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Appropriations Committee
March 05, 2013

[LB122 LB376 LB394 LB519 LB582]

The Committee on Appropriations met at 1:30 p.m. on Tuesday, March 5, 2013, in Room 1524 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB122, LB376, LB394, LB519, and LB582. Senators present: Heath Mello, Chairperson; John Harms, Vice Chairperson; Kate Bolz; Danielle Conrad; Bill Kintner; Tyson Larson; John Nelson; Jeremy Nordquist; and John Wightman. Senators absent: None.

SENATOR MELLO: Good afternoon and welcome to the Appropriations Committee. My name is Heath Mello. I represent the 5th Legislative District from south Omaha and am Chair of the Appropriations Committee. I'd like to start off today by having members do self-introductions. First, starting over here to my right and your left, Senator Tyson Larson from the 40th Legislative District from northeastern and north-central Nebraska is not here but hopefully will join us later. Next to him...

SENATOR BOLZ: State Senator Kate Bolz representing District 29 in south-central Lincoln.

SENATOR MELLO: Next to Senator Bolz is Senator Danielle Conrad from the 46th Legislative District in north Lincoln.

SENATOR WIGHTMAN: John Wightman, District 36, in the Dawson County, Custer County area. Thank you.

SENATOR MELLO: To my left, your right...

SENATOR HARMS: I'm John Harms, represent the 48th Legislative District, Scotts Bluff County.

SENATOR NELSON: John Nelson, District 6 in central Omaha.

SENATOR MELLO: Next to Senator Nelson is Senator Jeremy Nordquist from the 7th Legislative District in south Omaha and downtown who has a bill currently in another hearing, and...

SENATOR KINTNER: Bill Kintner, Legislative 2, south Sarpy, Cass County, and a little bit of Otoe County.

SENATOR MELLO: Assisting the committee today is Anthony Circo, our committee clerk, and Jacob Fricke, who is a junior at Nebraska Wesleyan and is our committee page. Our fiscal analyst this afternoon is Jeanne Glenn, which we may have another fiscal analyst join us later. In the corner of the room you'll see some yellow forms. If

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you're planning on testifying today, please fill out the form in its entirety. It helps us keep an accurate record of the hearing. When you come up to testify, please give Anthony the yellow sheet. When you sit down, please tell us who you are and spell your first and last name for the record. If you have any paper handouts, please give them to Jacob before you begin. We ask that you have 11 copies. If you do not have 11 copies, he will make extra copies for the committee. If you're here today and are not planning on testifying but want to be on the record as having been here, there's a white sheet on the corner table. We ask that you sign it and tell us your name and address, the bill number, and if you're here in support or in opposition. We will hear bill testimony in the following order: first, the introducer of the bill; followed by supporters; those in opposition; neutral testimony; and ending with the closing statement by the introducer. We will be using a five-minute light system today. There are lights at the front of the table. When you start, the light will turn green. When the yellow light comes on, that is your one-minute warning. And when the red light comes on, we ask that you wrap up your final thoughts as we will have a lot of testifiers today. At this time, I ask that all of us, including the senators, take a look at our cell phones and make sure they are on silent or vibrate mode. And with that, at this time we will begin today's hearing with LB122 by Senator Scott Lautenbaugh.

SENATOR LAUTENBAUGH: (Exhibits 1 and 2) Thank you, Mr. Chair and members of the committee. This is a rare treat for me and I discovered on the way in that it does not say "abandon home all ye who enter" above the door (laughter), so I lost a bet. I thank you for your attention to this today, and I think it's important to note right off the bat that this bill has been around before in different forms and has historically been described as one thing, but it is something else entirely. This is not a bill that would mandate building a dam. What this is, is a request for a study, I think as Lincoln, city of Lincoln suggested, a project feasibility report and plan, something to look at this issue which I'll explain in a moment. And what we are talking about here is allocating funds to explore the potential of hydroelectric power generation along the Platte River, specifically along Interstate 80 between Omaha and Gretna, Lincoln and Waverly. There's a reason that this is a request for a study and not a mandate. We're not saying this is what we should do, but there are many unanswered questions as to how much power we could generate, how large a dam we would have to have to generate X amount of power to make it worthwhile, what practical effects...the practical effects of that would be, as well as the overall size, depth, location, and shape of the resulting reservoir. We know not just as Nebraskans but as Americans we've got some hard choices coming regarding our energy future and our economic future. We're a growing state. We hope to keep growing. And we do need more electrical power, not just to run and expand existing farm, manufacturing, and commercial businesses but to attract new high-tech, high-paying jobs that will help broaden our population and keep young Nebraskans from leaving the state, ironically then creating the need for yet more energy. As coal becomes more expensive and may be more difficult to get here, and we try to develop wind but we're cognizant of its limitations, and issues with nuclear power are well-known

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and the ability to expand that seems to be very limited, to say the least at this point, this approach exploring hydroelectric is not something we can turn our backs on. Beyond the opportunity for energy production, excuse me, there would be a massive potential for recreation and business opportunities surrounding a reservoir created by the potential hydroelectric dam. One can only speculate without the results of the study, but when other such lakes have been created in similar situations, they've proven to be massive economic generators. A prime and very recent example would be Austin, Texas, which has attracted gigantic new tech supercenters for both IBM and Dell Computers, among others, using the recreation and energy opportunities created by the nearby Lake Travis. We cannot ignore such an opportunity here in Nebraska if it exists, where the cost of living, central location to the coasts, and other economic drivers are prime to help businesses grow here and flourish. We just need a strong catalyst to attract new businesses, maintain the current businesses we have, and a large reservoir/man-made lake in such close proximity to the state's university and its largest population centers should very well be that catalyst. The study proposed in LB122 could and should include possible models on what sort of development could be possible to get the most, both out of the study and the reservoir lake itself, should it be deemed worth pursuing. It's also important to note for those in Lincoln and the surrounding area a lake reservoir in such close proximity would very likely help reduce water emergencies like the city experienced during last summer's drought conditions. We would be keeping water here in Nebraska instead of letting it pass on. There are certain hurdles to overcome with a proposal such as this. The most glaring of these, of course, is the money for the study. But simply put, the state needs energy, the state needs to grow, and we need to look at every avenue to provide engines for economic growth. To be honest, the \$2 million figure that is set forth in the proposal is high. It's been my hope to work with the committee to craft an amendment that sets forth more accurately the cost of what the study should be, and I believe it would be much lower than the \$2 million requested. I would hesitate to throw out a number off the cuff, as I'm not an engineer, and those I've spoken to, including the Army Corps of Engineers, cannot give a set-in-stone number. That's something we need to pursue. They instead said it would be based around the scope of the study, which I know the committee would very likely want input into, so we're trying to have them answer a question, I guess, without all the parameters having been set. What I do know is the \$2 million is an overestimate based upon past efforts undertaken by the late Senator Pam Redfield (sic). Change in costs or not, the fact remains that this is a feasibility study, and again I emphasize merely a study, that will be an important step toward greater energy and economic opportunity for the state. We can either plan for the future or we can fail to. We are here in this body because we are supposed to be looking forward, thinking outside the box and trying to find ways to brighten our energy future and our economic future and the collateral economic benefits that come with that as well. That is the purpose of this bill, simply a study to see how we can further the energy production and economic opportunity in the state through a hydroelectric dam on the Platte and the resulting reservoir. As I...well, Regent Hal Daub will be following me to testify on this study, as this is something he's

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been involved in for several years, as well as Professor Bing Chen from the University of Nebraska, a doctor of engineering who can better explain some of the engineering principles and technical study objectives. You have a handout of a PowerPoint presentation entitled the "Silicon Prairie" that Professor Chen had prepared, and I'm hoping you have a handout of a map prepared several years ago what the proposed lake would look like. Understand, this would be a lake that is 25 miles long, best estimates, with 145 miles of shoreline, stretching from western Douglas County to Waverly. This would be a game changer for the region. And I'm hoping and we've...I've been down this road before. This is not my first time before this committee with the study. And last time, the proposal met a swift demise and the statement was, well, this is to give comfort to the citizens in the area who would be affected. I would submit to you that the study is what will give comfort, because if the study shows that this isn't feasible, we all get on with our lives and we stop talking about this. But as long as there's the tantalizing possibility of a game-changing proposal out there for our entire future, for our state and our region, I don't know how we can blithely dismiss it and ignore it. So I'm hoping you'll look favorably upon this. I'll try to answer any questions you might have. [LB122]

SENATOR MELLO: Thank you, Senator Lautenbaugh. Questions from the committee? Senator Nelson. [LB122]

