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Revenue Committee and Urban Affairs Committee  
October 26, 2012

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[LR553]

The Committee on Revenue and the Committee on Urban Affairs met at 1:30 p.m. on Friday, October 26, 2012, at Metro Community College, Omaha, Nebraska, for the purpose of a public hearing on LR553. Revenue Committee senators present: Abbie Cornett, Chairperson; Lydia Brasch; Galen Hadley; and Pete Pirsch. Senators absent: LeRoy Loudon, Vice Chairperson; Greg Adams; Deb Fischer; and Paul Schumacher. Urban Affairs Committee senators present: Amanda McGill, Chairperson; Brad Ashford; R. Paul Lambert; and Jim Smith. Senators absent: Colby Coash, Vice Chairperson; Tanya Cook; and Bob Krist.

SENATOR CORNETT: Good afternoon and welcome to the Revenue Committee and Urban Affairs Committee hearing. Before we begin, I'd like to introduce myself, Senator Abbie Cornett from Bellevue, Vice Chair Galen Hadley, Senator Pete Pirsch, Senator Lydia Brasch. And to my right, Chair of Urban Affairs Amanda McGill, Chair of Judiciary Brad Ashford, Senator Lambert, and Senator Smith. With that, please turn off all cell phones and pagers while in the hearing room. Sign-in sheets for testifiers are in the room and need to be completed by everyone wishing to testify. When you complete these, please print and complete the form prior to coming up to testify. When you come up to testify, hand them to the committee clerk, Matt Rathje, at my far left. There are also sign-in sheets for those who do not wish to testify but would like to indicate your support or opposition to the resolution. These sheets will be included in the official record. With that, Senator Nordquist.

SENATOR NORDQUIST: Thank you, Senator Cornett and members of the Revenue Committee, Senator McGill and members of the Urban Affairs Committee. Thank you for taking time out of your busy day to be here for this hearing. And I want to thank our friends at Metro Community College for hosting us for a couple of interim studies today. The purpose of LR553 is to examine strategies to promote the restoration and revitalization of historic business districts throughout Nebraska. We all know that areas

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of historic business districts and historic buildings are probably in every one of our districts, every community in our state. And while they can often be an eyesore at times, they can also be so much more than, a lot of times, than they are currently: housing, commercial space, tourist attractions. There are a number of people that will follow me today who will provide their expertise regarding the barriers to revitalizing these historic areas and historic properties and, with the help today of property owners, developers, and communities...community...individuals...community leaders from our own communities, will be able to look at ways that we can develop plans to overcome those barriers. Most of the focus today will be on state-level tax incentives. And those of you that are on the Revenue Committee are familiar with legislation that's been introduced over the last two years that Senator Cornett carried. Thirty-one states offer state-level incentive programs for rehabilitating historic buildings. Before we move on to those experts, I just want to share with you the results of one study out of Ohio, which...the numbers are pretty impressive. They started a historic preservation tax credit program in 2007. It's a 25 percent income credit; it's capped at \$5 million per job. And the research shows that this has created a number of jobs, and the payback is very large. For every dollar spent, the research shows \$8.24 is leveraged in construction spending and created 83 construction jobs over the first few years. And beyond the initial construction, that dollar invested in the revitalization of 111 buildings that have been done is going to leverage over \$32 of operating benefits and create over 300 jobs in the businesses in those areas in their state in the first decade or so. So that is just 1 of the 31 states that have these programs that we could look to for evidence that it will work. And we now--I'll kind of go through the list--we have David Levy of Baird Holm, who has testified before the Revenue Committee; he'll be here to talk about their work on developing projects. Randy Chick from the...who is the director of the Community Redevelopment Authority of Hastings. We have three developers: Tom McLeay from America First Real Estate, Mike Moylan from Shamrock Development, and Julie Stavneak from J. Development. And then Grant Landreth of the Nebraska State Historical Society. And Ervin Portis, the city administrator of Plattsmouth. And then we certainly would welcome other testifiers from the community to address the committees.

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But I think that this has great potential. It's tough. As I've talked to these developers and people that are involved, the idea of incentive...the whole purpose here is incentivizing private capital into these areas that have...a lot of times it's a challenge to get these projects off the ground. It can be more expensive. But we know that investing in these buildings rather than new construction all the time makes our communities stronger. And in conversations with our state Tourism Commission leadership, they're convinced that this has a lot of benefits statewide in historic tourism too. So there are a lot of benefits to this; it's just coming up with the right package of incentives to move us forward. Thank you. [LR553]

SENATOR CORNETT: Questions from the committee? Seeing none. [LR553]

DAVID LEVY: (Exhibits 1 and 2) Good afternoon, Senators. It's a pleasure to be with you this afternoon, a little closer to you than I'm used to being in this setting, but I appreciate the opportunity. David Levy, L-e-v-y, registered lobbyist for Baird Holm law firm. LR553 is aimed at understanding the tools available and necessary to encourage investment in and revitalization of our historic neighborhoods and districts. These neighborhoods formed before our cities and towns across the state, but preserving them and, more importantly, revitalizing them is particularly challenging, because it's more expensive, more constrained, and often less profitable than building new. Yet it makes much more efficient use of our existing infrastructure and services than building on the outskirts of our towns. It's also critically important because these centers bring these communities together, create new opportunities, encourage tourism, and help stem the flow of people, and particularly young people, out of our small towns and out of our state. One mechanism that has proven successful to encourage and create reinvestment in historic communities and districts is the state historic tax credit. Last year Senator Cornett introduced and Speaker Flood prioritized just such a bill; it was LB888. We suggest a similar bill for the 2013 legislative session, although with a smaller credit so as to limit the fiscal impact. I doubt, also, that we'll get such a good bill number as LB888 again, but we can always try. Tiffany (phonetic) handed you a couple of items.

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One is a map, and I'll come to that in just a moment; it shows the states that have these types of credits and then also where they are pending. The other is an article that's for you to read later when you are having trouble sleeping or just to get some more information about this. It provides a very interesting and current perspective on this. A 2013 version of this bill could provide, for example, for a 20 percent credit against state income tax for qualified expenditures up to \$10 million and a 10 percent credit for qualified expenditures above that amount. Qualified expenditures are expenses toward the revitalization of buildings that range from national historic landmarks to buildings that contribute to locally designated historic districts such as those you find right here in south Omaha and in the downtowns and Main Streets of cities, towns, and villages across our state. State historic tax credit programs are proven effective. Senator Nordquist mentioned that 31 states have these programs. They are so popular that, actually, since that number was accurate, it's now 35 states have them. And that's of the 42 states that actually have a state income tax. So it's not 35 out of 50, it's 35 out of 42. Five other states, not including Nebraska, have pending legislation in this regard, as well. So if you all were to consider a bill next session, that would be 6; that would mean only 1 state either didn't have these or was considering them. Credits range all the way up to 50 percent. A 20 percent base credit and a 10 percent credit at the higher end is slightly below average across the country. But from everybody that I've talked to in this industry, that would significantly remove barriers to redevelopment in these areas and would be found to be a very useful tool. In states with these programs, the one-time outlay of forgone state revenues is typically repaid by new revenues in five to seven years. So, yes, the state is, along with the developer, making an investment in these projects, although the state's investment only comes after the developer has put in 80 percent and up of the money. But in new revenues from new property taxes, new income taxes, new sales tax, the state is fully paid back in five to seven years. And after five to seven years, these taxes continue and, really, generate a windfall to the state. All of our surrounding states that have state income tax have these types of programs. That means not only is investment and economic development not flowing into Nebraska from those states, but our dollars are flowing out to those states. Historic

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property tax credits create jobs. A hundred million dollars in leveraged investment, on average, creates 2,245 full-time-equivalent jobs. Missouri adopted its state historic tax credit program in 1998. Since then, it has generated over \$3 billion in private investment. Kansas and Iowa have each generated approximately \$300 million in investment since the early 2000s. A state historic tax credit is different from existing tax credits such as the Advantage Act in one critical way. The Advantage Act requires job creation and investment in tangible property such as machinery. Those are great things, but they're relatively ephemeral when you compare them to extending the life of an income-producing property by 50 to 100 years. Thus the investment that the state historic tax credit program drives is much more lasting. Accordingly, the property tax, income tax, and sales tax benefits from that investment go on for a much longer time, as do the economic development benefits. This key distinction also explains why a state historic tax credit must be freely transferable. I know the transferability aspect of LB888 was something that concerned the Revenue Committee. And I'd like to try and explain why that is so important. As I mentioned, this is a different kind of credit than, for example, the Advantage Act. This credit is tied to a building, tied to a piece of real property. But for that to work...what this ultimately is, is a financing tool to help the development of these properties. And for that to work it has to be monetized; it has to be turned into up-front dollars that can be spent right away for the development of the property. The income stream itself is helpful, but, really, to create a basis of security for that up-front chunk of money that goes into the development of the property that happens all at once. The only way to do that is to monetize that, and the way to do that is to have this be transferable, so the developer can sell the right to receive that credit for an up-front single sum of money that then becomes one of the pieces that goes into financing the project. If the credit is not freely transferable, its usefulness is severely limited; it can only be monetized then through complex syndication schemes. And, really, the only developers and projects that can afford those are large developers doing large projects, which almost always occur in our larger cities. So by making this transferable, you are making it much more useful and much more applicable to smaller projects in our smaller towns, done by smaller developers, by local people, and even

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individuals who might see a small building on Main Street in Broken Bow and say, hey, I'd like to redo that building. This gives them help to do that; this removes the barrier in doing that. A freely transferable credit also ensures that the greatest amount of state money goes directly to the project. The syndication scheme means that those entities in the syndicate end up paying federal income taxes at different points in the process. You lose the money. The state's money is going to Washington, D.C.; it's not going to Main Street. By making this freely transferable, you ensure that the most money possible from the state's coffers goes to Main Street. I want to leave you with one final point, and then I'd be happy to answer any questions. Nebraska's population topped 1 million by 1890. Over 120 years later, we still have not made 2 million. Many of our small towns and rural communities are shrinking or dying. A state historic tax credit program is a proven method to boost economic development; keep people at home in rural areas and small towns; make our neighborhoods, towns, and cities vibrant; and grow our economy. Thank you very much for your time; I'm sorry that got a little bit long, but I had a lot to say. I'd be happy to take any questions you might have. [LR553]

SENATOR CORNETT: Questions from the committee? Senator Hadley, then Senator Pirsch. [LR553]

SENATOR HADLEY: Mr. Levy, thank you for being here. You are correct, the tax credit was something we discussed a lot last year. Is this still set up that, basically, it could be a nonprofit organization getting the tax credit and being able to sell the tax credit then, even though they themselves would pay no income tax? [LR553]

DAVID LEVY: That's correct, Senator. This...our idea and most programs of this type around the country do allow nonprofits to use them. And you're exactly right, a nonprofit would have no way to use this unless it's freely transferable. [LR553]

SENATOR HADLEY: Okay. [LR553]

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DAVID LEVY: And, you're right, they don't have a tax liability, so they sell the credit to somebody who does. Thank you. [LR553]

SENATOR CORNETT: Senator Pirsch. [LR553]

SENATOR PIRSCH: Thank you for the handout here with states with state historic tax credit programs; there's a listing of the states, the...I guess you said 35 states, right, that... [LR553]

DAVID LEVY: Correct. [LR553]

SENATOR PIRSCH: ...have it. There is...some of the states that don't...they do it with income-producing, but they don't have it with non-income-producing. Can you just kind of...and it's not a majority or anything. Do you...what's the philosophy behind that? And there are a couple of states who do it the other way: they only do it with non-income-producing and don't do it with income-producing. Can you just kind of speak to that briefly? [LR553]

DAVID LEVY: Sure. Sure. Income-producing property, of course, would be commercial property. [LR553]

SENATOR PIRSCH: Um-hum. [LR553]

DAVID LEVY: Non-income-producing property probably is going to be residential property. And so the states that have a bigger credit or a credit only for income-producing property, their policy is to incentivize more, remove burdens more, or only for commercial property. The states that allow a credit for non-income-producing property are also trying to encourage people, for example, to renovate historic homes. And also nonprofits, that may be non-income-producing property as well. So it's really a policy choice about what type of renovation and redevelopment you want to encourage.

