controlled organized event but, as been stated here, it's run through the 501(c)(3) and they do a terrific job of organizing it and bringing in the private money that way too. [LB955]

SENATOR HEIDEMANN: I say that, and I just look at the occupation tax at 5.5 percent for Omaha, and I believe there's actually...this was from some different testifier I got this, and I believe there's actually other occupation tax or other taxes when someone stays in a hotel in Omaha. I'm just thinking of all of the revenue that's going to come into the city of Omaha, and that's a good thing. Don't get me wrong. [LB955]

JACK CHELOHA: Right. [LB955]

SENATOR HEIDEMANN: I just was wondering. And you're true, there's a lot of in-kind services, and I'm not going to argue with that. I was just wondering if there's anything

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financial that was... [LB955]

JACK CHELOHA: Right. [LB955]

SENATOR HEIDEMANN: ...trying to, you would anticipate, or would approach the city of Omaha. [LB955]

JACK CHELOHA: I don't believe there's a direct financial contribution to the 501(c)(3). Most of it is in-kind and services, etcetera, and things along those lines. In terms of occupation taxes on the hotel, motel within the city, it's my understanding that we do use those within our Convention and Visitor Bureau for various promotions. And then as well there's the...I'd have to...I apologize, I haven't seen the document you have, but it's my understanding that there's a, you know, a statewide occupation tax and there's a local county tax which is used for various promotions as well and it kind of runs the gamut. I don't know what the total is in the Omaha, Douglas area, but I know there are a number of fees associated with it. [LB955]

SENATOR HEIDEMANN: I've stayed in motels. We like to go to the downtown area, my wife and I. We get a motel and treat ourselves every once in a while. It is amazing. I shouldn't do this to myself when I'm on vacation, trying to get away from everything, but I do,... [LB955]

JACK CHELOHA: Numbers. [LB955]

SENATOR HEIDEMANN: ...I look at all the taxes that's associated with the hotel room and it does mount up, depending on, it's percentagewise, depending on where you're staying. [LB955]

JACK CHELOHA: Right. I appreciate that. [LB955]

SENATOR HEIDEMANN: Any other questions? Seeing none, thanks. [LB955]

JACK CHELOHA: Thank you. [LB955]

SENATOR HEIDEMANN: Is anyone else wishing to testify in support of LB955? Does anyone wish to testify in opposition on LB955? [LB955]

JULIA PLUCKER: Good afternoon, Chairman,... [LB955]

SENATOR HEIDEMANN: Welcome. [LB955]

JULIA PLUCKER: ...committee members. My name is Julia Plucker, J-u-l-i-a, last name P-l-u-c-k-e-r. I'm here today as a registered lobbyist on behalf of the Nebraska Travel

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Association--I think we should be called the Tourism Association--also known as NTA. We're a statewide tourism group that has members from Omaha all the way to Ogallala and everywhere in between, outfitters, CBBs and other major entities in Nebraska. We are certainly not opposed to this event. I think it's a fabulous event. It brings a lot to Omaha, it brings a lot to the state. It does a lot for tourism and promoting the state of Nebraska. However, when you're dealing with a limited pot of funds, as we are here for tourism dollars, we just think it sets bad policy for one event to be singled out. I will say that I was on a call with NTA this morning and they had just had a strategic plan tourism advisory committee meeting, as a previous testifier brought up, from LB684. They are doing the strategic plan and one of the things addressed today was adding that component to the discussions of the strategic plan that will hopefully be out in June, that there should be a pot of money for these sorts of exciting annual events that bring in national exposure and a great deal of...and hopefully economic development and tourism. So that will be, I think, part of the strategic plan after...certainly after today's discussions and hopefully we won't have to see this in the future where certain projects are just coming one by one in front of the Legislature. Hopefully we can all work together, because that's, again, that's what my clients feel, is we have to look at statewide tourism as a whole and we can all work on that better together with a big pot of funds instead of coming to the Legislature one by one. Any questions that you have of me? [LB955]

SENATOR HEIDEMANN: Where would that big pot of funds come from? [LB955]