SENATOR NELSON: Thank you, Senator Mello. Thank you, Senator Lautenbaugh, for coming here today. Would you refresh my memory just a little bit about Senator Redfield (sic). Did she...was there actually a study done years ago? [LB122]

SENATOR LAUTENBAUGH: No. [LB122]

SENATOR NELSON: There was not. [LB122]

SENATOR LAUTENBAUGH: No. [LB122]

SENATOR NELSON: But was there a proposed cost back then? And that's been a number of years, I suppose. [LB122]

SENATOR LAUTENBAUGH: Yes. And it was I think, I believe, \$2 million then it was... [LB122]

SENATOR NELSON: Two million then. [LB122]

SENATOR LAUTENBAUGH: ...thought to be an overestimate then as well, so... [LB122]

SENATOR NELSON: Okay. All right. Thank you. [LB122]

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SENATOR LAUTENBAUGH: Well, it depends on the scope of the study that we do, so it's really hard to say that it's an overestimate or underestimate or accurate at this point. [LB122]

SENATOR NELSON: All right. Thank you. [LB122]

SENATOR MELLO: Senator Harms. [LB122]

SENATOR HARMS: Thank you very much, Senator Lautenbaugh, for coming and bringing this bill forward. I just have a couple questions. The \$2 million study is a lot of money, which we both agree and I heard you say that it was. [LB122]

SENATOR LAUTENBAUGH: Absolutely. [LB122]

SENATOR HARMS: Is there any way that you can give us an operational plan that's going to show us exactly how this study is going to be used and what it is going to entail as close as the engineers can give us? Been through a lot of those studies and I know a lot of them are estimates, but it would give us a better understanding about the exact cost of this. It would be...I think it would be helpful for us, because I don't think we could make a decision based on just a \$2 million figure. [LB122]

SENATOR LAUTENBAUGH: Right. [LB122]

SENATOR HARMS: Secondly,...well, I want to ask you that before I go on. Is that possible? [LB122]

SENATOR LAUTENBAUGH: I will do whatever it takes to get the committee to consider this fully. And if you're asking for more information regarding if you...if all you have input regarding what scope you think is necessary, if I can come back to you and say this is the necessary scope and this is what it costs,... [LB122]

SENATOR HARMS: Yeah, just an operational plan... [LB122]

SENATOR LAUTENBAUGH: ...whatever it takes, I will do it. [LB122]

SENATOR HARMS: ...that shows us... [LB122]

SENATOR LAUTENBAUGH: Yes. [LB122]

SENATOR HARMS: ...exactly what's going to occur. So it gets into the planning process... [LB122]

SENATOR LAUTENBAUGH: Yes. [LB122]

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SENATOR HARMS: ...so we have a better picture of that. The 25 miles, did you say, of the...that the dam itself or the lake would be about 25 miles in length? Did I misunderstand that or...? [LB122]

SENATOR LAUTENBAUGH: The dam itself is proposed or is contemplated, I guess, it's not a proposal even at this point, would be about where the Interstate 80 bridge crosses the Platte. [LB122]

SENATOR HARMS: Uh-huh. [LB122]

SENATOR LAUTENBAUGH: I don't know the exact length of the dam that would be necessary. [LB122]

SENATOR HARMS: That's okay. But the length of it would be about 25 miles long? [LB122]

SENATOR LAUTENBAUGH: The resultant lake would stretch from western Douglas County to Waverly, and that would be about 25 miles long... [LB122]

SENATOR HARMS: Okay. So that... [LB122]

SENATOR LAUTENBAUGH: ...with the dam on the side. [LB122]

SENATOR HARMS: The intent then of this lake and this dam, the water would come from where, the North Platte? [LB122]

SENATOR LAUTENBAUGH: There would be the Platte, there's other feeders in there, the Wahoo Creek, Salt Creek, I'm sorry, and the Elkhorn too. [LB122]

SENATOR HARMS: So do we have an analysis done on the flow of that water and how much water that's going to be in there and the take that it's going to take? Because the reason I'm bringing this up was, as I look at the drought structure that we're...system that we're in now, there isn't enough water coming down that North Platte to try to fill anything, and I am concerned about that aspect of it, of whether or not that you had done an analysis. I see some heads being shaken that they're ready to answer that question when they come up. I do have a concern about that part. I'm not against the project,... [LB122]

SENATOR LAUTENBAUGH: Sure. [LB122]

SENATOR HARMS: ...but I'd just like to see those questions answered, because water is a precious commodity that we have. And right now, with the issues we got coming

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forward if the drought continues, this could be a little tough to take care of and to fill up and to maintain and all those sort of things. So that's one of my concerns. And then the...did you want to... [LB122]

SENATOR LAUTENBAUGH: Yes, please, simply to say none of us will still be on this committee or in this Legislature... [LB122]

SENATOR HARMS: I understand that. [LB122]

SENATOR LAUTENBAUGH: ...when this project goes forward. And my assumption and belief is, based upon my vast experience as a meteorologist and climatologist is that...I'll represent to you which is nonexistent, but the droughts will be cyclical and the tide will turn, so to speak. But, yeah, if we were trying to do this tomorrow, you're right, there would be a problem. [LB122]

SENATOR HARMS: You know, even though we're not going to be here, I don't want to hit myself in the head and said I should have had a V8. (Laughter) I just want to make sure that... [LB122]

SENATOR LAUTENBAUGH: No. [LB122]

SENATOR HARMS: ...we have thought through this issue carefully... [LB122]

SENATOR LAUTENBAUGH: Absolutely. [LB122]

SENATOR HARMS: ...in regard to that aspect. Now the other question I had to ask you, I know the last time we had this, this room was, if I remember, was packed with people who just didn't understand, I think, what you were trying to accomplish. And probably the study is the best thing to do to ease their concerns. How much real estate are we going to actually lose here and how many homes will be disturbed by this or ranches or farms or...? [LB122]

SENATOR LAUTENBAUGH: That's an impossible question to answer simply because it would depend on the height of the dam... [LB122]

SENATOR HARMS: I understand that. [LB122]

SENATOR LAUTENBAUGH: ...and the height of the dam necessary to generate sufficient power to make the project feasible and worthwhile. And, you know, with every change in the height of the dam, the lake gets larger or smaller, depending on which way you go. I can't answer that, as I sit here. [LB122]

SENATOR HARMS: Okay. And I'm going to leave you alone. I'm not picking on you. I

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just have a lot of questions about this. Let's just say as we build this and we get into a situation where we go through another drought cycle and we have problems, are we going to have any intent of tapping that Ogallala Aquifer to feed this? [LB122]

SENATOR LAUTENBAUGH: From...no. [LB122]

SENATOR HARMS: To feed the lake. [LB122]

SENATOR LAUTENBAUGH: No. [LB122]

SENATOR HARMS: To make sure the dam stays in existence and the hydroelectric power is being able to be generated? [LB122]

SENATOR LAUTENBAUGH: No. [LB122]

SENATOR HARMS: So you feel comfortable enough that we would have, historically, enough flow in there to maintain this? [LB122]

SENATOR LAUTENBAUGH: Yes. [LB122]

SENATOR HARMS: Okay. Thank you. [LB122]

SENATOR MELLO: Senator Wightman. [LB122]

SENATOR WIGHTMAN: Thank you. Thank you for being here. Obviously, we who live on the Platte River, as it exists upstream from where you are, have very much an interest in this, as Senator Harms has said. And of course, my district is right in the...some of the most centralized part of irrigation in the state of Nebraska. I assume that any water that would eventually be pumped would be subject to priorities based upon who currently has water rights out of the river. [LB122]

SENATOR LAUTENBAUGH: Yes. [LB122]

SENATOR WIGHTMAN: What do you see as being the problem if water runs short, say a year like we had last year, and most of it is used by current landowners that have priorities over you? Could, if such a dam was built, could that be shut down for a year? [LB122]

SENATOR LAUTENBAUGH: Oh, I wouldn't say shut down, and I'm guessing that there's a couple behind me that might have a better handle on the actual engineering aspect of it, but... [LB122]

SENATOR WIGHTMAN: Probably more limited than shut down but... [LB122]

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SENATOR LAUTENBAUGH: Yes. And I think the obvious answer is if we had another in the future, this thing exists and we have another year like this, we would be money ahead, so to speak, in that we would actually have the water there to use, which I think Lincoln and other communities would have enjoyed this year. [LB122]

SENATOR WIGHTMAN: And you indicated that you...I think three different streams maybe other than the Platte or possibly four,... [LB122]