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One could argue that income-producing property is the way to go because that's likely to spin off, you know, income tax and more jobs and things like that. If somebody renovates a historic home, for example, other than the construction jobs, they're probably not hiring employees. Our idea has been to not differentiate between income-producing and non-income-producing property, for two reasons. Those historic homes, we believe, are very important to the fabric of those communities and provide a great, you know, great places for people to live. And again, it's more efficient to do it that way; it's a better use of resources. Then I forgot the other part of what I was going to say, I'm sorry. They, really...they contribute to the community, though. And we felt that it was important to incentivize redevelopment of all types of property. [LR553]

SENATOR PIRSCH: Thank you. [LR553]

SENATOR CORNETT: Senator Ashford. [LR553]

SENATOR ASHFORD: Just very briefly, for example, the Fred Astaire home, I think, is...is it on Tenth...? [LR553]

SENATOR NORDQUIST: Tenth Street. [LR553]

SENATOR ASHFORD: It's on Tenth. And that's a...is now...it's apartments, I believe. [LR553]

SENATOR NORDQUIST: Um-hum. [LR553]

SENATOR ASHFORD: But the home itself, if it were restored, as maybe some sort of a museum-type facility, it wouldn't...it would be a nonprofit and wouldn't necessarily be incoming producing, much, anyway. But it's a hugely important building... [LR553]

SENATOR NORDQUIST: Yeah. [LR553]

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SENATOR ASHFORD: ...in south Omaha. [LR553]

DAVID LEVY: That's an excellent point. [LR553]

SENATOR ASHFORD: Yeah. And there are others like that, obviously. [LR553]

DAVID LEVY: Right. And you also reminded me of my second point on Senator Pirsch's question, which is that typically renovating historic homes costs less, so it ends up being a much smaller tax credit. The income-producing properties are going to be the bigger projects; they're going to have the bigger expenditures; they're going to most likely, in almost all cases, have the bigger credit. So for that reason also we felt like it really didn't make sense to exclude the historic home type of thing or the example that you brought up, Senator Ashford, because they don't...it's not that big of a cost. [LR553]

SENATOR ASHFORD: And it would be...how exciting would it be to have films and letters and things from Fred Astaire as kind of a... [LR553]

DAVID LEVY: Yeah. [LR553]

SENATOR ASHFORD: Okay, thanks. [LR553]

DAVID LEVY: And those projects can be the hardest to finance, too. So that's another reason... [LR553]

SENATOR ASHFORD: Um-hum. [LR553]

DAVID LEVY: ...why it's important to have the credit for those. [LR553]

SENATOR ASHFORD: Thank you. [LR553]

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SENATOR CORNETT: Senator Smith. [LR553]

SENATOR SMITH: Thank you. So this would follow the planning and the zoning ordinances of the individual cities, right? There would be no conflict there. [LR553]

DAVID LEVY: Correct. And with regard to the locally designated historic districts where this would apply, at least under LB888, that would be something that the municipality would have to designate first. So it would actually...not only would there be no conflict, but it would be carrying out the desire and the planning that the municipality has undertaken, with oversight from the State Historic Preservation Office to make sure that those truly are valuable historic districts and valuable buildings in the historic context. [LR553]

SENATOR SMITH: Okay, thank you. [LR553]

SENATOR CORNETT: Senator Brasch. [LR553]

SENATOR BRASCH: Will these buildings be restored to their original...are there, I guess, restrictions? Must they be the original paint? Like, the State Capitol, for example. Is it to bring them to their state, or could it be for modernization? Is there any type of condition, with the credits? [LR553]

DAVID LEVY: There are standards that the Secretary of Interior promulgates... [LR553]

SENATOR BRASCH: Okay. [LR553]

DAVID LEVY: ...for the use with the federal credit, and those would generally carry forward here. The State Historic Preservation Office would review the plans of the proposed renovation to make sure that it meets those standards and that it is a

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genuine... [LR553]

SENATOR BRASCH: Genuine. [LR553]

DAVID LEVY: ...historic rehabilitation. [LR553]

SENATOR BRASCH: Okay. Thank you. [LR553]

SENATOR CORNETT: Senator Nordquist. [LR553]

SENATOR NORDQUIST: And...I didn't...in the map, it doesn't indicate which states have the transferability portion. I don't know if you're familiar with that or if you know what those numbers are, but I think it's critical to the point that you made about...especially for smaller developers, to be able to get that money up-front to make this...if they don't get that, it's not going to happen. And that's...I don't know if you know, out of the states, if most of them do have that, or... [LR553]

DAVID LEVY: The vast majority of them are transferable. I don't have the exact number. I do know that our surrounding states' credits are transferable. So if we were to pass a nontransferable credit or a credit that's not freely transferable, that would be okay, but we would be undermining our ability to compete with our surrounding states. If somebody can do a project with a historic tax credit in Missouri and they can do one in Nebraska, they're going to go do it in Missouri because that credit is freely transferable. [LR553]

SENATOR CORNETT: Further questions? Seeing none, thank you, Mr. Levy. [LR553]

DAVID LEVY: All right. Thank you all very much. [LR553]

SENATOR CORNETT: Next testifier. [LR553]

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RANDY CHICK: (Exhibit 3) Good afternoon and thank you for the opportunity to speak to you on LR553. My name is Randy Chick. I'm with the Business Improvement District and Community Redevelopment Authority... [LR553]

SENATOR CORNETT: Sir, I'm sorry, could you please spell your name for the record. [LR553]

RANDY CHICK: Sure. Randy, R-a-n-d-y, Chick, C-h-i-c-k. With the Business Improvement District and Community Redevelopment Authority of Hastings. The Hastings BID and CRA and the city of Hastings have partnered for over 25 years, and it made downtown renovation and downtown redevelopment a priority. In order to promote the redevelopment of our downtown, we have developed and used the following incentives to fill the financing gaps on these projects. We've utilized tax increment financing, a zero percent revolving loan fund, a small-business loan fund, as well as a facade improvement program. Since 2003 we've completed 18 mixed-use projects and 7 single-story buildings, featuring 24 market-rate apartments, 8 owner-occupied residential units, and 19 renovated commercial spaces. The total public and private investment is about \$8.4 million; local incentives provided, about \$1.9 million. And that's about 23 percent of the total project costs; 78 percent of that \$1.9 million was loan funding. So about 5 percent of our total project costs are funded by local grants. We all, I think, know the barriers to redevelopment across the state: zoning codes, renovation costs, building code updates. Codes will usually require architectural drawings, unless we get into pretty small commercial properties. And then financing is certainly an issue all across the state. And some of our bigger barriers in small communities are banks that normally require appraisals. You have to understand, most of our projects are pretty small. We usually have a 22-foot storefront by 100 foot deep, so oftentimes we're under 5,000 square feet on the two floors. But a bank is going to look for an appraisal usually, depending upon the size of the loan. But even with our efforts over the last nine years, there's few if any comparables. We've sold a couple of

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commercial condos, a couple of residential condos. How do you take that to a bank underwriter and say, okay, that's what that value on that property is. The smaller the community, the lower the market rental rates are, both on commercial and in housing. And that's a detriment. We have been very fortunate to develop and increase our main-floor rents, but our second floors are actually driving the bus on our projects. We'll probably have doubled our annual square-foot rates on second floors as opposed to our main floors. One of the issues we have in our community as well as the smaller towns is a lack of qualified developers. Most of our projects are completed by "mom and pop" developers who, if they're lucky, barely have enough funds and the energy to finish one project. And then, even if we're lucky enough to get somebody that doesn't own or occupy the residential condo project, we cannot access secondary market financing. So instead of a 30-year loan with 3.5 percent interest, we've got a 15-year loan with a 5-year balloon, paying 4.5 percent to 6 percent interest, for somebody that wants to live and own property downtown. So we have a couple of suggestions, looking at the state income tax credit. And I'll explain a couple of these. And this is going to be different than what you probably are talking about. But we would hope it would not be tied to the Secretary of Interior's standards for rehab, which would allow developers whose project is not eligible for a 20 percent federal tax credit access to the proposed state income tax credit. We would hope you wouldn't restrict the number of tax years to claim the credit and, as we discussed before, to make the credit transferable. We would hope that there is no formal review process to claim the credit, or at least a less stringent review. Now that's based on a couple items here in a minute that might support that. We would hope you would allow the credit to be for both residential and commercial improvements. And then, lastly, currently, you're familiar with that the state has a Valuation Incentive Program that is available to properties on the historic register that basically freezes the assessed value for a period of time to benefit that project. We would hope you would expand that Valuation Incentive Program to include properties that were put into service prior to 1936 that are eligible for the federal 10 percent historic tax credit but may not be available for the 20 percent credit. In summary, in the last nine years the city of Hastings has completed 25 renovation projects. Of those 25, 4 were either on or eligible

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for the 20 percent historic tax credit, and only 2 of those property owners utilized that credit. Seventeen of our projects were eligible for the 10 percent historic tax credit, but property owners were only able to claim the preservation costs on the commercial portion of the building, as rental housing or personal residences are not an eligible use. In May of 2009 the Iowa Department of Revenue conducted an evaluation of their historic tax credit program, and it showed that public assistance, including federal, state, and local, accounted for about 70 percent of the total project costs. In Hastings, we're at 23 percent of total project costs, of which most of that is loan money. Many of these projects that Iowa is doing, and is probably proposed for this tax credit here in our state, are able to utilize the 20 percent historic tax credit as well as low-income housing tax credits. These credits, as you know, are primarily used by experienced professional developers on larger projects, and they're able to transfer credits to other investors to raise equity for their project. So if it's the intent of this body to promote the restoration and revitalization of historic business districts throughout Nebraska, I think you're really going to have to be very creative in order for the proposed legislation to have a positive financial impact on smaller communities outside of Lincoln and Omaha. Thank you for your time, and I'd entertain any of your questions. [LR553]

SENATOR CORNETT: Questions from the committees? Senator Lambert. [LR553]

SENATOR LAMBERT: You said here that four projects in Hastings were eligible but only two of the contractors or people doing it went after the tax credit, is that correct? Did I hear that right? [LR553]

RANDY CHICK: That's right. [LR553]

SENATOR LAMBERT: Why do you suppose that is? What is the obstacle that's holding them back? [LR553]

RANDY CHICK: Well, each party has their own reasons for renovating the property.

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[LR553]

SENATOR LAMBERT: Sure. Sure. [LR553]

RANDY CHICK: And, obviously, some people may not want to do what the State Historic Preservation Office wants done with the project. I think, on residential...Grant, is residential property able to capture a historic tax credit, 20 percent? If it's rental. So it's owner-occupied. [LR553]

SENATOR LAMBERT: Okay. [LR553]

RANDY CHICK: Which we had one of those at least. [LR553]

SENATOR LAMBERT: Sure. All right. Thank you. [LR553]

SENATOR CORNETT: Mr. Chick, could...is the other party going to testify, that you just referred to in the audience? [LR553]

RANDY CHICK: Yes. [LR553]

SENATOR CORNETT: Okay. If he could restate that when he comes up to testify...there's no way for the transcriber to reflect that in the record. [LR553]

RANDY CHICK: Okay. [LR553]

SENATOR HADLEY: Mr. Chick, thank you for coming in. And, you know, when I drive into Hastings, you know, I'm always impressed with what you've done on the north side of town, with the development out there with the malls and all that. Do you get any feedback from those people as to why you should develop the downtown and give tax credits and help for the downtown and you're not doing anything for me, or how are you

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helping me when I want to develop out on the north end of Hastings? [LR553]

RANDY CHICK: We haven't had any feedback like that. But our Community Redevelopment Authority works in blighted, substandard areas. The property on the north of town is in prime commercial ground, and so we have not... [LR553]

SENATOR HADLEY: You have not... [LR553]

RANDY CHICK: ...gone out there... [LR553]

SENATOR HADLEY: ...gone out there. [LR553]

RANDY CHICK: ...to try and create a blighted area where it's (inaudible). [LR553]

SENATOR HADLEY: Okay. Thank you. [LR553]

SENATOR CORNETT: Senator Smith. [LR553]

SENATOR SMITH: Thank you. And thank you for being here today and for testifying. In your suggestions, you mentioned that you would like to see this not tied to the Secretary of the Interior standards for rehab. What type of rehab could you see under your recommendations that would normally not be there? Could you give me an example? [LR553]

RANDY CHICK: Well, I think part of the issue on that is, as I referred to the 10 percent historic tax credit, a lot of our properties in our downtown are noncontributing to any kind of historic district. [LR553]

SENATOR SMITH: Okay. [LR553]

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RANDY CHICK: They were still built in 1910 or 1920, they're still old. And so how do you convince a developer to go in and do something there without some sort of incentive? A lot of those properties have been covered up with metal, windows blocked up. There's been enough transformation that...I think in 1999 we actually had a study done to create a historic district. And I don't have the...I might have the exact verbiage that was used in that particular study, but to qualify as a National Register historic district, an area needs to retain a significant concentration and continuity of historic buildings. Due to the extent of the changes, we feel that the Hastings commercial area does not retain the significant linkage and continuity of historic buildings needed to meet the qualifications of a historic district. And all those buildings are still there, and they're all still old. And most of them need renovation. Even with the efforts that we've had in the last nine years, over 50 percent of our upper-level properties are vacant. [LR553]