JULIA PLUCKER: Well, that's a great question as well. (Laughter) I think if you look at the hotel, motel receipts, and I'm sure that's what they will do, perhaps some could be set aside for these sorts of special events. Now who administers it? I don't know. There's lots of talk about mergers are going to happen with the DED and should the Travel and Tourism Division be a standalone division or commission. I think there's a lot of possibilities and that's why this strategic plan is so exciting, to figure out what the future of tourism, because it is such a large industry in Nebraska, where that should go. And I feel very confident that we're going to get some good leadership and some good answers from that plan. [LB955]

SENATOR HEIDEMANN: Do you support Senator Louden's bill? [LB955]

JULIA PLUCKER: We are very supportive of the concept of that. We think it is a year too early. We would like...we have made significant investment in that plan, in that strategic plan monetarily, we worked hard to get that passed to have a plan, and we love the idea of being able to control our own dollars and our own destiny, but I think it's a little premature and I've told Senator Louden that as well. We're supportive of the concept though. [LB955]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, thank you.

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[LB955]

JULIA PLUCKER: Thank you. [LB955]

SENATOR HEIDEMANN: Is anyone else wishing to testify in opposition on LB955? Seeing none, is anybody wishing to testify in the neutral position on LB955? Seeing none, does Senator Nordquist wish to close? [LB955]

SENATOR NORDQUIST: Thank you for your attention. I think I certainly am optimistic about what will come out of the tourism strategic plan. Unfortunately, that won't be done until I believe June is when we're anticipating that, and this event coming up as quickly as it is at the end of June, I think it's important that we as a state partner to make this event the best we can because with all the eyes that are going to be on it, we want to make sure it comes off great so we are at the top of the list for future events like this. So that's why I think it's important that we do something this year but going forward look for a long-term solution. Thank you. [LB955]

SENATOR HEIDEMANN: Are there any questions? Senator Mello. [LB955]

SENATOR MELLO: Thank you, Chairman Heidemann. And thank you, Senator Nordquist, for bringing this bill forward. I guess it's just a question to maybe help clarify some of the opposition testimony we heard. Would you be amenable to the committee looking at other sources of funds besides taking the funds out of the current designated fund that you have in LB955 to meet that \$500,000 threshold that you seek to get? [LB955]

SENATOR NORDQUIST: I am more than willing to work with everyone around this table to find an alternative, if there is one. [LB955]

SENATOR MELLO: Everyone around this table? [LB955]

SENATOR NORDQUIST: Everyone. [LB955]

SENATOR MELLO: Thank you. [LB955]

SENATOR HEIDEMANN: Senator Hansen. [LB955]

SENATOR HANSEN: Thank you. A year ago I introduced a bill to have a revolving fund set up in tourism. As big as tourism is in this state, we don't fund it very well. But my question to you would be this \$500,000, is this start-up money or it just a flat contribution, state grant to the swim trials? [LB955]

SENATOR NORDQUIST: This would be for this specific event and maybe the skating,

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as we look at that, to help them meet their budget to pull this event off and make it a very successful event. But I think ongoing, we're going to need a pot of...a cash fund that we can have grants like this out of to support these high-level, high-exposure events. [LB955]

SENATOR HANSEN: Would you see that as a revolving fund where you would actually pay back the money or, you know, to just keep that money going round and round for more and more events all the time? If you're making this much money off of this project, it looks like it's going to be really well funded in the end to the city and... [LB955]

SENATOR NORDQUIST: Yeah. [LB955]

SENATOR HANSEN: ...and that's a lot of travelers coming to Omaha. [LB955]

SENATOR NORDQUIST: Yeah,... [LB955]

SENATOR HANSEN: And what I...excuse me, what I don't see is these people getting much more than a couple miles away from the east side of the state, and we'd like to get them a little further west. And oftentimes we have projects that are really worthy projects. They don't have start-up money. [LB955]

SENATOR NORDQUIST: Sure. [LB955]

SENATOR HANSEN: And if the project was successful, I don't...I've talked to people that said they wouldn't mind paying the state back some money or putting it back in some type revolving fund for future projects, but I don't know. How would you look at that? [LB955]

SENATOR NORDQUIST: I think for some events that could very well be a good possibility. I don't know, if when we're looking at meeting an event budget, that you could do a revolving fund. Like for instance the '08 Swim Trials was a success, but from the perspective of the organization that was running it, it was still a break-even for them. The state saw a good uptick in tax revenue, the city of Omaha did. But that certainly should be part of the strategic plan to look at are there some events that could be supported by some sort of a revolving fund I think. Hopefully they do look at that. [LB955]