SENATOR LAUTENBAUGH: Yes. [LB122]

SENATOR WIGHTMAN: ...three. How much...do you have any idea how much of the water they provide as to how much the Platte River on the west provides? And maybe somebody else can answer that question better. [LB122]

SENATOR LAUTENBAUGH: I believe, yeah, that's answerable but not necessarily by me, so... [LB122]

SENATOR WIGHTMAN: Okay. Thank you. [LB122]

SENATOR MELLO: Senator Bolz. [LB122]

SENATOR BOLZ: Hi, Senator. [LB122]

SENATOR LAUTENBAUGH: Hello. [LB122]

SENATOR BOLZ: My predecessor was an engineer and he would use terms like... [LB122]

SENATOR LAUTENBAUGH: (Laugh) I heard something about that. [LB122]

SENATOR BOLZ: ..."enumerate" and "triangulate" and "bloviate," and I'm a social worker so I'm less familiar with the terminology. So could you explain to me what the difference between the economic impact study and a feasibility study are, and why you think it's time to do a full environmental study? [LB122]

SENATOR LAUTENBAUGH: Well, again, I can't say that I'm going to sit here and tell you we should do this study rather than that study. I think we need to move the ball forward and do what we can to determine if this is feasible. Whatever we call the study, that's the goal of it. And I have to admit, I'm not an engineer either. I'm not up on the particulars of the terminology and how this study would differ from that. But my goal is just to find out, is this doable from a technical standpoint, from an economic standpoint, leaving aside the myriad other issues that would be behind it. [LB122]

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SENATOR MELLO: Senator Larson. [LB122]

SENATOR LARSON: Thank you, Senator Lautenbaugh. A number of people that have asked questions, Senator Harms and Senator Wightman, have talked about the concerns with irrigation possibly coming out of the dam and the ability to keep the dam running. In your estimation...obviously, we're just talking about the study and this obviously relates to the questions. In your knowledge, other dams that are across the country are Lake McConaughy, for example. I mean they still let water out during the drought years, don't they? [LB122]

SENATOR LAUTENBAUGH: I believe so, yeah, absolutely. [LB122]

SENATOR LARSON: And obviously surface water irrigation, they still continue to irrigate in terms of the water rights but they still keep the dam going, correct? [LB122]

SENATOR LAUTENBAUGH: Yes, absolutely. [LB122]

SENATOR LARSON: So it would be under all reasonable auspices that if this were built and we obviously have contracts or compacts that we have to comply with, with the Platte River Compact or whatnot, but we would still have to let a certain amount of water to go out. And the lake would probably shrink in size and grow in size from year to year, sort of like Lake McConaughy was full two years ago and is now only 60 percent full. It's not always going to be completely full all the time. [LB122]

SENATOR LAUTENBAUGH: That's correct. [LB122]

SENATOR LARSON: Thank you. [LB122]

SENATOR MELLO: Senator Conrad. [LB122]

SENATOR CONRAD: Thank you, Senator Lautenbaugh. A quick question: I'm sorry, I apologize, I don't have the number off the top of my head, but are you familiar with the proposal that Senator Carlson has brought forward this year which seeks to really engage the state in a comprehensive dialogue about our water needs and the various projects that exist and putting a priority on some of those existing issues? Are you familiar with that concept, that piece of legislation that he's brought forward, just generally? [LB122]

SENATOR LAUTENBAUGH: Yeah. In a word, no,... [LB122]

SENATOR CONRAD: Okay. [LB122]

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SENATOR LAUTENBAUGH: ...I am not. [LB122]

SENATOR CONRAD: And I may be doing it an injustice with my description, but it is somewhere on my radar screen and I'm thinking that really I wanted to get your feedback or maybe some other testifiers' about how this idea would correlate to that endeavor, or if it would be in conflict with or if it could be rolled into. So I just put that out there and would be happy to hear any feedback today or down the road. [LB122]

SENATOR LAUTENBAUGH: It would have to be down the road because I don't have any... [LB122]

SENATOR CONRAD: Very good. [LB122]

SENATOR LAUTENBAUGH: ...knowledgeable way to speak of that. [LB122]

SENATOR CONRAD: Very good. Thank you. [LB122]

SENATOR MELLO: Any further questions from the committee? Senator Nelson. [LB122]

SENATOR NELSON: Thank you. One final question, Senator Lautenbaugh. What was the size, proposed size of the lake? Was it 2,500 acres or 25,000? I didn't catch your figure. [LB122]

SENATOR LAUTENBAUGH: You know, and I apologize, I didn't give the size. I gave the length and the... [LB122]

SENATOR NELSON: That's 25 miles, yes. [LB122]

SENATOR LAUTENBAUGH: Twenty-five miles and a hundred and forty-five miles of shore, which would be about eighty square miles of water, if that's helpful. [LB122]

SENATOR NELSON: Eighty square miles. [LB122]

SENATOR LAUTENBAUGH: Yeah. [LB122]

SENATOR NELSON: Okay. Thank you. Yes. [LB122]

SENATOR LAUTENBAUGH: And I'm hoping you all have a chance to look at this and it has comparisons for reference to Okoboji and Branched Oak and Cunningham and Zorinsky. And it shows it on a map between Omaha and Lincoln to just show what a tremendous footprint this lake would have. It would be, again, the phrase I keep using is a game changer, and that is what it would be. [LB122]

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SENATOR MELLO: Senator Lautenbaugh, I guess I just have a question in the sense of...in looking at the language of the bill. Why did you choose, I guess, the Department of Economic Development? Knowing that the feasibility studies for the environmental study of a hydroelectric dam, would there be a better...whether it be the Nebraska Energy Office or maybe the Omaha Public Power District in conjunction with the Lincoln Electric System or other entities besides the state that would explore this issue,... [LB122]

SENATOR LAUTENBAUGH: Yes. [LB122]

SENATOR MELLO: ...since it's dealing mostly with energy generation or...? [LB122]

SENATOR LAUTENBAUGH: Absolutely, and we've been talking to other entities, private and public, to say what would it cost to do the study, would you be the one to do it, that kind of thing. [LB122]

SENATOR MELLO: Okay. [LB122]

SENATOR LAUTENBAUGH: So, no, I'm not married to any particular entity doing the study, as long as we accomplish the study. [LB122]

SENATOR MELLO: Okay. Are there any further questions? Seeing none, thank you, Senator Lautenbaugh. [LB122]

SENATOR LAUTENBAUGH: Thank you. [LB122]

SENATOR MELLO: Up next we'll hear proponents of LB122. [LB122]

BING CHEN: Good afternoon. My name is Bing Chen. I'm with the University of Nebraska but here speaking as a citizen of the state. I was a student in 1960s here, so that kind of dates me as one of the...perhaps one of the fossils from (inaudible) that I will be joining in western Nebraska with Senator Harms here. And as a student, I had the opportunity to have a number of luncheons with the person at that time who actually proposed this idea, along with Governor Tiemann. And I thought, as an engineering student, not in water resources but in electrical, I thought it was an exciting proposal. He said, you know, Bing, about Lake McConaughy? I said, yes, I'm familiar with it. He said, well, you know, it really is a wonderful body of water. I said, yes, it is. He said, for the people of Denver. He said, Nebraska on the eastern side does not have a major recreational resource. If we are serious about economic development in the future, eastern Nebraska is going to have to think about a serious water resource that will at least match what is going on in Austin, Texas, and at that time had not yet occurred but would be the Research Triangle in North Carolina, which now has two reservoirs of that