SENATOR CORNETT: Senator Pirsch. [LR553]

SENATOR PIRSCH: Thanks. And I wonder if you might testify as to...so with these...this...the underlying concept behind the tax credit. There are various reasons why...which might motivate such or compel such, including especially in Omaha and Lincoln, urban sprawl. These are going to affect a lot of older sections of our city...or, I guess, only older sections of the city, right, in terms of...what you're suggesting is hitching our cart to the way that the federal government defines historical...right? And is that right? Or you don't have a position on that particular issue. [LR553]

RANDY CHICK: You know, I have just touched base with the 20 percent tax credit and the 10 percent tax credit. I think the 10 percent...the tax credit program, I think, started in, like, 1977. And they established a 10 percent historic tax credit at that time and said they would allow that for properties put in service before 1936. Those properties were only 41 years old at the time. So I don't think it would hurt for the state of Nebraska to look at properties that, maybe, were built prior to 1950. [LR553]

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SENATOR PIRSCH: Okay, so you're suggesting... [LR553]

RANDY CHICK: I don't have, necessarily, a position on that; I just know that properties that are eligible for the 10 percent historic tax credit ought to be eligible for a state income tax credit (inaudible). [LR553]

SENATOR PIRSCH: Okay. And I appreciate that. You're not necessarily dedicated to hitching your cart to the same triggering mechanism as the federals. But nonetheless...so some of the justification of a tax credit in this area would be tied to the idea that you've got large cities and that older...you know, you want to encourage the utilization of these older parts of the city that are more subject to decay and keeping the core strong and...especially in Omaha and Lincoln. And there are other reasons that may motivate it as well: preserving our heritage, right? Are there other compelling, I mean, I'm trying to get a sense of all the reasons that kind of favor this type of a...that have been used in favor of this type of concept. [LR553]

RANDY CHICK: Well, in Hastings, I like to say we're creating a...re-creating a neighborhood. It was a downtown neighborhood before, and sprawl took place; offices and residences all moved out. And I guess we're trying to re-create that feel. We want our community to be more walkable, to enhance bike riding in the community and all those kinds of things. It's the heart of our community, and I think when people come to our community they come downtown to see what your downtown is like. So in that regard, it's important. Other than that, I'm a downtown property owner. [LR553]

SENATOR PIRSCH: Um-hum. [LR553]

RANDY CHICK: About six years ago my wife and I redeveloped a property without any incentives except for the 10 percent historic tax credit, which comes after you sell. [LR553]

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SENATOR PIRSCH: Um-hum. This would have applicability though. The help here would be utilized, do you think, in a statewide fashion or mostly in Omaha, Lincoln, and some of the more larger cities like Hastings? [LR553]

RANDY CHICK: I think if you tie it to the 20 percent historic tax credit... [LR553]

SENATOR PIRSCH: Um-hum. [LR553]

RANDY CHICK: ...that's where, I think (inaudible). [LR553]

SENATOR PIRSCH: Okay. Thank you. [LR553]

SENATOR CORNETT: Further questions? Senator Brasch. [LR553]

SENATOR BRASCH: Thank you, Mr. Chick, for your testimony. And you just raised a question for me. You had said that you did this with your wife regardless of the incentives; it was something you chose and wanted to do, correct? [LR553]

RANDY CHICK: That's correct. [LR553]

SENATOR BRASCH: Do you believe that people will not do it unless they have an incentive? You know, does not the city have a vested interest, rather than the state and...? [LR553]

RANDY CHICK: Well, we certainly have a vested interest. And we are trying our best to supply incentives to provide a boost to those projects. In my case, this is also my job, is downtown development. And it was a lot easier to sell when I lived on the second floor and could show people what we had done with our project than it is to have me living on the north end of town trying to sell them on that. So that was part of our reasoning as well. But in terms of the state participation, these projects, especially for smaller

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communities...you know, the cost per square foot was actually less than building new. But there is a lot of square footage in those buildings and much more than we certainly need. But we don't have a lot of choice if we're going to develop those. And this is a tool that we don't have, certainly locally. We can combine all of these tools here, and we can barely get to that 20 percent or 25 percent number. Other states are much higher. So it's just my suggestion this be utilized (inaudible) from where I think it was maybe headed. [LR553]

SENATOR BRASCH: Last...and District 16 has many small communities. I'm from Bancroft, a very small community. Last Saturday I was at a event in Kennard, also a very small community, and a constituent had said to me...it was not tied to historic, but they were a little concerned about the new-business help. They had said that when they did their business they did everything from ground up with a lot of sweat equity, a lot of savings, planning. And they did have a concern on this does affect the tax dollar, that they would rather see, you know, use of property taxes or, you know, a shift, reducing their taxes so they'd have more money in their pocket to personally invest. And do you not think that private...or what are your feelings about private groups helping locally, local people reinvesting in their own...? [LR553]

RANDY CHICK: That's a wonderful thought. [LR553]

SENATOR BRASCH: But you don't think it happens, or... [LR553]

RANDY CHICK: Well, I think there's only a couple reasons it happens, is if they can make money in doing that. Everybody wants to help, but how are you going to...how am I going to get the return on my dollar? Even if it's private, you know, they're going to look for that. So in our community, I think one of our last projects, we got four investors we put together as a test run just to see if this would work. The four investors together...and nobody had...nobody is living in the building and nobody is occupying the building. So four investors that a little bit out of the goodness of their heart but wanting to see the

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downtown continue to grow and get better did a project in our downtown area. Went to the banks and borrowed the money, hired all the work done. So they own that separately; it's not an individual. It's doing well; it's cash-flowing. But there were a lot of projects prior to that that made this one what it is, because our rental rates are up, we're able to charge more now than we're used to. So that first one in Bancroft is difficult to do, because how do you rent that property to somebody at a higher rate that you can sustain? [LR553]

SENATOR BRASCH: Sure. Thank you. [LR553]

RANDY CHICK: I hope that answers your question. [LR553]

SENATOR BRASCH: I have no other questions. Thank you. [LR553]

SENATOR CORNETT: Seeing no further questions, thank you. [LR553]

RANDY CHICK: Thank you. [LR553]

THOMAS McLEAY: My name is Tom McLeay; that's M-c-L-e-a-y. I'm with America First Real Estate Group based here in Omaha. I think, I want to thank the committee first for giving me the opportunity to testify here in front of you in regard to a potential state historic tax credit, and I express my support for a state historic tax credit. I thought it might be...America First is a real estate owner, operator, and developer nationwide. We've operated in 35 of 50 different states, and we're well versed with both state and federal tax credits of all natures. I thought it might be instructive to talk a little bit about our analysis of risks and costs involved with real estate development. I'll say first and foremost real estate development is not for the faint of heart. It's a very difficult business. And the reason for that is it is a very capital-intensive business, and it has quite a bit of lead time when you're doing a development. From the day you conceptualize a development to the actual completion of that development, it can take

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two, three, even four years at times. So you have many risk factors you're trying to analyze when you're looking at a project to develop. Amongst those are economic risks of the recession occurring again, which we've all seen. You have a concept for something that you're depending upon a strong economy with jobs and people that live in those locations, and it can quickly change on you. The changing tastes in the market: From the day you conceptualize a project to the actual day that it's available is years, and markets can change. People can want different offices; they would like to live in different locations. You have to try and judge that risk as best you can. Finally, one of the more important risks is a construction risk type of scenario, where you budget and plan for certain amounts of money to build something, and it becomes exponentially more expensive. And I believe every real estate developer here will tell you that's happened to almost everybody. The two first risks I mentioned are fairly possible. The overall economic risk of a recession is something a developer can't control, and neither can any businessperson. And changing tastes is something that you try to control as best you can. You're not a restaurant, though, where you try one dish and people don't like it, so you can quickly, the next week, try another dish. You build a real estate project, you're stuck with that product for years and years to come. The final risk, a construction risk, is a little bit more manageable in some regards: hiring professionals and analyzing it. But what I would say is that the easiest thing to build, for any developer, is on virgin ground, with no concerns of having to rehab a building, to analyze the nature of that building, to not know what structural impacts there might be, whether there has been environmental impact in that location because of previous development there. The very easiest to do and the reason why we see so much sprawl, as Senator Pirsch mentioned, is on just virgin dirt that's out there, or preferably flat too, for that matter. In that regard, you see that type of development. I see these tax credit programs, particularly the historic tax credit program, as simply leveling the playing field to make an enticement to build somewhere besides on virgin dirt on the edge of a city. And, in fact, the one advantage that you do have on rehab projects are that you already have infrastructure there. You might have roads, and you might have sewer that's already to the site. But, in fact, the state and the county will put infrastructure out to the

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new, virgin dirt. And so, in fact, there is already an incentive being given to people to develop on the edge of cities, out to those places. There's already the state and the county and the city incentivizing people to develop there, because they will bring the roads out, they will bring sewers out, they will bring electricity out to you. So the one balancing factor that might be there is no longer even there. But, effectively, what I believe these incentives do is they encourage people to develop our entire state, not simply the edge of the state or even, say, the entire state: the inner core, the outer core. They will all continue up. The fringe development will not simply stop by passing the state incentive bill, because people still want that product. People will still continue to go and build those because that's what people want. But it now might be on an economic level playing field. And I think the reason why you...I believe this is the reason why you're seeing, as Mr. Levy testified, there are so many states that have already passed a state historic tax credit. (Inaudible) too (inaudible), you know...to create a situation where people go out all across the state. I'm a fifth-generation Nebraskan, and I love my state. My family roots are right here in south Omaha. However, as a businessman, I cannot ignore economics. When we look to develop things nationwide, we will look in Iowa, we will look in Missouri, we will look in Kansas for products that have incentive to build in the historic areas before we would look at the state of Nebraska. It pains me; I'm disappointed in that. But I can't ignore economics as a businessman. With that being said, we will look in the smaller communities in those states. We don't always look in the smaller communities in Nebraska because it's very difficult to develop without any type of these incentives, where we have limited resources to invest. We will look at the smaller towns of Iowa, we look at smaller towns in Kansas and Missouri, and have not historically looked at the smaller towns in Nebraska without these incentives in place. I thank you; I'll be happy to answer any questions (inaudible). [LR553]

SENATOR CORNETT: Questions from the committee? Senator Pirsch. [LR553]

SENATOR PIRSCH: Thank you. You anticipate...first of all, in your mind, do you have a particular proposal...would, for instance, you hitch the qualifications to the federal...or do

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you really feel strongly in that area? You're flexible? [LR553]

THOMAS McLEAY: The federal standards have become the norm; they're well known by accountants, architects, lawyers. And that gives a certain amount of predictability to it because of that. So I would not have a problem with, as you described it, hitching it to the federal standards. However, if there's a compelling reason for another standard, I think the market could evaluate it. [LR553]

SENATOR PIRSCH: Um-hum. Do you think such a tool would be used statewide, or, I mean, little cities, whether in Crofton or... [LR553]

THOMAS McLEAY: I actually think that this bill may very well be most advantageous to smaller communities in Nebraska outside of Omaha and Lincoln. In Omaha and Lincoln you have enough of an urban area that there is, in select spots, that you have some development with the historic tax credit program. There are a leveling of that playing field because of the location in the city, because of a proximity to certain jobs. In the smaller communities, you don't have that, generally. There is plentiful land in many of our towns in Nebraska; it's plentiful flat land that's easily developed with new construction, to build simply from the ground up. So I think that this would actually encourage more so to the smaller communities outside of Omaha and Lincoln than even Omaha and Lincoln, although I do believe Omaha and Lincoln would benefit as well. It would make projects that previously weren't viable, that were still outweighed by the benefits of development on the fringe, they would now, might be viable, with a new tax program. [LR553]

SENATOR PIRSCH: Um-hum. And with TIF--which is an alternative tool but not widely used outstate, I understand--there's a "but for" showing. Can you speak to the need? Does...there's not currently in this legislation or concept some sort of a "but for" showing: this project would not be capable of taking place except for this type of tax incentive. Can you talk to that? Is there such a need, or do you think that the mere fact

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that it's...what you discussed before about the flat virgin land, that that provides kind of the balance that you need in all of these projects? [LR553]

THOMAS McLEAY: I think this sort of...in addition to the economics that I spoke to, and I tried to be fairly pragmatic on it, is I think there is a certain sentiment that I share, and many others, that there is an importance to our history in our state. As I said, my great-grandfather built a building here, on 24th Street, in 1880. It still stands. [LR553]

SENATOR ASHFORD: Which one? [LR553]