SENATOR HANSEN: I think they are. The problem was it went to the Banking Committee and they didn't...they thought maybe they were loaning money. [LB955]

SENATOR NORDQUIST: Nothing good comes out of there but... [LB955]

SENATOR HANSEN: ...and where a bank could do that. [LB955]

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SENATOR NORDQUIST: All right. [LB955]

SENATOR HANSEN: Thank you, Senator. [LB955]

SENATOR NORDQUIST: Thank you. [LB955]

SENATOR HEIDEMANN: Any other questions? I have them but I'll wait, keep them till later. [LB955]

SENATOR NORDQUIST: All right, later. Thanks. [LB955]

SENATOR HEIDEMANN: You bet. With that, we're going to close the hearing on LB955 and at this time we are going to open up the public hearing on LB1037. Senator Nelson. Welcome. [LB955]

SENATOR NELSON: Thank you and good afternoon, Chairman Heidemann and members of the Appropriations Committee. For the record, my name is John E. Nelson, spelled N-e-l-s-o-n, and I represent Legislative District 6 in Omaha. LB1037 amends some statutory provisions related to the Nebraska Cultural Preservation Endowment Fund. By way of review, in 1998 the Legislature appropriated \$5 million to establish the Nebraska Cultural Preservation Endowment Fund and provided a mechanism for matching, dollar for dollar, contributions made by private donors to the Nebraska Cultural Endowment Fund, which is a separate 501(3)(c) organization and fund. In 2008, with LB1165, Nebraska appropriated an additional \$5 million to the fund for matches over a period of five years, encouraging additional private donations. In 2008, the financial crisis dried up many of the private contributions previously pledged or anticipated, while on the state side, because of our financial duress, we basically suspended payment to the Cultural Preservation Endowment Fund in 2011 and 2012 and stretched out the appropriation from 2013 through 2018. Now the Nebraska Arts Council has a pending donation which might not be utilized in its entirety because the amount exceeds what the state has available for a match under the current provisions of the statute, so LB1037 would allow contributions not fully matched by state funds to be carried forward to succeeding years. It also defines new money as a contribution to a qualified endowment generated after July 1, 2011. This is a public-private partnership which has brought income, match money, and new private money into the Nebraska Cultural Endowment, the private fund which provides the Nebraska Arts Council and the Nebraska Humanities Council with the resources they use so carefully and effectively. The Nebraska Arts Council and the Nebraska Humanities Council are vital to Nebraska's cultural environment, so I urge you to advance LB1037 to ensure that these organizations can avail themselves of all matching funds as they continue to promote the arts, educate our youth, and benefit communities across the state. Thank you, Mr. Chairman. I'll be glad to answer any questions. There are other testifiers coming behind

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me. [LB1037]

SENATOR HEIDEMANN: Thank you very much. Are there any questions for Senator Nelson? Seeing none, will you be closing? [LB1037]

SENATOR NELSON: I will have a short closing if necessary. [LB1037]

SENATOR HEIDEMANN: All right. Is anybody else wishing to testify in support of LB1037? Welcome. [LB1037]

SUZANNE WISE: Good afternoon. Senators, my name is Suzanne Wise, that's S-u-z-a-n-n-e W-i-s-e, and I'm the executive director of the Nebraska Arts Council. I want to thank Senator Nelson for introducing this bill and Senator Harms and Senator Nordquist, Senator Mello, and Senator Wightman on this committee for signing on to the bill, in addition to Senator Avery. Briefly stated, this bill represents a slight adjustment to the statute's original language, which was crafted almost 15 years ago before our fund-raising partner, the Nebraska Cultural Endowment, was in place. It reflects the reality that due to economic forces public funds deposited in the state's Cultural Preservation Endowment Fund are not always in sync to be matched with the private funds raised by the cultural endowment. The new language ensures that there will be a greater window of opportunity to match the private funds with the Cultural Preservation Endowment Fund to generate earnings on a more consistent, annual basis. The new language ensures that the stringent matching requirements necessary to draw down these earnings, which are then distributed by the Arts Council to the Nebraska Humanities Council and over 60 nonprofit arts organizations--and again, 100 percent of those earnings go out, we don't retain any of that money--this can proceed with a reasonable measure of efficiency from year to year. While these nonprofit organizations know that the actual amounts they receive annually are subject to variations in the stock market, they are spared from a feast or famine situation that makes it difficult for them to do any sort of reasonable budget planning or projections. And I'd say in closing that the organizations that we support and we as an agency deeply appreciate your positive consideration of this language change. [LB1037]