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size in its vicinity. And at the time he was...Nebraska was in competition for the regional international airport, so I just happened to bring a copy of this bound version, which is called the "Eastern Nebraska International Airport Plan," written in 1970. It wasn't funded and it didn't occur. And towards the end of his life, I asked Dr. Peng, I said, are you sorry that this didn't get funded, that this didn't become a reality? He said, no, not really; this was up to the people to decide whether they want to have this kind of a resource. He said, I'm a little sad that the airport didn't come because I think that that would have led to great economic development for eastern Nebraska rather than going to Kansas City. I said, well, that's a tale of two cities or two regions in this case where it didn't happen. He said, but you know, Bing, it's not too late to happen for the lake, at least a portion of that lake to still occur. In the early '90s, I was asked by a reporter what I thought was the potential future for Nebraska, a vision, and that vision that I put out, I said let's make it very simple and I said let's just call it "Silicon Prairie." And the idea was to...what could we do to stem the outflow of the intellectual talent from the state. When I look at my students in computer and electronics engineering, I was realizing that we were losing somewhere between 75 to 85 percent of those students leaving Nebraska. And I said I have got to do something while I'm still alive to begin to look at ways that makes the state attractive to companies to come here. I happened to meet one of the founders of the high-tech center in Austin, Texas. He said, Bing, you need two things. He said, first off you need long, nonstop flights to California, which is why I would invite someone to join me from the Omaha Airport Authority, and he said, and you need a major recreational resource because, from what I can see, you still do not have one in the Omaha-Lincoln area. He said, until you do this, Omaha will not be...and Lincoln will not be an attractive destination for companies to come here. I had a chat with one of my former students when I actually taught in Lincoln, and he would go on to become a president and CEO of National Semiconductor Company in Silicon Valley. And I asked Brian Halla, I said, Brian, what would it take for us to convince you to open a branch office, a research office in your home state? You are from Nebraska, you graduated from Westside. He said, Bing, I think the idea of the reservoir would be an attractive one to us. So I thought, gee, you know, if this idea ever comes up again, perhaps we can pursue this in whatever scale is necessary. I do not know if I've used up my time, so I see a red light here so that's usually the way to be jerked off. So I'll stop here. [LB122]

SENATOR MELLO: (Laugh) Thank you, Dr. Chen. Are there any questions from the committee? Senator Nelson. [LB122]

SENATOR NELSON: Thank you, Dr. Chen. Just briefly, looking through all the pages that you have here, you talked about the...was it the Triangle in North... [LB122]

BING CHEN: Research Triangle in North Carolina. [LB122]

SENATOR NELSON: Research Triangle, okay. Would we need something like that

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here, in addition to what we already have with the Innovation Campus starting down here at the University of Nebraska? [LB122]

BING CHEN: I believe that's a good start. If you look at the...my presentation was actually made in 2005 to J.B. Milliken and it forms one piece of it. The problems at the Research Triangle which I discovered are that their road systems are clogged, that the accessibility to the airport. The people in Austin suggested, Bing, if you can get within 20 minutes of your airport, companies like that. Austin has a real problem with that because where most of their center development occurs takes longer than a half hour to get to the airport, so they're oversaturated. And I think that there are other centers. One that would be...I call it in northwest Omaha and I also looked at an I-880, I-885 road system that would not cause arterial sclerosis if this were suddenly to become successful. But the Innovation Campus is a significant portion of it. [LB122]

SENATOR NELSON: Well, we're stuck with Eppley and its size and then a smaller airport here in Lincoln. If this were to be built down the road and we wouldn't need an international airport, or would we, I mean as far as making it more accessible for the type of ventures you're talking about around the lake? [LB122]

BING CHEN: That I think would require much wiser people than me to answer that question. [LB122]

SENATOR NELSON: All right. Thank you. [LB122]

BING CHEN: I think, however, that Eppley has grown significantly since the mid-'60s, when Dr. Peng proposed this idea, so they have added additional capacity. I do not know the Lincoln Airport has grown concomitantly, but I do know the Omaha one has grown and they have begun to institute--that's something I keep nagging them--nonstop directs to New York City and nonstop directs to San Francisco and Silicon Valley. [LB122]

SENATOR NELSON: Yeah. Okay. Thank you. Thank you for your testimony. [LB122]

SENATOR MELLO: Senator Larson. [LB122]

SENATOR LARSON: Senator Nelson brings up, you know, the concept of Innovation Campus and that being related to the Triangle... [LB122]

BING CHEN: Uh-huh, Research Triangle. [LB122]

SENATOR LARSON: ...the Research Triangle and rightly so. But would you say that something of this nature, in terms of the "Silicon Prairie," as you say, Innovation Campus was sold to us very much on an agricultural and companies that are already

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doing business in Nebraska, you know, reinvesting into natural...ag and natural resources. Would something of this...and when you're talking about not only would this...and I guess what I'm getting at, it was sold to us that Innovation Campus strengthens what we already have in Nebraska. Will something like this help bring outside investment in, instead of just strengthening what we have? Is that kind of what you're getting at? [LB122]

BING CHEN: Yes. I would like to...I would like one of these companies, like Intel Corporation or Texas Instruments, to say where are we going to build our next research center; oh, Nebraska because the students here really work hard. This population is hardworking and very diligent, students are great that we get from there; maybe we should put a research center in Nebraska. The...as Brian once said to me, he said, you know, Bing, we would like to be the big fish in the little pond than trying to elbow our way into other major research parks that already exist. So he liked the idea of the "Silicon Prairie" and perhaps looking at a research center from National Semiconductor here in Nebraska. So yes. [LB122]

SENATOR MELLO: Senator Bolz. [LB122]

SENATOR BOLZ: Dr. Chen, could you answer my question regarding the difference between a feasibility study and an environmental study? And could you describe to me the costs and value of each? [LB122]

BING CHEN: I'm probably not really the right person to answer that question, but I can take a little stab as to what each might imply. I think what a feasibility study is looking at is, is this something that's really desirable for Nebraska, and for eastern Nebraska in particular? What are some of the constraints that we're going to have to face from wells that are already there to populations like Ashland and Gretna that are going to be impacted, particularly people along the Platte River now? How do you get people to buy into this idea? And I think this kind of an analysis would be something that I would certainly propose that this committee consider and require in such a study. What are the impacts on all the various people? Environmentally, what is...what happens when you store this much water behind a dam? Are there going to be siltation problems? How do you handle those siltation problems? How do you maintain environmental quality? So that's a portion of an overall impact study. I think how much power can you really generate, I don't know. I think it's...the fun part of the study was what do you do...the problem, one of the challenges: what do you do with all the sand that we've collected? And someone suggested why not build new little sand hills and then turn those into a tourist attraction. So on the north side of this you would have little sand hills and wagon trains to attract people to stay when they go...come across the I-80 bridge, going in either direction. I'm going to stop here because I want to ride the wagon train through the little sand hills of Nebraska on the east side of it, or to camp there. So a problem became an asset, because now you would create these sand hills, artificial sand hills

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made from the sand that you have excavated for the lake. So... [LB122]

SENATOR BOLZ: Thank you. [LB122]

CHEN BING: ...I don't know if that helped you or not. [LB122]

SENATOR BOLZ: Thank you, Doctor. [LB122]

SENATOR MELLO: Are there any further questions? Seeing none, thank you, Dr. Chen. [LB122]

BING CHEN: My pleasure. [LB122]

SENATOR MELLO: Next testifier on LB122. [LB122]

HAL DAUB: (Exhibit 3) Hal Daub, H-a-l D-a-u-b, Chairman Mello, members of the committee, it's my privilege to have a few minutes with you today. Although I may be considered a familiar subject, I've tried to write a different set of comments than appear in the record the last time to create the opportunity to expand the thinking on this subject. I want to commend Senator Lautenbaugh for his continuing interest in this initiative and I commend him for his vision. Two key compelling reasons exist for finally moving this idea forward. You've heard a little bit about both of them from the senator and from my good friend, Dr. Bing Chen. The first and most critical one is the impoundment of our own precious water for, first, agricultural beneficial use, for agriculture and for irrigation; and secondly, as a part of that impoundment, the recharge of the gravel beds for the preservation and protection of our Ogallala Aquifer and continuing water supply in the underground flow of the Platte upon which Lincoln and Omaha depend for at least 40 percent of their drinking water. And I can elaborate on the function of the flow of the Platte, because if this impoundment...or it could be one or two or three. It doesn't have to be one big lake. Tends to have some kind of a scare tactic associated with it by some. Depending on the level of the fill and the flow of the fill and how long it takes to get that done, those are engineering issues. The feasibility study would answer most of the questions, and the economic impact statement I think should be pursued in addition before anything is done because that, from an environmental point of view, would be a critical part of moving the whole project or parts of it forward. You'll notice that the study that Senator Lautenbaugh conceives is...along with Dr. Bing Chen's handout, a statewide study. It is not parochially just limited now to the subject of east end of Nebraska or to the confluence of the three tributaries. The most important of which is the Elkhorn, because it's spring fed. It flows all year-round and it is the principle source of the water for the fill for the proposal of what would be lake Nebraska or whatever the lake's name might be someday, or a series of two or three or four lakes, as the engineering and hydrology might prove feasible. But that's important because we've seen what the drought is doing to our state. We're the most heavily impacted