THOMAS McLEAY: Twenty-fourth and N, actually. [LR553]

SENATOR ASHFORD: What was it called? [LR553]

THOMAS McLEAY: The Flynn Clothing Store. It was opened in 1880. He was an Irishman (inaudible). [LR553]

SENATOR ASHFORD: It was there for quite a while, wasn't it? [LR553]

THOMAS McLEAY: It was there. It was always there until the '50s. I only met one person who shopped there, though, Father Sullivan at Prep. [LR553]

SENATOR ASHFORD: Yeah. [LR553]

THOMAS McLEAY: He's (inaudible). [LR553]

SENATOR ASHFORD: And he probably had a limited...oh, well, he was a kid then, probably. [LR553]

THOMAS McLEAY: He was...he was 5 years old. He knew my great-grandfather; I did

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not know him. [LR553]

SENATOR ASHFORD: Okay. Excuse me, Madam Chair. That was too good to...  
[LR553]

SENATOR CORNETT: I say, Brad, I've known you long enough to know we digress.  
(Laughter) [LR553]

THOMAS McLEAY: I think there's a value to history in our state, and I think there's a value to saving many of these buildings. And the economics that I described, I think, balance out that factor. If you create a "but for" type of scenario, you've added another whole level of complexity to it that would probably dissuade the use of it because you're now going through other layers and requirements. The TIF program already has that analysis... [LR553]

SENATOR PIRSCH: Um-hum. [LR553]

THOMAS McLEAY: ...so if it's in a substandard or blighted area, that would already suffice, and that analysis would already be met. [LR553]

SENATOR PIRSCH: I see. [LR553]

THOMAS McLEAY: So I guess I would...as a developer, I would not like the added complexity, and I don't know if it's necessary. There is another attribute here besides the economic development that I talked about, and I think that is saving the history of our state. [LR553]

SENATOR PIRSCH: Thank you. [LR553]

SENATOR CORNETT: Further questions? Seeing none, thank you. Next testifier. May I

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see a show of hands for the remaining testifiers? Okay. In the interest of time, why doesn't everybody kind of be ready to be in the queue. [LR553]

MIKE MOYLAN: Hello. Thank you for allowing me to come here today. My name is Mike Moylan, M-o-y-l-a-n, with Shamrock Development here in Omaha. And in the interest of time, I bullet-pointed it a little bit here and so I could be available for questions as well. First, I'd like to say that these are incentives to make things happen and make things happen quicker, and that just that definition itself has to have a little bit of a role here in your discussion. And partly the problem I feel that this is necessary is in the bigger cities like in Omaha and Lincoln and some of the larger communities of Nebraska a lot of the easy buildings are done. So we need more incentive here, because we're working on an apartment building which is in downtown Omaha and it was, literally, sitting in a great location for many, many years, and the only reason it is getting done right now is we kind of made some mistakes in the early part of it, and we had to...we couldn't go back. So the incentive definitely would have made that happen quicker and certainly would have made the rest of the neighborhood be finished quickly as well too. In the smaller cities and towns, if you have a thriving town, you know, this is going to encourage restoration of some of these buildings, as opposed to just putting on a new coat of paint or something like that. And then in the other communities that need some help, this is definitely going to provide an incentive to allow a Main Street to come back to the Main Street that it was. I think that's one of the gems of Nebraska, as you go throughout the state, is definitely spending time on Main Streets. And there's really nobody that doesn't appreciate a restored historic building, I think, in the end. And when you can get a few things going, it definitely snowballs, which has happened in just about any community that has seen some historic restoration. The other thing I'd like to say is that the new codes today are getting more stringent. And that's another problem: trying to take a 1929 building and make it fit with modern codes is not near as easy as it may sound. So that's been a big problem for...as the codes get harder, it takes more money. When we talked about the federal program here, a little bit here, I would say that it encourages true restoration too, which costs much more money to restore the building to what it

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looked like in the original plans. And the federal programs are quite stringent upon that. So having those historic tax credits allows it, once again, not just to put a new paint job on something or put a new roof on something. It does restore it back to what it was supposed to be originally, which obviously is in direct relation to the cost of the buildings. A couple of suggestions that I feel that I would...I think it's important to apply it to single-family homes. I think that will help the outstate communities a lot, for what Senator Ashford mentioned here in Omaha too, but it, you know...and there's a lot of nice neighborhoods that, sometimes, if there's a couple dilapidated houses that...even if you get one on the block off the ground, others can follow, and it will restore the neighborhood itself. I would streamline the process a lot--that's for the smaller communities as well--make sure that it's not too stringent and too hard to try to get the credits. I would also make sure that they applied to personal income taxes. A lot of the smaller communities would benefit from that because it's more of a personal interest to get something done and you just can't put the numbers together. So having a little bit of a personal income tax credit, I think, would make a big difference for that. And somebody mentioned the "but for" standard; I think that that would be kind of hard to apply to this, because you're...and it kind of goes around the federal side of it as well, too. But the reason that these incentives are here is to restore some beautiful gems of the community, whether it's a small house or a two-story building or a 40-story building somewhere. And so to try to...it's kind of (inaudible) already that if you're trying to meet the federal standards on that, the "but for" test is already almost going to be a part of it, because a lot of the reason that the incentive is there is to restore it back to (inaudible) standards, and the federal standards are quite stringent as enforced by the state. So I tried to sum it up, a little bit short. Any questions? [LR553]

SENATOR CORNETT: Questions from the committee? Seeing none, thank you.  
[LR553]

MIKE MOYLAN: Thank you. [LR553]

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SENATOR CORNETT: Next testifier, please. [LR553]

JULIE STAVNEAK: Hi, I'm Julie Stavneak. That's J-u-l-i-e S-t-a-v-n-e-a-k, and I always have to pronounce my name that way and spell it out, so thanks for bearing with me. And thank you for your time today. I'm a real estate developer in both Nebraska and Iowa, very passionate about it in many, many ways. One is, I own a house in Dundee that I renovated and used the Amendment 1, which helped us get a bigger first mortgage so that we could actually get the renovations done that we needed to and keep our tax assessment at what it is. Additional incentives would have been great as well. Secondly, I own a building in Omaha on 25th and Farnam that I've owned for a couple years...across...2523 Farnam, a really cool old historic building. It was a car dealership called the Hupmobile. I plan on renovating it, and we will, but it's a little slower process, and a state historic tax credit would make all the difference to get that done. But I'm coming to you with some examples of some development that we've done in Iowa, in Council Bluffs, Iowa, specifically. We renovated or are in the process of renovating this gymnasium that was built in 1922. It's called the old...it actually was built as the historic Abraham Lincoln. Across the street was a school, to the east, and it burned down. The building then was owned by the school district until...it was vacated in '99 because of code issues, no longer usable as a basketball court. There wasn't enough need for it to be an additional basketball court. So about six years ago the city put it up for auction. We were able to acquire it. I appreciated the historic integrity of it. It was a beautiful building that I just thought would be ridiculously torn down. But then once we had it, we were like, oh, we have a gymnasium, now what? But with that being said, with the creativity of an architecture team, Alley Poyner is actually here, we were able to design 20 market-rate apartments in the unit, and it will be habitable next year. And this really would not have been possible without the tax credit incentive. This is a \$2.6 million project, of which...of that source, the private debt that we could obtain from a bank, based on our rents, was only \$900,000. So the state tax credit, the historic tax, all the different tax credits really made this a possibility. It would not have been done. And really, quite honestly, I really think it was going to be torn down. So if it had not

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been for Iowa's tax credit process, that would have happened. The standards are critical. I do think that we want renovations to be done well. I think we do need to keep in mind that, well, for this specific project, I don't think, if you're going for...that you should have to go through federal and state; it should be one or the other. This gymnasium is an example. The National Park Service would like this to remain a gymnasium; they do not want us to get tax credits. We're appealing it now. We did modifications, flown out to D.C., to talk to them. They would be fine if we did the office space and didn't put up walls, so it would be kind of open office space. But that market definitely is not there in Council Bluffs, so that's not a viable option. So the fortunate piece is Iowa has a 25 percent tax credit. And that is allowing us to get the building done without the federal tax credit incentive that we're still going to battle. Lastly, I just want to...I like pictures, so this is another project that we renovated in Council Bluffs, Iowa, their downtown square. Thank you. And this building was built in 1926 as The Nonpareil Building, which was the paper and, well, still is the paper. They added on to the building in...this was one of the original photos. And when they added on in the '60s, they chopped off a lot of the historic integrity of the exterior. So when we took off the concrete panels here and unveiled what was there, you can see there was a lot of damage to that project, which prevented us from getting federal historic tax credits again. But it did allow us to use state tax credits because...if you see at the picture at the very end, we tried to do our best to restore it to what the original photos were like. And as my colleagues prior to speaking here today have talked about, there's definitely complexities and contingencies that you have to build in on these projects. But once you do reinvest in them, it really changes the neighborhood. And I think people have talked about walkability. And I also grew up in a small town in Iowa. And I frequent there. And Dunlap, Iowa, is the name of it. And in that community there have been at least three or four different renovations that I know that would not have happened had not this tax credit been available. I've looked at buildings in Fairbury; I've looked at buildings in other small communities in Nebraska. I'd love to do them. It seems like the only viable way to do them is to put some low-income housing tax credits in them, maybe some federal. And I really think that this will benefit and I think (inaudible) smaller communities

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significantly. And I use this because, again, I like small communities because I grew up in one. But my fear for small communities is that it's so much cheaper to put up a metal building on your Main Street and put a brick facade on it, and I see it happening quite often. And, to me, that means we're creating "dozable" communities and that we're not sustaining our country into being a really nice, beautiful place for our generations in the future. So, again, it's evident that my passion is there for it, and I had to bring some pictures to show you. [LR553]

SENATOR MCGILL: Thanks. [LR553]

SENATOR CORNETT: Questions from the committee? [LR553]

SENATOR ASHFORD: Passion is a good thing. [LR553]

SENATOR CORNETT: Senator Nordquist. [LR553]

SENATOR NORDQUIST: Thank you so much for being here. I think when I asked David about the transferability of the credits, I think he said all of our neighboring states, so Iowa would. Have you utilized that, and how is that important? [LR553]

JULIE STAVNEAK: Yeah, actually, last year when the bill had been introduced and then as it had made some modifications along the way and it was not going to be transferable, I was like, it won't be of value to my business, and it won't be of value to a lot of the smaller developers, because they really usually don't have that big an income tax. So...and I think someone alluded to today if it's not transferable, then it will help the big folks but it won't help the smaller folks in the smaller communities and smaller developers as well. [LR553]

SENATOR NORDQUIST: Um-hum. Thank you. [LR553]

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SENATOR CORNETT: Senator Hadley, then Senator Brasch. [LR553]

SENATOR HADLEY: Ms. Stavneak, thank you. You mentioned that, if I heard you correctly, you talk about different tax credits, and obviously the one...you got the 25 percent in Iowa for the gymnasium. Were there any other tax credits that you were able to avail yourself of? [LR553]

JULIE STAVNEAK: Yeah. [LR553]

SENATOR HADLEY: If you could kind of enumerate what tax credits... [LR553]

JULIE STAVNEAK: We used... [LR553]

SENATOR HADLEY: ...were available for you in Iowa for this project. [LR553]

JULIE STAVNEAK: Yeah, specifically speaking, on this project that I...here, we used historic tax credits, the state; the federal is on the agenda still. But we had to build into our pro forma of being able to get it financed without the federal. We're using enterprise zone credits in an urban...it's in an urban revitalization area. And that gets us a 10 percent tax credit that's transferable as well. We're also using a...it's called brownfield/grayfield that Iowa has. This isn't a brownfield site, but it is considered a grayfield because of its substandard and blighted condition that it has been. So those...and that is a 13 percent tax credit. So if you calculate the equity that we'll be receiving from all three of those incentives, you're looking at about \$1 million equity to our project. Again, I mentioned that it was \$2.6 million, so, of course, we have our own private money into it, we have the first mortgage, and then the city was also able to give us some of their CDBG funds. [LR553]

SENATOR HADLEY: And if you were to get the federal, that would be another 20 percent? [LR553]

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JULIE STAVNEAK: Correct. [LR553]

SENATOR HADLEY: And is the federal transferable, or is that...? [LR553]

JULIE STAVNEAK: Yes. [LR553]

SENATOR HADLEY: And that is fully transferable to anybody else. [LR553]

JULIE STAVNEAK: Correct. What would be ideal in situations is that you can find an investor that would use both the federal and the state. [LR553]

SENATOR HADLEY: So if they all came true, it would be about a 68 percent tax...or financing by the public... [LR553]

JULIE STAVNEAK: Correct. [LR553]