SENATOR HEIDEMANN: Thank you for coming in and testifying today. Are there any questions? Seeing none, thank you. [LB1037]

SUZANNE WISE: Thank you. [LB1037]

SENATOR HEIDEMANN: Welcome. [LB1037]

PAMELA SNOW: (Exhibit 7) Good afternoon. Thank you. Thank you. My name is Pamela Snow, P-a-m-e-l-a S-n-o-w. I, too, would like to thank Senator Nelson for sponsoring this bill and Appropriations Committee members Nordquist, Senator

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Hansen, Senator Harms, Senator Wightman, and Senator Nordquist for signing on to this bill. As you know, the Nebraska Cultural Endowment is the private partner in the public-private partnership with the state of Nebraska that raises the match to access the income from and to facilitate the transfers to the public fund known as the Cultural Preservation Endowment Fund. As Senator Nelson said, in 2011 the Cultural Endowment and partners testified in a neutral capacity on a bill that suspended the transfers to the public fund. And although the transfers have been suspended, we have not suspended our fund-raising efforts. Currently, we are working on a significant gift, as Senator Nelson said, and I am unable to tell you who the donor is at this point, but I am able to tell you that it is in the range of a million dollars. We look forward to making a public announcement soon and passage of LB1037 would ensure that gifts made during the suspension of the transfers would serve as a match for transfers in the future, which in the case I just referenced is the donor's expectation. So I thank you very much for allowing me to testify on behalf of this bill and if you have any questions I'm happy to try and answer them. [LB1037]

SENATOR HEIDEMANN: Senator Hansen. [LB1037]

SENATOR HANSEN: Thank you. I don't have a question but I do have a comment, and thank you for your continued fund-raising effort through this... [LB1037]

PAMELA SNOW: Well, thank you. [LB1037]

SENATOR HANSEN: ...lack of partnership with the state. [LB1037]

PAMELA SNOW: Well, this is a wonderful relationship I feel that we have and I think Nebraska is unique in this and it's been successful and it's really done a lot for our state. I appreciate your comment. [LB1037]

SENATOR HEIDEMANN: Any other questions? Seeing none, thank you. Just a second, Senator Nelson. [LB1037]

SENATOR NELSON: Is there anybody else? [LB1037]

SENATOR NORDQUIST: Got anyone else? [LB1037]

SENATOR HEIDEMANN: We need to go through the process a little here. [LB1037]

SENATOR NELSON: Oh, all right. [LB1037]

SENATOR HEIDEMANN: Is anyone else wishing to testify in favor of LB1037? Does anybody wish to testify in opposition of LB1037? I want to make sure, Senator Nelson, you wasn't getting in opposing your own bill. Does anybody wish to testify in the neutral

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position on LB1037? Seeing none, Senator Nelson would like to close. [LB1037]

SENATOR NELSON: Thank you very much, Senator Heidemann. I'm sorry for jumping the gun there. I want to thank Pam Snow and Suzanne Wise for their testimony, which I think helped to clarify this. This can get a little involved, all the things that happened over the past four or five years. I want to mention that there's no fiscal impact here. And I think the wording of the second sentence in the fiscal note really succinctly tells what we want to do here. LB1037 would define new money as a contribution to a qualified endowment generated after July 1, 2011, and would allow contributions not fully matched by state funds to be carried forward to succeeding years, and you've heard how that would work and how in the case of a large donation that they're anticipating would permit then a complete match on all of that money under this arrangement. Thank you, Senator Heidemann. [LB1037]

SENATOR HEIDEMANN: Are there any questions? Seeing none, thank you. [LB1037]

SENATOR NELSON: Thank you very much. [LB1037]

SENATOR HEIDEMANN: With that, we will close the public hearing on LB1037. [LB1037]