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negatively in agriculture from the drought now for the third consecutive year. You may get, as I do, the University of Nebraska Agriculture Department's drought map every week on your...in your e-mail. And as a Regent, I've studied a lot more about this actually the last couple of months, and I find that it's a pretty imperiling, pretty perilous thing that we're looking at here. And if we don't start to use that water and impound it for first use and then be respectful of the upper riparian flows and then let that water flow on down to the lower riparian rights, this is about the potential of a hydroelectric dam. The hydroelectric dam has to have the water flowing through it regularly. That means there's no silting on the far end, the shallows, because the water continues to flow, and you get a 40- to 90-megawatt electrical production out of a one-mile dam at the confluence of the Platte and the Elkhorn. And incidentally, no excavation is needed because the particular geography there is rock and it's actually quite a marvelous basin. It was on the Lewis and Clark maps a lake, if you go back and look historically, and so there's very little excavation that needs to be done. I doubt, Dr. Chen, with all due respect, there will be any potential for a sand hill under the hydrology that at least I've studied so far, but it's a great idea. So that's the first issue--the impoundment of our own water for first beneficial use. We ought to have some use for it before we let it go, and to have a fill over time where we have the balance of not being able to have to rely so much on Ogallala and the snow melt and runoff from the Rockies into the Platte tributaries and then see it go dry, and then have to use so much of the underground flow of the Platte when, if this impoundment were there and the recharge were there, we would be able to let central and western Nebraska keep more of their water instead of having to let it flow. It's all "regulatable." The second reason is that the impoundment would create a lake or series of lakes and, like an improved road or a highway, like I-80 creates, massive economic development--industrial, residential, and commercial; and recreational, and tourism--hotels, restaurants, sailing, water skiing, boating, fishing, all sorts of other kinds of development, particularly the educational development. Water is magic and Austin and North Carolina and a number of other states have utilized large water impoundments as the attractor for commercial and educational investment and research facilities. So it has all of those features. The resulting jobs creation and the huge revenue in real estate values, therefore, taxes and sales and excise taxes from it, for counties and their school districts cannot be otherwise replicated so inexpensively. Just the idea of competition, cities and states must be competitive, just like people and businesses. I'm going to hurry quickly, if I may have another couple of minutes. The potential to create electricity from low-head hydro, like the Loup power produced for Columbus, or to create power to sell for revenues to help pay for this project, like a toll road, is of great potential. There are substantial federal dollars potential available for many of the aspects of projects like these from the Department of Interior, Bureau of Reclamation, National Park Service, federal Departments of Transportation and Energy Departments. Of course, private-public partnerships will be leveraged dramatically by a lot of the potential that this idea or these ideas have. The President has issued a challenge for all of us to look for ways to lessen our dependence on the importation of foreign crude oil and oil and coal, for that matter, domestically by creating new and

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alternative energy resources. This would be one of those affordability and livability initiatives. It would probably take ten years for a lot of this to even come out of the ground, but you've got to start some time. This is an interesting project. The Legislature created the I-80 Corridor Commission and Senator Brown may be the senator to which we properly refer for the ideas in the original bill. Looking back, if you stop to think about it, I can just point quickly to some things. The Trans Mississippi, trans-central railroad, transcontinental railroad projects--controversial, complex, expensive? The interstate highway system--controversial, complex, expensive? The Hoover Dam as a generator and reclamation project was likewise complex, ahwahnee, up above us, for example. I've had a little experience with complex, controversial, and expensive projects like the Qwest Center in Omaha, so looking back, if I might ask you to think, where would we be without all of these kinds of bold jobs-creating, economic development and entertainment, recreation and conservation projects? This project could be one lake, as I said, two lakes, or three, or it might be no lake, but it might be a combination of uses of water. The study could pursue those things. The low-head hydro is a terrific opportunity but it might end up being just a spillway so that you have to move that water because of the geodetic soil surveys that have been done and the confluence of the three rivers. So I'd like you to think, in terms of this project, as an idea that's not a surprise. I've got two pieces...three items that will be circulated for the record, where the first article was written about this on the front page of the Omaha World-Herald in 1969 to talk about all the ideas that we're sort of rethinking today in terms of our project. This is about Nebraska, all of Nebraska, capturing our God-given terrain and water to leverage our future, create growth, and keep our youngsters here in Nebraska. It is a century-defining, millennium-changing project. Yes, it is big. Yes, it is complex. Yes, it could be expensive. Controversy is the handmaiden of progress. The study will provide answers to the key questions that you are asking and that we have all been asking, and be of great value to potential development for Lincoln, for Omaha, for the eastern end of Nebraska, and from a reclamation standpoint for all of Nebraska. And I've elaborated on the two reasons why I think that's important. So in conclusion, in questions and answers, I'd be happy to describe how I believe this project can be built and financed without taxpayers' cost. Development districts; incremental valuation increases; hydroelectric fees from development user fees; lease arrangements like McLean, Virginia; bonds; and private investment--all these things can be pieced together to make this work without any load on the treasury of the state of Nebraska. Those who are dislocated, like Republican City when McConaughy was built, are compensated. Family swaps, fair swaps, land swaps; man, tell you those great duck blinds that are out there and the folks around Ashland and the Iron Horse and in Big Sandy all have great, great potential and benefit and will not be devastated by this project. In fact, it will be enhancing to Ashland. It will enhance their economic value as a community and create a wonderful source of revenue for their school districts and their counties. Thank you, Mr. Chairman, for your courtesy. [LB122]

SENATOR MELLO: Thank you, Mr. Daub. Senator Wightman. [LB122]

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SENATOR WIGHTMAN: Thank you. Senator (sic) Daub, can you tell me if...excuse me. You may have been a senator too but I... [LB122]

HAL DAUB: That would have been a dream come true. (Laughter) [LB122]

SENATOR WIGHTMAN: At any rate, can you tell me a little bit about where else you're looking for money other than what would come from the Legislature? [LB122]

HAL DAUB: As in most projects like this, whether it was one I had a lot to do with, which is the CenturyLink Center, or whether it was the Hoover Dam or the five dams on the main stem of the Missouri River, because all of those projects were built for reclamation, because of drought, and impoundment of water, government plays a rightful role in planting the seed. And this appropriation, which I believe will be far less than \$2 million, and we are in the process of getting a number of people to help us with the exact scope and cost, which I think is, as Senator Harms said, is a very important key to moving this forward in any event, would be a small appropriation for the study. Once the study is done, I quite honestly think that private-public partnerships could be organized to accomplish this. The senate may be asked if the feasibility study would come in, in some form, to provide for bonding authority in a development district of some kind, like a lake development district, and bonds would be issued and the project financed on its own two feet without continuing taxpayer subsidy. [LB122]

SENATOR WIGHTMAN: I understand that, but even out of the \$2 million that would be going for the study, are there other sources for that? [LB122]

HAL DAUB: There might be, but I think that if there were some caveat in that regard, if the Legislature, in its wisdom, said we would appropriate, I don't know if you can do it conditionally, \$1.1 million contingent upon private sector funds of some matching amount and then set those of us that think there's some merit in this, including maybe assigning the utility districts which will benefit greatly from this. You can...it's an engineering and cost function to put standpipes on the MUD water reserve. They're still going to pump their water and Lincoln and Omaha are still going to get their water; just have to put some standpipes on it, depending on the level of the fill if there's a lake. I don't know the answer to those questions yet. Lincoln will benefit greatly, as will Omaha. But the six counties...not including Douglas County, by the way. This doesn't touch Douglas County. This touches six other counties, three natural resources districts, and I don't know how many school districts, but it doesn't...even the backwater of the 28- by 8-mile-wide lake, Senator Nelson, doesn't touch the border of Douglas County. It's actually something that doesn't directly affect Douglas County. But that cost could be shared, in the wisdom of the Legislature. It's certainly an idea worth pursuing. [LB122]

SENATOR WIGHTMAN: Well, you know, even at \$1.1 million, I'd have problems with

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that, but maybe at some lower level... [LB122]

HAL DAUB: Well, anything to get started on getting a framework. You know, the encroachment problem is the one I worry about the most. We've got a geographic, naturally made impoundment basin that's got a granite base under it, a limestone base, so it doesn't have to be excavated or scraped to build one or two or three lakes on the impoundment tributaries. The railroad can be put over the top of the dam, so there's hardly any relocation problem with the railroad on the map that I passed out. The interstate is right there. Everything works perfectly--rail, industrial park, research innovation campuses. All the resources are right there, two good airports on each end. You got all the things you need that would normally cost huge amounts of money to develop, like the Denver International Airport when it was built out in the sticks, if you will recall. So I think that there's so many natural things there, including the water flow, and when drought comes that water many times...even McConaughy when it was filled didn't get filled all at once. You fill them slowly and sometimes you have to skip a year. Sometimes that rainfall is projected and you have to...the fill is slow. Even Lake Cunningham was a slow fill. It didn't fill near as fast as we thought it might fill. So I think all those things are just consequential to the idea of getting something in place that has all that potential over time. [LB122]