SENATOR HADLEY: ...of the project. [LR553]

JULIE STAVNEAK: Correct. [LR553]

SENATOR HADLEY: Okay. [LR553]

SENATOR CORNETT: Senator Brasch. [LR553]

SENATOR BRASCH: Thank you, Madam Chairman. And thank you, Ms. Stav...?  
[LR553]

JULIE STAVNEAK: Stavneak. [LR553]

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SENATOR BRASCH: ...Stav...Stavneak. I have a question, you keep saying the word "smaller" community, "small," "small," what do you consider a small community? How small is small? [LR553]

JULIE STAVNEAK: Hmm. I quite honestly don't think that there isn't a community that wouldn't take advantage of the tax credit, and I know there are small communities. So I don't...I wouldn't define anything. The couple of communities in Dunlap, Iowa, that I was talking about is 1,100-1,200 people. So I'm sure even smaller communities could utilize it as well. [LR553]

SENATOR BRASCH: And with that is, when...as an investor here, what criteria do you have going into finding a project? What I'm seeing is you invest, you know, you have an investment by this restoration. And then once it's completed, that is your business and your asset. So there must be some sort of population-based revenues returning, or do you resell these properties? [LR553]

JULIE STAVNEAK: Our businesses we keep. We own and manage, well, we don't manage, but we own, develop, we also are our general contractor as well, and so we retain our properties for the long term. [LR553]

SENATOR BRASCH: And when... [LR553]

JULIE STAVNEAK: And the communities that I would work in, I mean, clearly, I mean, it has to make sense, so you have to make a profit, and it also has to have a cash flow so that eventually you could sell it to someone else. [LR553]

SENATOR BRASCH: So a lot of the dialogue, what I'm hearing, is, like, some of the small, you know, Bancroft is 500-600 people. [LR553]

JULIE STAVNEAK: Um-hum. [LR553]

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SENATOR BRASCH: Our Main Street definitely, you know, and there's many, many others... [LR553]

JULIE STAVNEAK: Um-hum. [LR553]

SENATOR BRASCH: ...all along the state of Nebraska. These probably would not be looked at for investment simply because that number of people would not return...you're saying your investments are \$2 million, or how much money do you need to put in? [LR553]

JULIE STAVNEAK: I think there's a couple things that could happen. One is, I think in the smaller communities, at least in Iowa it tends to happen, is that it's not a lot of outside...necessarily outside people; it's the owners of the building or maybe some people that live in a smaller town around, that they decide that they want to either put their business there or expand their business there or just improve the building that maybe they've owned for a long time and then are able to get some cash to use to...from the tax credit. They also may have income, and they can offset it then; it can go to the personal tax as well. However, I've talked to many smaller communities, and, for example, in Omaha we have a lot of historic districts where buildings are not being renovated, or they are but it's slow, whether it's Vinton Street or Benson or many other parts of the community. And I've talked to business owners who really could also team up as a team of businesses and create an LLC and renovate your buildings together and be a partnership (inaudible) the amount of the tax credit time. And then during that process you're...the bigger the project it is, the more money you can get from the person that wants to buy your tax credit, typically. And so you could team up to get buildings renovated as a group, and you could even couple them probably in a few smaller communities and look at them as one big project. I think there are just creative ways that people and maybe outside developers who will collaborate to do that. I guess, with that being said, even as a developer I may consider that, if I could do five or six

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buildings near Hastings and I can get it up to a \$2 million deal, I'll definitely consider looking at those communities to do a project. [LR553]

SENATOR BRASCH: Very good. Thank you. I have no other questions. [LR553]

SENATOR MCGILL: Senator Hadley. [LR553]

SENATOR HADLEY: I just thought of another question. I appreciate your being here because obviously you've done this and so you're looking at it. Of all of those tax credits, are there any recapture provisions on that, that... [LR553]

JULIE STAVNEAK: Oh, yeah. [LR553]

SENATOR HADLEY: ...I mean, that you renovate this gymnasium and next year you turn around and sell it, and you can sell... [LR553]

JULIE STAVNEAK: Yeah, there's a recapture period. [LR553]

SENATOR HADLEY: There are recapture periods, so that you... [LR553]

JULIE STAVNEAK: Yeah, up to...and somebody can chime in; it's five years that they can be recaptured. You do go through a formal process, as folks have said, that we'd be going through (inaudible). And the formal process is very tedious on what you do to the building, and once you agree on all the modifications that you're going to make to the building, then you're locked into not changing that for that five-year period. [LR553]

SENATOR HADLEY: Okay, but you as an owner, can you turn around and sell the building the next year, after you've taken all these tax credits? [LR553]

JULIE STAVNEAK: You know, I sell the building, but that would still be...those terms

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would still be on the table. Someone would have to jump in to my partnership for me to sell it... [LR553]

SENATOR HADLEY: Okay. [LR553]

JULIE STAVNEAK: ...so that those investors are in that deal for that five years. [LR553]

SENATOR HADLEY: Okay. [LR553]

SENATOR MCGILL: All right, other questions from the committee? Thank you very much. Next testifier. [LR553]

GRANT LANDRETH: (Exhibits 4 and 5) I am Grant Landreth of the Nebraska State Historic Preservation Office; it's G-r-a-n-t, last name Landreth, L-a-n-d-r-e-t-h. I'm the historic preservation coordinator for the state of Nebraska. I administer the Valuation Incentive Program, which is a state program that freezes property valuations. And I also administer the federal tax credit program on behalf of the National Park Service (inaudible). As my title suggests, I'm a proponent for such legislation preserving our historical heritage equally and fairly. Today I will explain what current programs are available to historic properties and how these established programs benefit properties and their owners. I will further describe how these established programs do not provide incentives to all potential projects equally and how future legislation must seek to address this concern. Presently, as I have kind of spoken to, there are two historic preservation incentives available to Nebraskans: the federal historic rehabilitation tax credits, often referred to as the "historic tax credits," and the Nebraska Valuation Incentive Program. The historic tax credit program is administered jointly by the National Park Service and the Internal Revenue Service, and then each state has a state historic preservation office that is sort of like on-the-ground working with property owners, doing site visits, answering questions, and then forwarding recommendations on to the National Park Service for their final review and determinations. What that program does,

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you know, it provides a 20 percent tax credit on qualified rehabilitation expenditures to a property owner. The state program, which is the Valuation Incentive Program, that some might recognize as it was called Amendment 1, it could be LB66...I'm not quite clear on that. Initially it started in 2006 and...it freezes a property's valuation for a period of eight years at its pre-project level. And then there's four years of additional, incremental increases after that. So to qualify for the historic tax credits, a property has to be listed in the National Register. In the same manner, to qualify for the state program, a property needs to be listed in the National Register or designated as a local landmark by a municipality with a historic preservation ordinance. What I would like to point out is, since I've been part of this program--actually I started in 2006 when the program was getting going--there's only been less than a handful of projects that have actually utilized that local landmark designation provision; most are already designated, or the property owner has already received historic tax credits or something, so they're already listing the property. So I guess my point is, it's only been utilized in Omaha and Lincoln, and it's not really been utilized by the rest of the state. So I feel, as I'll kind of elaborate, that, to be totally equal to all citizens, it should just be a requirement just to list the property in the National Register, so there isn't any sort of like, you know, Omaha and Lincoln versus the rest of the state; treat everyone fairly, and so on. So projects that utilize either program must comply with the Secretary of the Interior's Standards for Rehabilitation. Historic properties change. And I have this conversation almost daily with developers, property owners that's like: Can I change my property; can I change the paint color; do I need to keep my kitchen? I'm like: No. You know, this is a rehabilitation program; properties have to evolve. This isn't, sort of, a museum restoration-type thing. It's we're trying to find...you know, if a property doesn't have a current use anymore, it's not viable, it's, like, what else can we put in there to make it work but also keep what's important to it? So what the standards do, they provide a framework to assist in the identification of anything that's character-defining to the property, really the things that are really important that, like, if I'm, you know, a person off the street, doesn't know anything about the building, what am I going to see, how am I going to understand why this building is important? That sort of thing. It's not, sort of, keeping all the parts and

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pieces of the building. And then the standards seek to guide preservation efforts in maintaining a property's total historical integrity and not necessarily in preserving all of the property, totally. So, I guess, to speak to Senator Brasch's point, it's a rehabilitation program, it's not restoration. And projects can change. Often what we're going to look to is, like, if a building had a corridor and stairs, that's really what you retain, but all the rooms off the corridor get totally gutted and completely changed into whatever use the property owner wants, as an example. So as the standards are guidelines for historic preservation, my occupational purpose, at least for the federal program, is to counsel historic property developers and property owners in the interpretation of the standards, sort of, as determined by the National Park Service. So, generally speaking, the Park Service will never come out and look at the projects. But they're kind of just getting property owners and say, well, I think they're going to probably want this and this, but this could probably go. And that's the conversation that I have. So...and I have some examples, if you want to kind of understand, we could talk later in the question-and-answer, like, what...striking a balance between keeping and letting things go, what sort of examples would that be. I'll sort of speak to the previous testifier, Julie Stavneak, who brought up a project in Iowa, where the National Park Service has denied that project. And I think, from their point of view, the Park Service wants to retain the overall sort of sense of space in that building, the integrity, I think that was a gymnasium. I think, at our office, at least for the VIP program, where we're able to review things on a statewide level, we provide additional flexibility to property owners that maybe the National Park Service wouldn't. But we still follow the same standards. It's an interpretation of the standards. And looking at projects, unique projects on a case-by-case basis, how can we, kind of, make things happen, I guess, is what I wanted to make of that. So historic preservation is not for big cities and our state's most prominent historic sites; there is an abundance of historic properties across the state. In Nebraska there are over 1,000 properties listed in the National Register, 32 of which are historic business districts. Within those 32 historic business districts there are almost 4,000 buildings, structures, and sites that are considered contributing to them. Even municipalities without any current National Register listings include properties potentially

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eligible for such designation. Historical property surveys completed through our office dating back to 1974 identify around 80,000 buildings and structures eligible for preservation in Nebraska. These structures are in every county across the state just waiting to be rediscovered. So just because something is not listed or you don't find something listed in your district, there's going to be something that can really benefit your district and something that could definitely be listed. While there is a wealth of historic properties waiting for devotion, historic tax credits tend to be utilized for larger projects. As the credits technically cannot be bought or sold, larger projects can absorb the costs and time associated with complex and expensive syndication methods. Conversely, the state program tends to be utilized for single family home projects. And what I've seen over the course of six years is that, with federal credits, you tend to have bigger projects that can absorb those costs or you have, for VIP, you have small residential. What we don't see is the, sort of, renovation and revitalization of sort of small projects either in Omaha or even in the rest of the state. So it's sort of like...what I've seen is these incentives don't really tackle getting those projects to be viable. So...I would also say closer analysis of the trend shows the gap in financial incentives for all projects that encounter unique preservation, environmental, and location challenges that, even with the current incentives, are too great to make a project viable. Applying the standards to every project ensures that each project is treated equally, requiring a true public benefit be obtained, and oversees the process mandating public money is well spent and well earned. The standards reduce fiscal impact; therefore other states with a state historic tax credit program require that projects meet the standards. And so to the best of my knowledge, all states that have such a program...after looking at the state historic tax credit program, all require the projects to meet the standards. Then, really, what it's up to, is each state to decide how you interpret the standards and how that impacts the properties. The standards act like a threshold; without them any project and any quality of work qualifies. Further, the standards ensure that the property maintains its historic integrity upon completion. If a property's historic integrity is not maintained by a project, then it's quite possible that it is no longer worthy of historic designation. Uncertainty about the interpretation of the standards the Park Service has,

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has led many property owners, developers, and other interested parties to believe the standards are too difficult to achieve. I guess, for VIP, the interpretation is left to the state, which allows a lot of that uncertainty to be removed. Certainly, the standards are in place to provide fiscally responsible compensation for providing to the public a quality finished product and should have an amount of rigor to them. In keeping with statewide equality, a local landmark provision is not necessary. As I have stated previously, only a few projects in Omaha and Lincoln have utilized such a provision of VIP. Logistically, a local landmark provision may be burdensome to most municipalities in the state, as they would not have the financial or personnel resources to administer such a provision. If a small municipality could not administer such a provision, it would provide an unfair advantage to projects in larger communities that could. In summary, state historic incentives should not be provided to projects that may exist on the federal historic tax credit alone, as this tends to favor larger, more adaptable, and resource-rich projects. What is more, all incentives should be in keeping with the standards. Finally, all proposed projects should be listed in the National Register for incentives to be provided and not simply designated by a local landmark provision. I believe the effort with future legislation should be to provide opportunity for all historic properties, the ability to receive acknowledgment of their historic nature, appropriate and documented rehabilitation, and equitable review. Rather than duplicate or potentially triplicate incentives already available, let us provide incentives to all projects that currently are not financially viable. Thank you for your time; I can answer any questions. [LR553]

SENATOR ASHFORD: I do actually have a question, real brief. [LR553]

SENATOR CORNETT: Senator Ashford. [LR553]

SENATOR ASHFORD: Of the 38 or 40 projects--and I asked Bob this earlier--the 38 to 40 projects that have been funded with the turnback financing throughout the state, many of those are historic; and I don't expect you to know the answer, but it would be helpful to know how many of those homes or buildings across the state have been

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funded with the turnback. [LR553]

GRANT LANDRETH: I don't have that information... [LR553]

SENATOR ASHFORD: Right, and I wouldn't expect you to have it. But, I mean, you're aware that we have funded...correct? I mean, because you've been involved in some of the... [LR553]

GRANT LANDRETH: Yeah, I'm not completely familiar with the program. What I do know is that the projects that utilize that source of funding do not, as far as I know, utilize the historic tax credits. [LR553]

SENATOR ASHFORD: They do not, because we don't have it. But, I mean, if we were to have it, potentially you could combine those two... [LR553]

GRANT LANDRETH: Potentially. [LR553]

SENATOR ASHFORD: And then my second point would be, do you see a--in a very brief answer--do you see a benefit to...I assume you do, but do you see a benefit to applying these credits to a district in addition to simply individual buildings? And I think you alluded to that. [LR553]

GRANT LANDRETH: Like (inaudible) a whole... [LR553]

SENATOR ASHFORD: Like, let's say you had a historic district that went from Bancroft Street to, you know, for lack of a better...maybe Bancroft to The Durham or the Union Pacific and that you could actually assess that district, and then there would...would that be something that you would foresee in this kind of legislation? [LR553]

GRANT LANDRETH: Well, certainly, if you have a district, you're going to have

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properties that are considered contributing that could participate. I don't... [LR553]

SENATOR ASHFORD: Would that ease the...I guess what I'm asking, would that, in your mind, would that ease the process of historic significance, if you had a district that was...such as the district that has the Fred Astaire house, and I hate to keep going back to that. But, I mean, if you have a street that a city may want to designate, or hope to be designated, as a historic district, does that then become...ease the process, then, of obtaining those credits? Or is it just building by building? [LR553]

GRANT LANDRETH: Are we talking about federal credits? [LR553]

SENATOR ASHFORD: No, we're talking about state credits, because that's why we're here. [LR553]

GRANT LANDRETH: It depends upon how it's written. I mean, I can only speak to my experience with the federal credits. And if you sort of group property owners together... [LR553]

SENATOR ASHFORD: Um-hum. [LR553]

GRANT LANDRETH: ...then if someone is sort of, like, goes broke and decides, you know, that they're going to do whatever they want, everyone could potentially be on the hook for, maybe, what they do. But if there's a way to sort of group them together but also allow some sort of separateness to it, maybe... [LR553]

SENATOR ASHFORD: Okay. And I guess my question...do you see the benefit...I'm sorry to...do you see a benefit, then, to applying those same kinds of criteria to--on the state credits--to allow for those, sort of, grouping of historic buildings on a historic street in a city? [LR553]

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GRANT LANDRETH: Sure. [LR553]

SENATOR ASHFORD: Okay. [LR553]

SENATOR CORNETT: Senator Pirsch. [LR553]

SENATOR PIRSCH: In your testimony you said your recommendation, finally, would be "all proposed projects should be listed in the NRHP for incentives...and not simply designated by a local landmark provision." Why are you...what's that recommendation based upon? [LR553]

GRANT LANDRETH: I think, you know, on some basic level, I agree with that sort of an idea, of listing things locally. But what I recognize after administering the program for six years is that no one really takes advantage of it. And a few communities already have sort of...the law is already in place to take advantage of it. So if I'm a small, you know, I have a two-story commercial building in a small town that doesn't have an ordinance yet, I have to somehow not only...if I want to participate, I have to convince, you know, the government--the city council, the mayor--that such an ordinance should be passed. And then they have to find someone to administer it and create a board and oversee this whole process just for my one project. So I think, in some ways, if you don't already have that sort of system in place, it provides an unfair sort of advantage to communities that don't... [LR553]

SENATOR PIRSCH: So what you're envisioning is, the legislation would be either/or. And you're saying if that's the case... [LR553]

GRANT LANDRETH: I'm saying that... [LR553]

SENATOR PIRSCH: Would you have any problem with both, I guess is what I'm saying. [LR553]

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GRANT LANDRETH: No. I just...what I'm realizing is that...no one really has taken advantage of that provision with the existing state...the VIP program because it requires everyone to kind of work with, you know, get everything kind of set up in a government sort of way. So, you know, I just feel like if...we field calls all the time from people, you know, in small towns that are like, well, I want to do this project, but it's not listed. Fortunately, you know, it also will have a preservation ordinance, so you can't go through that process. Like, if you were in Omaha or Lincoln or Red Cloud or Plattsmouth, you could do it. So it's, like, it's sort of very overwhelming, I think, for people, if they don't already have that available to them, it's like, well, what do I do? You know, I just think, you just treat everyone fairly across the state. I think that's, I mean, at least that's what I'm all about when I do my job. [LR553]

SENATOR PIRSCH: Okay. Thank you. [LR553]

SENATOR CORNETT: Senator Brasch. [LR553]

SENATOR BRASCH: Thank you, Madam Chairman. And thank you for your testimony; it's been very interesting. I'm looking at your list here of all the communities, correct? Is this... [LR553]

GRANT LANDRETH: Oh. [LR553]

SENATOR BRASCH: ...in this booklet? [LR553]

GRANT LANDRETH: Sure. [LR553]

SENATOR BRASCH: Is that yours? [LR553]

GRANT LANDRETH: I don't remember exactly that page. [LR553]

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SENATOR BRASCH: Did you bring that here? [LR553]

GRANT LANDRETH: It comes from our office, correct, yes. [LR553]

SENATOR BRASCH: Okay. And what I'm wondering is, you have some good suggestions here, but should this be broken down into use of the building, whether it's a private dwelling or for commercial use or tourism, say the Fred Astaire home? I mean, would that make a difference, do you think, to...does it make a difference to your funding at all, or is it just a matter of you bring the proposal there and we will think about it? [LR553]

GRANT LANDRETH: I don't really have a position either way. [LR553]

SENATOR BRASCH: You don't have a position. [LR553]

GRANT LANDRETH: I mean, I'd just leave that up to you folks to figure out what's best. [LR553]

SENATOR BRASCH: As a taxpayer, investor in our state, would you think communities would benefit greater, better than, less than...? [LR553]

GRANT LANDRETH: I think you need all kinds. I think, you know, not everything can be, you know, commercial, income-producing. And, quite obviously, most of the calls that we field are people trying to do some sort of, like, you know, a theater, bringing back something in their community that...you know, you definitely have businesses or you have people that have fixed up their homes, but there's nothing really to do in the town except go to the bar. And so I think it just takes all kinds. And so everyone would benefit. Yeah, thank you. [LR553]

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SENATOR BRASCH: Thank you very much. [LR553]

SENATOR CORNETT: Seeing no further questions, thank you. [LR553]

GRANT LANDRETH: Thank you. [LR553]

SENATOR CORNETT: Next testifier. [LR553]

ERVIN PORTIS: (Exhibit 6) Good afternoon. I'm Ervin Portis, E-r-v-i-n P-o-r-t-i-s, the city administrator of Plattsmouth. Good afternoon, Paul... [LR553]

SENATOR LAMBERT: Good afternoon. [LR553]

ERVIN PORTIS: ...Mayor. (Laughter) Plattsmouth, a little bit about us. Let me start this out with our past is our future. Now what do I mean by that? (Inaudible) Our population is 6,500, thereabouts; we're 15 minutes straight south of here on U.S. Highway 75. The Main Street of Plattsmouth has been listed on the National Register of Historic Places since 1985, I believe. Our buildings in the Main Street district make up one of the state's finest groupings of middle- and late-19th-century commercial architecture, which I hope I've illustrated on the front cover of that handout for you. And Plattsmouth recently completed a just under \$6 million public infrastructure investment in its Main Street district. In doing so, most of this architecture, we felt it was very, very important to solicit and to receive and to consider NeSHPO input in our design. We did so; we gave great consideration to their input, although Mr. Puschendorf and I still had a disagreement on one point, and it's just not as significant. And, really, we ended up with a quite positive improvement on the community. Plattsmouth is qualified as a Certified Local Government for historic preservation, qualified in September 2005. The CLG program is a federal program of the National Park Service, and it's administered by the State Historic Preservation Office. By our designation as a CLG, you know, Plattsmouth is legally committed to historic preservation. There are barriers to historic preservation,

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particularly...well, in any community, if you think about it. The average small-businessperson, they're working a business to thrive and survive. And in today's economy, it might be more survive than thrive. Historical architecture has to be considered an economic asset. It certainly is for us. Main Street Plattsmouth is the heart of our community. It's the heartbeat. And if the heartbeat stops so will the community. Historic preservation can be a daunting and perhaps overwhelming task. Overcoming barriers is dependent on strong public/private partnerships. I think I know more about historic preservation today than I ever dreamed I would know, you know, (inaudible) to Plattsmouth and having to get immersed into the issue. The city funds the Plattsmouth Main Street Association. We have a strong relationship with NeSHPO. I've got Mr. Puschendorf and Grant on speed-dial. We're willing to use the various tools within the incentive-based toolbox and can direct our business folks to good contacts. When Senator Cornett introduced LB888 last year, I sought her out and I said thank you, and it was a sincere thank-you because we believe it has great benefit and a potential for great benefit to the community. We occasionally provide technical assistance or we direct folks to those who can provide assistance. When I say "the incentive toolbox," I really mean that, because I don't believe that there is a one-size-fits-all tool when it comes to historic preservation or even for any form of economic development. Historic preservation is economic development. In Plattsmouth we can use TIF, we can use housing tax credits, we can use federal historic tax credits, we can use the Nebraska Valuation Incentive Program, we've used USDA energy-efficiency programs. And we have the facade revolving loan fund, which is CDBG funds through the Department of Economic Development's Downtown Revitalization Program; we currently have 11 applications out in our (inaudible) for use of that program. And we've used housing reuse revolving loan fund. Again, there is no cookie-cutter approach in providing incentive programs. What works for one may not work for another, might be too complex for another. In the desire for simplicity, a property owner may decide, I don't want to do this, but I want to do that because it fits. We do believe that, you know, preservation should be according to historic standards and guidelines. Some of the reasons I think you just heard Grant articulate. I would argue that without agreeing to

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standards, we might have renovation, but we're not going to have preservation. And preservation is key to...is a key economic development asset, or economic development tool. It's key to (inaudible) tourism. Preservation is how we preserve that past for future generations to come. And let me tell you a little bit about a current story, the Dovey Building--and I've got a couple pictures of it there on the last pages of that handout--on 527 and 537 Main Street in Plattsmouth, built in 1886, beautiful building. But it sat vacant for most of the last ten years, and assessed valuation today is half of where it was three years ago, half of it. You know, twice in the last several years, we, the city, have had to go to the previous owner and order some improvements to secure the building, or we find ourselves in the position to have to condemn and come in and eventually order a demolition; it would create a huge void in our downtown community if we had to do so. But working with the Main Street Association, we tried--and I've been working on this for five years now--tried to find developers with an interest in historic preservation and the financial capacity to pull off this project, and doing so hasn't been easy. Here in the last year, we found a local family, a local businessperson, in Main Street Jewelers in Plattsmouth. They own a building in town that they restored, a very successful business. And for whatever reason, they decided to take on a new risk. They intend renovation and rehabilitation in the range of \$650,000 to \$700,000. That's a lot of money for a small business in Main Street Plattsmouth. So every incentive we're packing...everything we could do to put this package together will benefit all of us in the long run. We granted them some CDBG's revolving loan fund for the facade improvement and then applied for, through the State Historic Preservation Office, the Valuation Incentive Program, the federal historic tax credits. They've also applied for the competitive USDA energy-efficiency program. If we're successful, we're going to do all of the following. We're going to restore this building to its rich architectural heritage. We're going to preserve it for future generations. We're going to improve its tourism potential; that's economic development. We're going to improve the economic potential of Plattsmouth Main Street. This building that's lost half its assessed valuation will come back up in assessed valuation. We're going to improve our tax base. And we're going to grow an existing business. Main Street Jewelers is going to move out of their existing