SENATOR WIGHTMAN: Thank you. [LB122]

SENATOR MELLO: Senator Harms. [LB122]

SENATOR HARMS: Thank you very much for your testimony. [LB122]

HAL DAUB: Welcome. Thank you. [LB122]

SENATOR HARMS: I'm going to ask you the same question I asked Senator Lautenbaugh. How much real estate is going to be lost in this process? I know when we had the last hearing here, we had a lot of people in here that were concerned about their homes and their land and all this stuff, and that's part of their lives for many, many years. And how much is going to be lost there, and how are you going to handle that, and how are you going to reimburse these people? And I don't know if swapping is going to work at all. I mean these people have lived there for a long time and may not want to go here, go there. So how are you going to handle that? [LB122]

HAL DAUB: I think those concerns are important and that's what a feasibility study would address. And that feasibility study would determine, say, options one, two, and three, and option one would be at one lake, option two could be two lakes, option three would be three lakes. If there were two or three lakes, Ashland would not be imperiled at one foot. If there's one lake, there is older Ashland, along the edge of part of the fill at 1,105 feet I believe, between 1,105 and 1,122 feet above sea level, there would be

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some old Ashland encroachment. But that again needs to be studied and it may be one of the reasons why you don't build one lake, you build two or three to accomplish the mission. So that's part of what needs to be studied. There are...one thing I know is for certain: The longer it goes in this natural basin, the more encroachment from other building and other uses will occur making it less and less likely that a subject like this could be studied, evaluated, or implemented, because there will be more encroachment, more farming, other cities develop, other uses along the interstate develop. So it's sort of like kind of now or never, in my opinion. There's sort of a circumstance here where the encroachment is going to get to be so expensive in the taking of those that may have to be dislocated and relocated, including those that have precious duck blinds along that part of the tributary, that it could be too expensive; another factor meaning that it's not, from a study, a project that's affordable, therefore achievable. [LB122]

SENATOR MELLO: Any further questions? Seeing none, thank you, Hal. [LB122]

HAL DAUB: Thank you. [LB122]

SENATOR MELLO: Any further proponents on LB122? Seeing none, we will move on to opponents. Seeing none, we'll go to neutral testimony. Seeing none, Senator Lautenbaugh, would you like to close? [LB122]

SENATOR LAUTENBAUGH: Yes, I would. Well, consent calendar here we come. (Laughter) [LB122]

SENATOR HARMS: You hope, huh? [LB122]

SENATOR CONRAD: Fiscal. It's fiscal. [LB122]

SENATOR LAUTENBAUGH: I realize this doesn't work like that, I understand, for a variety of reasons, obviously. I do hope you give this great consideration and I would like to work with the committee and see what can be done to lay this issue to rest or see if it's something that can change our future. I'm being persistent about this and with good reason because I'm very serious about it. And I understand there will be people who are in opposition. I understand that there's hurdles to be overcome. I certainly understand that. But there's nothing worth doing that doesn't...that you can't say that same thing of. I've never been more sincere when I say I'm willing to work with whoever and do whatever to try to get an answer to this. And I can't overstate the importance, and I certainly can't follow Hal Daub. He's a tough act to follow, enthusiasm and otherwise, and specifications and statistics and whatnot. But that said, I understand what he's saying. And obviously, it has moved me to, as it did Pam Brown back in the day, to look at this and see what can be done. And it's about our future, whether we're talking ag or development or where our kids want to live, etcetera. [LB122]

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SENATOR MELLO: Thank you, Senator Lautenbaugh. Are there any further questions of the committee? Seeing none, thank you, Scott. [LB122]

SENATOR LAUTENBAUGH: Thank you. [LB122]

SENATOR MELLO: That will end today's hearing on LB122 and move to our next hearing on LB376 with Senator Johnson. (See also Exhibit 40.) [LB122]

SENATOR JOHNSON: (Exhibit 4) Thank you, Senator Mello and members of the Appropriations Committee. I am Senator Jerry Johnson, J-e-r-r-y J-o-h-n-s-o-n, and I represent the 23rd Legislative District. I am here to introduce LB376 on behalf of the Nebraska Main Street Program. This is continuing funding of the 19-year-old program, which is affiliated with the national Main Street Program revitalization movement active in 45 states in 2,000 local programs in various cities, counties, and regions. Nebraska's Main Street Program is an active organization of 11 communities that have either full-time or part-time managers or boards or committees that oversee the work of the Main Street Program. Some of these folks are here today to share their stories with you. Another seven communities are associate members, working to develop their organizations. One of those associate members is Schuyler, which is in my district. Several others, on the handouts that will be given to you, several of them are in some of your legislative districts. Nebraska's Main Street communities are thriving and they are kind of the bright lights in a relatively dim economy. In the past year, there have been 109 net jobs, 38 net new businesses created in Nebraska's Main Street communities. And since 1994, a total of net jobs and businesses combined have exceeded 2,500. These jobs and businesses represent taxpaying citizens who are keeping the money circulating in their own communities and that builds a vibrant economy for all of us. LB376 is in keeping with the 14-year commitment to the Legislature that provides \$100,000 a year for each of the two years of the biennium for this very important program. Main Street is 80 percent job creation and business retention and expansion, and 20 percent is historic preservation. A recent Rutgers University study revealed that historic preservation brings almost \$170 million a year to the Nebraska economy. Nebraska's Main Street Program accounts for about \$4 million of this amount. In addition, for every dollar spent to operate the local Nebraska Main Street Program, an average of \$23.40 is reinvested back into the communities. Today you will hear from supporters of the Main Street Program about the tremendous impact of the program and exciting things that are being planned, as such a program in every community in Nebraska. They offer assistance to help revitalize and to grow their local economies. In the years that the matching funds have gone to this program, Main Street has leveraged a total of \$5.8 million in matching funds from the private sector for the \$1.5 million invested by the state of Nebraska. That tradition does continue. I thank you. I would ask if anyone has any questions. [LB376]

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SENATOR MELLO: Thank you, Senator Johnson. Are there any questions from the committee? Senator Harms. [LB376]

SENATOR HARMS: Well, thank you very much, Senator Johnson, for coming. I have a number of questions I'd like to ask you, if I can. You may not know the answer to some of these. What's the...where's this going to be housed? The Main Street Program, where is it going to be placed? Is it going to... [LB376]

SENATOR JOHNSON: I'm not sure. There's probably three or four agencies. There's probably people behind me that work directly with it. I'm more of a person that's seen the value of how this has worked, and the people behind me actually work the program. But I think it could be in three or four different state departments because it's more of a flow through for somebody to handle that. I would defer. [LB376]

SENATOR HARMS: Do you know, do you have any...do they have any intent of putting it...leaving it with the Department of Economic Development, then having somebody in management from there? I mean how is that management structure going to work? If you don't know... [LB376]

SENATOR JOHNSON: That would be handled by the Main Street Program. I believe it's just a flow through, whether it's DEQ or whether I think it has been in Arts Council. There's a couple agencies. Historical Society has maybe looked at it, I understand even maybe the College of Architecture. It would be a place that this could be placed as a flow through for it. But it's managed by the Main Street Program people. [LB376]

SENATOR HARMS: Okay. Where does Nebraska...how does Nebraska Heritage fit into this? [LB376]

SENATOR JOHNSON: Well, the preservation of downtown buildings, reactivating old structures. In Wahoo, where I'm from, we're not a participating, we have our own program, but this program helped. There was a half a city block that was sitting vacant and they came in on a private arrangement with an interested party and they started up a business, and that building is going to be preserved. That person purchased one portion of it with the help of Main Street, but as of in the last six months, that person has purchased the rest of that half a block and is going to develop that. So that preserves the heritage of the community. [LB376]

SENATOR HARMS: So when was the last audit done with those? [LB376]

SENATOR JOHNSON: Last what? [LB376]

SENATOR HARMS: When was the last audit done with the Nebraska Heritage Program or the...? [LB376]

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SENATOR JOHNSON: That I could not answer. [LB376]

SENATOR HARMS: Okay. [LB376]

SENATOR JOHNSON: I'm sure somebody behind me can. [LB376]

SENATOR HARMS: Okay. [LB376]

SENATOR JOHNSON: Thank you. [LB376]

SENATOR HARMS: Thank you. [LB376]