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business, which is a beautiful restored building, into this building, and we're going to have room...so we're going to have room for a new business. I guess my take is that, much like a toolbox at home...when I go home and I open up my garage door at home, there's my garage where all my tools are, my toolbox for all of my honey-do projects. And I've got sockets and open-end wrenches, pliers, screwdrivers, power tools. And this historic preservation toolbox really has to be considered the same, you know, a wide array of tools, no single tool fits all purposes. It's challenging, it's complex, it's potentially very, very expensive. So preservation requires a combination of all tools. And certainly we would support...we in Plattsburgh would support any reasonably written incentive (inaudible). With that, any questions I might answer? [LR553]

SENATOR CORNETT: Questions? [LR553]

SENATOR ASHFORD: I just have a...who was the mayor in 2005? What forward-looking...? (Laughter) What...? I just asked, I mean, you don't have to answer. [LR553]

ERVIN PORTIS: I affectionately refer to him as "the boss." [LR553]

SENATOR ASHFORD: The boss? Okay. The guy on my right here, was he the guy? All right. [LR553]

SENATOR LAMBERT: Oh, man. [LR553]

SENATOR ASHFORD: I didn't know, and I thought it was important to get that on the record. So...thank you, Madam Chair. [LR553]

SENATOR LAMBERT: Yeah, it certainly was. Thanks, Brad. [LR553]

SENATOR SMITH: Senator Ashford, I thought you were going to ask him if Fred Astaire

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ever stayed in Plattsmouth. (Laughter) [LR553]

SENATOR ASHFORD: I'm sure he danced in Plattsmouth, you know he did. [LR553]

SENATOR LAMBERT: Oh, sure he did. (Laugh) [LR553]

SENATOR CORNETT: Okay. No further questions. Thank you. [LR553]

DAVID BLACK: Senators, thank you. David Black, D-a-v-i-d B-l-a-c-k, mayor of Papillion. I originally didn't intend to testify, but sitting here I...historical areas of downtown are critically important, and Papillion has had a large focus on it at least for the last five years. So I figured I just wanted to share my perspective a little bit. I'm not an expert in historical tax credits, so don't ask me detailed questions about them. But I can at least tell you why we believe it is an important thing in the toolbox. People, if they're not familiar, may think of Papillion as just a suburb of Omaha...further from the truth. We're an 1870s railroad town. We were on the main line of the UP railroad. And in a month we will have a Nebraska historical marker right on 84th Street honoring that tradition of the railroad in Papillion. And so the historical 1870s, the original plat, is critically important. Four years ago we put an overlay district in place just so we could recognize some of the unique nuances of that area and some of the development patterns that occur. And what happens when something moves from being a residence to an income-producing property, how do you keep the integrity of that property, we've been dealing with those things, including our wonderful people who have been on the Planning Commission, including Senator Smith. Thank you for your service. We have a lot of old buildings. And it is mixed use. It's income-producing properties; it's residences; it's residences that become income-producing properties; and it's buildings that are vacant, in transition, that might (inaudible) to a condo use on the second floor. There was a long period of time up until probably about six years ago, I...people have tried some historic renovation in the past, and in some cases it failed, in some cases we made some very large mistakes. We have a large mistake and we (inaudible) deal with

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it. And I think because of some of that and the way development has happened, maybe ten years, in the '70s and '80s, I don't think we appreciated that as much. And because of that, we either made mistakes or we forgot about our downtowns. And they lost the focus, and people got tired, and there was not the focus. And that's starting to change and revive again. And that downtown area in Papillion...and I don't think we're any different than any other city in the state. I've got children who live in O'Neill, and I've got children that live in Chadron. I travel the state, and I understand those communities, and I talk to the mayors, and I don't think that we're any different. Community happens in the downtown area. Your community events tend to be in the downtown areas. Your civic parades tend to be in the downtown area. If you come together for a holiday event, they tend to be in the downtown areas. Those are critical for community. If we continue to grow on the outskirts areas and forget about the downtown core, the community literally can die. Somebody earlier mentioned it being the heartbeat, and it is the heartbeat in Papillion, one of the reasons we're putting a large emphasis on it. And we ourselves are doing \$1 million civic project in Papillion with general fund taxpayer dollars just because of the critical importance of that heartbeat. The...and also, it will be a surprise to the senators that most elected officials in Nebraska are not full time in their elected positions. My daytime job, I'm a commercial lender. I'm not representing the bank, but I do have that expertise. And a couple of comments earlier I'd like to weigh in on. One of them, a lot of those downtown buildings are old...not old individuals. People have owned their buildings for a long time. They're not (inaudible) developers. They're not developers that have access to a lot of resources. And for a small business to go get a loan is a hard issue. We have small-business owners here that come up with the equity to get a loan. If somebody comes to me for a loan for a building, I'm going to want 25 percent into the project. They don't have 25 percent into the project. If they don't have that, they're either selling the building to somebody who doesn't care about it, or they don't repair the building, and it goes down. So the ability to get these tax credits for the equity are critically important to community bankers, myself included. The idea of the income- versus non-income-producing, just a quick comment on that. Again, in the downtown Papillion historical core it is a mixed-use area: we have income-producing

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properties, we have residences. And that's the way those downtowns developed. They were true mixed-use areas. And what you start seeing is the residences, over time, may get a law office in it, or it may get a boutique store in it, or it may get a tea shop in it, or it may get a doctor or an optometrist in it. It still looks and feels like a house, but it will transition to income-producing. At the same time, that business grows up, it's going to leave the downtown district and go to a higher-traffic area. When that turns over, they want to sell the property. They may sell it to another business; they may sell it back to somebody that wants to keep it as a house. Either way, that building is an important building for the downtown area. So I would advocate that it's both for the income and the non-income; because if it's non-income, it very quickly could become an income one if it is revitalized. And then just the last note I want to make is on the transferability. Again, in these little downtown areas...well, I think Papillion...our 1870s plat is only about a four-block-square area. No large developer is going to come in and buy those buildings up and redevelop them. It is going to be a small, individual property owner. So that transferability has to be there. I think we probably only have one or two buildings that might qualify for a developer. In fact, we were having a conversation with Alley Poyner the last year on one of those, and I see they're here. But...so I just want to advocate, as a mayor of a small town, for the transferability for probably the income and non-income and just the importance of having something in the toolbox that we can use. Thank you. [LR553]

SENATOR CORNETT: Questions? Seeing none, next testifier. [LR553]

RICK CUNNINGHAM: (Exhibit 7) Good afternoon, Chairpersons Cornett and McGill, committee members of the Revenue and Urban Affairs Committees. My name is Rick Cunningham; that's R-i-c-k, and, for Senator McGill, that's also Ricky... [LR553]

SENATOR MCGILL: Ricky. [LR553]

RICK CUNNINGHAM: Ricky Cunningham. Cunningham, C-u-n-n-i-n-g-h-a-m. I'm the

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planning director for the city of Omaha. I also, by virtue of being planning director, I'm the executive director of our historic preservation commission. It is with pleasure and honor that I represent the city to say that we enthusiastically support the advancement and adoption of any legislation that would provide incentive for the redevelopment and reinvestment in historic properties and districts not only in the city of Omaha but across the state of Nebraska. Now, Omaha is part of the state of Nebraska. I'm sorry, I just had to (inaudible). [LR553]

SENATOR ASHFORD: What was that? (Laughter) [LR553]

RICK CUNNINGHAM: I said it's part of the state of Nebraska. (Inaudible) I'm sorry. (Laughter) I didn't...that's not true (inaudible) okay. Providing a Nebraska state credit for restoration of existing historically significant buildings would complement the state's and the city of Omaha's ongoing efforts to incentivize redevelopment and reinvestment in existing areas, districts and otherwise, in the state and in the city of Omaha and the goals and objectives of our city master plan by: 1) providing an incentive for redevelopment of historic properties and districts in Omaha and Nebraska, 2) preserving historically significant buildings in Nebraska communities including Omaha, both rural and urban, and revitalizing the communities that they are in as desirable places to live and work. I want to emphasize that in 2010 the city of Omaha adopted a new element of our city master plan which is called the environmental element. This was done as a partnership with Omaha by Design and many other groups and agencies within the city. It had over 4,000 volunteer hours--it says four point zero zero, but that is...there's a zero dropped off on that; that's 4,000 of community volunteer hours--to create that environmental image...or vision for our city. The environmental element has 25 goals with 600 recommendations in 5 different sections. One of those sections is the "Building Construction." In the Building Construction section introduction, it reads: Omaha's built environment has a substantial impact on the city's economy and culture. Maximizing the use and efficiency of existing buildings, promoting the creation of inspiring new places, and providing the tools and resources necessary to make all of

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that possible can help turn this impact into a recruitment strategy for business, industry, and newcomers to the city. Under the "Goals" section, of the Nonresidential Renovation goal, it states: Take full advantage of the city's building resources and tools to maximize the functional, economic, and cultural value of existing buildings and sites and to improve their environmental performance. The fact is that many of our existing neighborhoods and commercial areas are faced with the enduring threat of disinvestment as historical buildings reach the end of their life cycle. The economic feasibility of redevelopment and recapitalization of such buildings is most often untenable when considering the convenient access to new, undeveloped land. We call that greenfields. As a result, older, historic buildings are devalued, underutilized and place a burden on the tax base by not maintaining their full potential for highest and best use. Now I want to just talk a little bit that it's...we have a firm commitment in our master plan to reuse existing facilities to the highest extent possible, because it's environmentally unsustainable for our city. I want to talk a little bit about what exists in the city as far as historic properties: 106 designated landmark properties, including landmark districts; we have 4 designated landmark heritage districts, 157 registered properties, and 13 National Register districts. In the last ten years, in cooperation with the Nebraska State Historic Preservation Office and the Nebraska State Historical Society, we have worked with various contractors to identify and to produce 18 reconnaissance surveys of selected neighborhoods throughout Omaha for the Nebraska Historic Building Survey. A total of over 6,584 properties--and I'm reading this because I don't want to mess up the numbers--have been surveyed, inventoried, and identified as historic properties in Omaha. Of these, approximately 342 have been identified as potentially eligible for listing on the National Register. This represents millions of dollars of economic development potential for historic properties in Omaha. Additional historic surveys are being conducted and will be conducted. In 2010...and not everybody got this, but...and we will provide it in an electronic version. In 2010, we did identify, for an outstate developer, a short list of approximately 25 historic structures and/or districts mainly east of 72nd Street. We did that because they specialized in that type of development, that that's what they asked us for. These properties, when you

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added them all up, exceeded \$31 million in assessed valuation at the time, and right now, and contain 2 million square feet of developable property. I will say that about four or five of these have subsequently been redeveloped or are in the process of being redeveloped. The Northern Natural Gas Building is one of them, the Farm Credit Bank Building, the Park Avenue apartments. Those three, for example, have been redeveloped. I will tell you that they sat for years, I mean, ten years, decades, vacant, a stone around our neck from code enforcement perspectives, especially as the Park Avenue project was constructed. So it was difficult, very difficult. In the case of the Park Avenue, there was a group of investors, called Social Capital. They came together to do a good thing. They own the Park Avenue buildings. They could not, even with TIF--and I want to emphasize this--even with TIF--and we brought TIF to the table--they could not make the numbers work to rehabilitate those buildings. Even with TIF, they could not make it work. So what you're considering today, and, hopefully, in the 2013 you will pass, will be another tool, as has been previously stated, to put in the toolbox, an important tool for the city of Omaha and for the rest of the state of Nebraska, not only to preserve our history but for righteous--I get that word in once today--redevelopment, economic development in the state of Nebraska. In fact, I will hush and answer any and all questions. [LR553]

SENATOR CORNETT: Questions? [LR553]

SENATOR ASHFORD: Ricky, I'd just say, the Northern Natural Gas project is a tremendous achievement, and you need to be commended for that. And I... [LR553]

RICK CUNNINGHAM: Not me. I think Todd is...he was here. [LR553]

SENATOR ASHFORD: Well, Todd, who I've worked with before...he was... [LR553]

RICK CUNNINGHAM: No, he had to go make some money. [LR553]

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SENATOR ASHFORD: Okay. What's that? [LR553]

RICK CUNNINGHAM: He had to go make some money. [LR553]

SENATOR ASHFORD: (Laugh) The...and then the second one, I understand, the Carver Bank Building... [LR553]

RICK CUNNINGHAM: Yes. [LR553]

SENATOR ASHFORD: ...is a great...I understand that's... [LR553]

RICK CUNNINGHAM: A great asset. [LR553]

SENATOR ASHFORD: And I... [LR553]

RICK CUNNINGHAM: We've got the Bemis and Theaster Gates going in there temporarily. [LR553]

SENATOR ASHFORD: How many square feet does that have? [LR553]