SENATOR MELLO: Are there any further questions from the committee? Seeing none, thank you, Senator Johnson. [LB376]

SENATOR JOHNSON: Okay. [LB376]

SENATOR MELLO: That will take us to proponents of LB376. [LB376]

KELLE RASMUSSEN: (Exhibits 5 and 6) Good afternoon. My name is Kellee Rasmussen, it's K-e-l-l-e-e R-a-s-m-u-s-s-e-n. I appreciate the time you've given us to speak to you today, Senator Mello and the committee members. I am here today in support of the Main Street, state Main Street Program. I am a current board member of Main Street of Fremont, and I have also served on the promotions committee. I have been involved with Main Street since 2005. Our Main Street Program is made up of volunteers whose desire is to not only preserve the historical integrity of our downtown district but also see our local main street businesses continue to be a viable part of our community and economic well-being. Our downtown district provides commerce opportunities for small businessmen that may not be able to compete and be successful in other business arenas. As a matter of fact, just yesterday our state Main Street Program partnered with Southeast Community College to bring to our local communities a webinar entitled "Entrepreneur Development on Main Street." I was fortunate to be a host site and a participant. Our local program would not have ever been able to bring to Fremont such a program without the state Main Street Program spearheading this event. My attendees are looking forward to many more of these events. These mom-and-pop-type businesses are not always able to leave their stores for long periods of time, and being able to stay right in Fremont and have such an outstanding presenter such as Todd Barman from the National Main Street Center. If our program loses this funding, it will directly impact our local level. We will not only lose a valuable resource of our Main Street director; we will also lose our access to the national Main Street Program. Since we are a 501(c) nonprofit and we are totally volunteer-based, this will be very detrimental to Fremont and the other Main Street communities statewide. Thank

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you for your consideration of this very important matter. [LB376]

SENATOR MELLO: Thank you for your testimony, Kellee. [LB376]

KELLEE RASMUSSEN: Uh-huh. [LB376]

SENATOR MELLO: Are there any questions from the committee? Senator Wightman. [LB376]

SENATOR WIGHTMAN: Thank you. Thank you for being here. [LB376]

KELLEE RASMUSSEN: Uh-huh. [LB376]

SENATOR WIGHTMAN: Now this is something that has been funded for how many years? Do you know? [LB376]

KELLEE RASMUSSEN: I believe our program, since 1994. I know... [LB376]

SENATOR WIGHTMAN: Have we had continuous funding during that period of time? [LB376]

KELLEE RASMUSSEN: Yes. [LB376]

SENATOR WIGHTMAN: And at the \$100,000 a year level or...? [LB376]

KELLEE RASMUSSEN: I can't answer that part of that question. [LB376]

SENATOR WIGHTMAN: Okay. I know... [LB376]

KELLEE RASMUSSEN: But we have been funded. [LB376]

SENATOR WIGHTMAN: ...my home community of Lexington has used this at several times. [LB376]

KELLEE RASMUSSEN: Uh-huh. [LB376]

SENATOR WIGHTMAN: The \$100,000 that you're talking about, would that go to actually fund studies being made or work that's being done in each of the cities, or not each of them but whichever ones would apply for it? [LB376]

KELLEE RASMUSSEN: The \$100,000, we do have a budget that's been prepared and I believe that's going to be part of your packet. It is...we have a budget prepared and it is broken down for you. We do need to have funding to make sure that we have our

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director in place. It's very important to have someone such as Elizabeth, with her knowledge, on staff. As a local Main Street, we would love to be able to have a full-time staff, but it's very, very important for our local Main Streets to have a state director that is on staff full-time. I don't feel comfortable, without having figures in front of me, going through the budget specifically. [LB376]

SENATOR WIGHTMAN: Uh-huh. [LB376]

KELLE RASMUSSEN: But I do know, from being a board president, nothing would make us more happy to be able locally to fund a full-time director such as Elizabeth, and having her as a resource is invaluable to us. She brings so much to the plate that we would just, being a volunteer-based program, would have no way of knowing or having any access to funds or the appropriate people to go to for different types of grants and the different things that she helps us with; goes on to training, she helps us with training. As being a volunteer-based program, our program does rotate quite a bit with our people on our boards, and so having Elizabeth be able to come up and assist me when I was president and helping me train my board members to totally grasp Main Street and be integrated into it is just invaluable. [LB376]

SENATOR WIGHTMAN: So the \$100,000 could go to five or six different cities or it could go to one or two, I suppose, depending on how many made application in that year. Is that your understanding? [LB376]

KELLE RASMUSSEN: Right, and it's how she would have to, you know, go out and distribute the...get her...it would keep her on the road to be able to go out to the communities to promote new communities and, of course, support the existing communities. [LB376]

SENATOR WIGHTMAN: Okay. Thank you. [LB376]

SENATOR MELLO: Senator Harms. [LB376]

SENATOR HARMS: Thank you, Senator Mello. Thank you very much for coming. Maybe you can help me better understand this. How is this structure going to be organized? How is it going to be managed? Who do you answer to? You got to be in the Department of Economic Development, you got to be in the Arts Council. How is this going to be handled? [LB376]

KELLE RASMUSSEN: As I had mentioned earlier, it would be a flow-through type program, and there's going to be people behind me that will be able to address that question better. [LB376]

SENATOR HARMS: Okay. Thank you. [LB376]

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KELLEEE RASMUSSEN: Yeah. Uh-huh. [LB376]

SENATOR MELLO: Are there any further questions from the committee? Seeing none, thank you, Kellee, for your testimony. [LB376]

KELLEEE RASMUSSEN: Thank you. [LB376]

SENATOR MELLO: Are there any further proponents? [LB376]

ALEXIS WINDER: (Exhibit 7) Hello. My name is Alexis Winder. Thank you for taking the time to listen to us today. I don't want to take too much of your time, but basically I would like to reiterate my support for this bill. And I represent Main Street Beatrice. I am program director. And I also have some thoughts written down that I will submit to you. And I apologize because I didn't bring a copy for everybody. But in the interest of time I won't read this to you, but if you have any questions I do have some statistics here on how the Main Street Program has helped our community locally. And I would also like to reiterate the fact that the importance of having a state program, if we lose our state Main Street Program, we will lose our ability to be a part of the national network. And every state in the nation is part of the national network. I think it would be very, very sad for Nebraska not to be able to be a part of that. And it would be huge loss for our local communities across the state. So if anyone has any questions. [LB376]

SENATOR MELLO: Thank you, Alexis. Are there any questions? Senator Harms. [LB376]

SENATOR HARMS: Are you the one I'm supposed to ask about how you're going to manage (laughter) or are we going to move it back further? [LB376]

ALEXIS WINDER: No, I do... [LB376]

SENATOR HARMS: I'm not putting you in a... [LB376]

ALEXIS WINDER: ...I do apologize. I am just a local director so I can only speak to our program, but I do believe...yes, somebody will be answering that question for you, so (laugh)... [LB376]

SENATOR HARMS: Okay. I don't mean to put you in a tough spot. [LB376]

ALEXIS WINDER: Oh, that's okay. [LB376]

SENATOR HARMS: I'm just curious about that. [LB376]

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ALEXIS WINDER: Absolutely. [LB376]

SENATOR HARMS: Okay. Thank you. [LB376]

ALEXIS WINDER: I totally understand. [LB376]

SENATOR MELLO: Senator Wightman. [LB376]

SENATOR WIGHTMAN: Thank you. Alexis, can you tell us about how many times you've taken advantage of...and I shouldn't use the word "taken advantage of," but how many times that you've received grants from the Main Street Program? [LB376]

ALEXIS WINDER: Well, actually it's not so much grants that we receive that is of benefit to us. What it is, is program coordination and unity with other Main Street Programs across the state. It's technical assistance in doing things like providing supports, whether it's a webinar, like was discussed that we did yesterday, or design assistance support for teaching people how to do downtown revitalization as far as facade improvements. But it really ranges. You know, we...Main Street is based on a four-point approach. That's design, promotions, organization, and economic development. And so we receive very important assistance in each of our programs, in our local programs, from the state program, from the state level. And we would not have access to those resources and to that knowledge and to that proven work that's been done in other communities. So I hope that answers your question. [LB376]

SENATOR WIGHTMAN: Okay. I see there are 11 major communities and then... [LB376]

ALEXIS WINDER: Yes. [LB376]

SENATOR WIGHTMAN: ...and I shouldn't say "major" because some of the 7 are pretty major, 1 of them being my hometown. But do you get a grant then every year of the ten? Do you... [LB376]