RICK CUNNINGHAM: The... [LR553]

SENATOR ASHFORD: Carver Bank. [LR553]

RICK CUNNINGHAM: Carver Building? Oh, it's not very much. [LR553]

SENATOR ASHFORD: No, but it's kind of a... [LR553]

RICK CUNNINGHAM: About 1,800 square feet. [LR553]

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SENATOR ASHFORD: It's a landmark for that block. [LR553]

RICK CUNNINGHAM: It is a landmark. Yes. [LR553]

SENATOR ASHFORD: And... [LR553]

RICK CUNNINGHAM: In the historic north Omaha district, yeah, 24th and Lake, yes.  
[LR553]

SENATOR ASHFORD: So that's a good job. But the Northern Natural is really excellent work. [LR553]

RICK CUNNINGHAM: So is the Farm Credit Bank. [LR553]

SENATOR ASHFORD: And the Farm Credit Bank. [LR553]

RICK CUNNINGHAM: (Inaudible) historic structure. [LR553]

SENATOR ASHFORD: Right. [LR553]

RICK CUNNINGHAM: Also a Todd Heistand project. [LR553]

SENATOR ASHFORD: Thank you. [LR553]

RICK CUNNINGHAM: I will tell you, there's another project, another parking garage, an Old Market garage, that, surprising to me, is a very historic structure. [LR553]

SENATOR ASHFORD: The Brandeis... [LR553]

RICK CUNNINGHAM: Right now it's covered up... [LR553]

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SENATOR ASHFORD: The Brandeis... [LR553]

RICK CUNNINGHAM: ...with...no, it's on 19th Street, just across from the Omaha parking structure with the Civic Auditorium. We have been working with the developers on that for about a year and a half. They just have not been able to get the financing together to make it work. Down here, on 24th Street, near 24th and Vinton, the Nebraska Beef structure, another historic structure in Omaha. Again, the developers are working hard to try to make that redevelopment project possible. Again, a lot of these projects, this kind of consideration would make them go, would help make them go. And in both cases, we are talking about TIF, on those other projects. So sometimes TIF is not enough. [LR553]

SENATOR CORNETT: Senator Hadley. [LR553]

SENATOR HADLEY: Yes, Mr. Cunningham, thank you for being here. We often talk about partnerships. Do you think there should be requirements...if we were to pass something like that, should there be requirements, that we expect the city to TIF the property, that we expect the city to use some kind of turnback on sales taxes that are going to be generated, if they are, or other things, that we expect other county and city governments to step up to the plate, too, to make this happen? [LR553]

RICK CUNNINGHAM: I would not like to see a requirement, because, quite frankly, they're going to use every tool necessary to get that project beyond the tipping point. So, I mean, I gave a number of examples already where we had TIF on the table and they still did not move forward. But I can give you as many if not more examples where we...where there are other funding sources besides TIF. There's low-income tax credits; there are historic tax credits. The Barker Building, which Mike Moylan talked about, there's TIF involved in that project as well as federal tax credits. There are...generally speaking, these projects are partnerships, partnerships of many players that get

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together. The Barker is Shamrock Development and Dicon construction company as well as the city and the federal government through the tax credits. Many of these development projects are collaborative partnerships at both levels, both the funding level and at the participant level. So I don't know that you need to require them. And, then, in this day and age partnerships just naturally occur, because that's what it takes to get a project done. [LR553]

SENATOR HADLEY: Okay. And I understand that, but I guess I always have a concern that, you know, people look to the higher level of government as the one that needs to do it. And I like to, you know, it's nice to have everybody have some skin in the game. [LR553]

RICK CUNNINGHAM: But my concern with TIF is, contrary to some popular belief, we don't use TIF everywhere. [LR553]

SENATOR HADLEY: Hmm. [LR553]

RICK CUNNINGHAM: You gave me the (inaudible) on that one. (Laughter) [LR553]

SENATOR HADLEY: Okay. That's contrary to what I've heard, but that...(laughter) that's probably another discussion, right? [LR553]

RICK CUNNINGHAM: I'd love to demonstrate where we don't use TIF. [LR553]

SENATOR HADLEY: Thank you. [LR553]

SENATOR CORNETT: Seeing no further questions... [LR553]

SENATOR MCGILL: That's funny, I was wondering how this could be used to help with the Crossroads project. But not quite historical enough. [LR553]

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RICK CUNNINGHAM: Probably would not fit, although that mall is a historic mall (inaudible). [LR553]

SENATOR MCGILL: (Laugh) That's why I was laughing. [LR553]

RICK CUNNINGHAM: But we were going to "de-mall" that, so... [LR553]

SENATOR MCGILL: Ah, it's true. [LR553]

RICK CUNNINGHAM: ...we were tearing down a big chunk of it. [LR553]

SENATOR CORNETT: Next testifier. How many remaining testifiers do we have? Okay. [LR553]

KEN BUNGER: I'll fill out the form. Hi. Good afternoon. My name is Ken Bunger; I'm an attorney in Omaha, a former city attorney who was primarily responsible for redevelopment in the city of Omaha. I set up practice and work in many smaller cities and larger cities around the country with private developers. Right at the outset, I just raise a few points that I heard today. I'm not going to repeat the testimony of Mr. Levy, who stole my thunder on the historic tax credits; I think it's exactly what we need. Real quick on the Hastings matter, I represented Walmart, the new one in there, and we had a lot of discussion about the downtown. And one of the things that came up today was, very important to say, the downtowns are totally different than they used to be. They're not the big retail centers anymore. A lot of our incentives go to retail and redevelopment (inaudible). People are living downtown, small businesses are thriving, but it's not the retail center it used to be. So it's...the retail is going off on the edge. So I think the incentives, as you develop and have to be targeted to, in large part, residential, it brings with it the smaller retail and some office. And so anything you do to discourage residential occupancy, non-income-producing properties I think would be the wrong way

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to go. So I think you need to keep that in mind. Secondly, not in this...I've been also the past president of the Nebraska Historical Society, and...so Bob Puschendorf doesn't come over and hit me when I'm about to say this, but historic tax credits need to be looked at in the context not only of preservation, which is incredibly important, but in the context of redevelopment. So to tie it directly to any federal standard I think is a mistake. The local standards are such that they tend to only preserve the outside of the building and not be involved in the interior; I think that's important, because the interiors change. To go through the federal process, as Grant said, is very time consuming and well beyond the means of a lot of smaller communities. So I think you need to look at your (inaudible) local landmark status or maybe, with a lesser credit, whether it enhances a district, a local district in which there are some historic buildings, or to a historic district necessarily going to individual structures, and look at it more as a redevelopment (inaudible). I think it's very important. I've been doing low-income housing tax credit projects. With the ability to have a low-income housing tax credit, or a residential tax credit, for state income tax I think would be incredibly important, particularly in your smaller communities. That could also help the downtown area, because that, again, would be directly targeted to redevelopment of the downtown, particularly senior living, which is very important. So that would not be a historic tax credit; it would be an expansion of low-income housing tax credits, targeted to senior housing. Again, the goals, I think, to keep in mind is not only the preservation of a building or for the preservation of a district with a, you know, a predominant amount of buildings but rather a preservation of an area that was historic and ripe for redevelopment. There's a lot of smaller towns that have a lot of great buildings but none of them might qualify on the federal level and some might have a really hard time qualifying on a local landmark, but the downtown itself is maybe what's historic, and it evolves over time. I think that's what to keep in mind rather than tying yourself to some specific standards. The standards are there for the good projects; they will be enhanced by local credit and make it more likely to happen. So you're not really downgrading any historic structure or preservation of a historic structure, but you're really enhancing the whole area. Historic preservation can't exist without redevelopment, and redevelopment really doesn't exist without historic

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preservation. So they have to go hand in hand. So any questions? [LR553]

SENATOR CORNETT: Seeing none, thank you, Ken... [LR553]

SENATOR NORDQUIST: Thanks, Ken. [LR553]

SENATOR CORNETT: ...I'm sorry, Mr. Bunger. I've known you too long. (Laughter)  
Next testifier. [LR553]

VINCE FURLONG: I'm Vince Furlong. I'm not speaking on the part of any organization today, just speaking from my own personal experience. We've heard a lot of positive comments about rural areas, so I'll say I agree with Mr. Cunningham, I love big cities. I like the people; I like the cultural amenities; I like the jobs that big cities have; I like the economics of a big city. And I appreciate what you're doing here to help revitalize some of the inner-core areas of our city, which I think this kind of a program could do. To give myself a little credibility with you, I was one of the cofounders of Restore Omaha, which has been a program to educate property owners, mostly in the eastern part of Omaha, how to keep up their older properties. I've been an advocate for Main Street-type revitalization in the city of Omaha for the past ten years. I helped create the historic Vinton Street commercial district in south Omaha. Currently I coordinate two walking tours in Omaha: La Veinticuatro, the South 24th Street walking tour; and The Deuce, which is a walking tour on North 24th Street. Recently, in the last ten years, Omaha has done several studies, Destination Midtown, the North Omaha Development Project, the South Omaha Development Project, coordinated by the city and the chamber of commerce and other entities in Omaha. And a lot of times, when they're doing their SWOT analysis--Strength, Weakness, Opportunities, and Threats--in those areas of town, the threats and weaknesses, a lot of times, that people point to are the old neighborhood commercial districts. And these could be former streetcar districts; these could be former towns, like South Omaha, Benson, Florence, Dundee, (inaudible). But because there's a lot of vacant commercial space in those areas because of either

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some crime or perceived crime in those areas, because the old folks in the area remember how great and neat those places used to be, those commercial districts are viewed very negatively. So I'm not...I can't speak to the technical aspects of things, like the developers can or the people who work with tax credits all the time can; but for people that live in these neighborhoods and for you to explain to the taxpayers why you're going to give tax incentives to commercial districts, historic commercial districts, one thing that you can say that...within the neighborhoods that those commercial districts exist, if those commercial districts become better, that whole surrounding neighborhood is going to benefit. Real estate values in that neighborhood are going to go up. Entrepreneurs that right now are sitting in their homes wanting to start a business will see an opportunity to move into these areas, whether it's at 33rd and California or 48th and Farnam or other neighborhood-type business districts. So you're not only benefiting the commercial district and the businesses that are there, you're redeveloping that whole area. Urban planners will tell you that within four to six blocks of a commercial district people will walk to those areas. Grandma will take the grandkids down to that area; bikers will come down to that area. So a commercial district is a center for these communities and it has been an historic center for these communities. And with this legislation, you can help revitalize not only that business district but the surrounding neighborhood. I see you also have a mention in this resolution about business improvement districts as a tool. We mostly have been talking about tax credits. But if you are going to revise current business improvement district legislation that the state of Nebraska has or create new business improvement district legislation, I encourage you, in the legislation, to go beyond the bricks and mortar. Business improvement districts in Omaha have been primarily used to create parking lots, to change the sidewalks, so forth, kind of the infrastructure of the area. But they haven't done enough, in my opinion, to reach out to entrepreneurs, because we have to get businesspeople to come onto these streets and open up new businesses. So if you could add an entrepreneurial aspect to the business improvement district, if you could add a program to aid the existing businesses that are there already or to remind them of programs maybe that you already have in existence that will improve the businesses in

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those areas, that would help. And another thing is safety. People will not come into these commercial districts unless they feel safe. I do a walking tour on North 24th Street, people tell me I'm crazy: why would you do a walking tour there; I don't feel safe there. This is African-American people telling me this. So we must...business improvement districts and commercial districts must look at safety as one of the factors that they build into their programs. So I would just advise you that way, if I can, as an individual. So again, I congratulate you in looking at historic business districts because I think it helps not only the small towns but the neighborhood commercial areas within our larger cities. [LR553]

SENATOR CORNETT: Questions from the committee? Seeing none, thank you. Were there any further testifiers? That closes the interim... [LR553]

SENATOR NORDQUIST: Sorry, I'll... [LR553]

SENATOR CORNETT: Oh, no, you don't get to close. [LR553]

SENATOR NORDQUIST: (Exhibit 8) I was just going to let you know that... [LR553]

SENATOR CORNETT: I'm kidding. [LR553]

SENATOR HADLEY: Let's take a vote on it. [LR553]

SENATOR NORDQUIST: (Exhibit 8) Got a letter here, real quick, from Elizabeth Chase, the director of Nebraska Main Street. And I want to thank the committees, the testifiers, my staff, the committee staff. And I just want to let the committees know that obviously today we saw strong support for these ideas. And, hopefully, we walk away with the idea of a consensus that we need to move forward in some aspect on this. And I'm looking forward to working with the returning members of these committees to address this. Thank you. [LR553]

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SENATOR CORNETT: Thank you. That closes today's hearing. [LR553]