ALEXIS WINDER: No. What the funding for the state program funds is for a director to run the state office and to be able to connect and to provide assistance to local communities. We don't actually receive dollars from the state program, but we have to have the state program to have a local program and to be a part of the national network. Does that make sense? Okay. [LB376]

SENATOR WIGHTMAN: I think that helps. [LB376]

ALEXIS WINDER: Okay. [LB376]

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SENATOR WIGHTMAN: Thank you. [LB376]

SENATOR MELLO: Are there any further questions from the committee? Seeing none, thank you, Alexis. [LB376]

ALEXIS WINDER: Thank you. [LB376]

SENATOR MELLO: Further testifiers on behalf of LB376. [LB376]

BILL LONGNECKER: (Exhibit 8) Good afternoon. Never been in this...I've never done this before so I'm a little nervous, so please have patience with me. It is my honor and privilege to be here today in support of LB376. I'm Bill Longnecker, the owner of Longnecker Jewelry, a main street business in downtown McCook, Red Willow County. My business has been in operation for 17 years, and I employ myself and one full-time employee. I've been an active member of Community Builders, the McCook Area Chamber of Commerce, currently as a board member. I've served on the McCook Economic Development board of directors, a past board member of the McCook Main Street group, and a past McCook City Councilmember, serving as vice mayor. Challenges of operating a small retail business in an isolated rural community is a daunting task, to say the least, between competition from other firms in the same trade in your own community, the television home shopping networks, the Internet, and the ever-changing aspect of keeping your customers from shopping out of town. If you're lucky enough to maintain and even grow your business in these challenging economic climates, then you must face the next question: How do I prepare for my future growth? The obvious progression of success is that of osmosis. Success is contagious. As an entrepreneur, I know that I have done everything in my power to make my operation run as best as I know how. I also know that if I want my...or want to continue as such, I will need my neighbors and my neighborhood also to be the best that it can be, and this is where Nebraska Main Street group comes in. All too often, downtown main streets are often looked upon as not worth fixing up. For decades, the trend was to modernize the old facades to make them stand out from their out-of-date neighbors. This was all done in the name of progress. Decades later, the outcome is that of a Hollywood face lift gone wrong. The historical outcome as been, in most opinions, defiled and scarred. Yet from the ashes of decay, as phoenix in the desert, can arise a new novelty--that of the historic downtown shopping experience. Our small downtowns are historical gold mines if we maintain them as such. The Nebraska Main Street organization brings to our small community the knowledge, expertise, and resources to bring back that which was once taken for granted and could be made into a place of destination once again. The support of the Nebraska Main Street organization has many benefits that lend to our unique group of retailers as a much needed resource. Through their guidance, they help us organize as a cohesive group to develop a strategic plan of actionable projects to promote, revitalize, and lend support to the new business opportunities. Many businesses on the bricks in downtown McCook have benefited from their involvement in

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the McCook Main Street group. Notable mentions, among others, are the Sehnert's Bakery and Bieroc Cafe, Knowlen and Yates kitchen store, Country Floral and Gift, and myself included all greatly enhanced by our association with the Nebraska Main Street organization. I'd like to point out that our efforts went beyond personal venture projects into overall appearance of our downtown district through green space development and working on possible revitalization projects of dilapidated buildings. Our group connected businesses together and promoted and enhanced our downtown shopping experience, creating additional customer traffic and adding to increased revenues. As Main Street members, we pay member dues for financial support of our local organization, just as other groups support themselves. The only challenges we face at the Main Street group was the lack of funding, of financial support from city, county, and state. Without financial dedication from the state of Nebraska, Main Street, McCook Main Street would have no resources to continue its mission. With the leadership of the Unicameral, we might find a stronghold into additional local funding. I was recently encouraged by the McCook city manager, Jeff Hancock, to bring the McCook Main Street out of associate member status and back to designated Main Street level status, so we may act as administrators of the city of McCook Community Development Block Grant funds of \$350,000. The city received the downtown revitalization project currently under planning and development. The McCook Main Street group is uniquely equipped for just such projects. The support of McCook Main Street through city council, city manager, the McCook Economic Development Corporation, and the McCook Area Chamber of Commerce, places us in a favorable position to grow our local organization and to continue to enhance the city of McCook. The keystone of our financial success lies in the hands of the Unicameral of the state of Nebraska, its fine citizens. And I ask on behalf of the McCook Main Street and the Nebraska Main Street to please support LB376. I thank you for your time and attention. [LB376]

SENATOR MELLO: Thank you for your testimony, Bill. Are there any questions from the committee? Senator Harms. [LB376]

SENATOR HARMS: Bill, you did a good job. I remember the first time I ever testified. I was much younger. I almost forgot my name. (Laughter) [LB376]

BILL LONGNECKER: Well, I have to have it wrote down or we'd be till Christmas before you'd get me to shut up, so... [LB376]

SENATOR HARMS: Yeah, I understand. I couldn't even read it when I first came before the group. [LB376]

BILL LONGNECKER: Thank you. [LB376]

SENATOR HARMS: Can be kind of an intimidating factor, but we have no intent of doing that. Are you the one I'm supposed to ask about management and that sort of

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stuff? [LB376]

BILL LONGNECKER: No, but I think the question you're alluding to is what are us, as a local Main Street, going to get from the state of Nebraska. [LB376]

SENATOR HARMS: Well, what I'm really driving about is how the organizational structure is actually managed on this end of it. [LB376]

BILL LONGNECKER: Right, and that's something that can be answered here in a few minutes, yes. [LB376]

SENATOR HARMS: Yeah, thank you very much. [LB376]

BILL LONGNECKER: Yes. [LB376]

SENATOR HARMS: You did a nice job, Bill. Thank you. [LB376]

BILL LONGNECKER: Thank you. [LB376]

SENATOR MELLO: Senator Kintner. [LB376]

SENATOR KINTNER: Hi, Bill. Thanks for coming down. As a jeweler, I'm sure that you're amidst a bunch of other businesses, maybe an antique store and a... [LB376]

BILL LONGNECKER: No. [LB376]

SENATOR KINTNER: ...town bar and grill or such. [LB376]

BILL LONGNECKER: Oh, you mean as far as mixed in. [LB376]

SENATOR KINTNER: Yeah. Yeah. [LB376]

BILL LONGNECKER: Yes, mixed in with. Yes. Yes. Sorry. [LB376]

SENATOR KINTNER: Yeah, can you talk to me about the importance of having a concentration of businesses and foot traffic. You know, someone is walking down the street and they look at, hey, let's go in there looking for a watch. Or you know, can you tell me how being part of a main street benefits you? I'm assuming it does. Maybe I'm wrong. [LB376]

BILL LONGNECKER: It does, and it's kind of hard to encapsulate that in just a few statements. And I know I had a time limit. That's why I say if you don't shut me up, I could go till Christmas. But the Nebraska Main Street brings to us, as I say, an

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organization and expertise in an area that we sorely lack in a small community. You know, if we were in Lincoln, I would probably have a plethora of experienced business people around to talk to, to ask for advice, to go to the University of Nebraska and maybe shake a few heads and find out if somebody could give me some advice about improving my business. When you're in an isolated community, the way we are, the McCook Main Street comes out to us and...or connects with us in a way that we just don't have any other resources. We have the chamber of commerce and so forth, but the chamber of commerce is a broader picture and, to be honest, mostly spends most of their time raising money to support their own cause. Unfortunately, so does the Main Street groups, but we're more focused on how do we improve our business and just what you're saying; that is, when I was first involved in Main Street, we had an expert come in. His last name was Dayem (phonetic), can't remember his first name. He came in, he was actually a national retail expert on merchandising and he came in to all of our stores, those that wished him to come in, and gave us advice on are you...is the traffic flow of your store correct, are you doing the most you can with the square footage, are you displaying things properly, how are the colors of your store, yada-yada-yada. This service was paid for through the state but cost me nothing, and that was a phenomenal thing. Stores like ours don't usually get these kind of services, and so that was one thing it did. And what's the importance of knowing these things and knowing how traffic works, you know, how does the whole mix of a business district work? We're really blessed in McCook because our downtown...has anybody been to downtown McCook? It's a great downtown. I'm going to brag because I love it. We've got most services you'd want to have downtown but also very unique, "nichey" kind of things. In the last few years, we've had four new restaurants downtown, which has really added to the traffic. But it's so important, in fact, one of the reasons I bought the building I'm in now and I live upstairs and I'm remodeling the apartment--I love living downtown, by the way--is the traffic and the best traffic place in downtown was Sehnert's Bakery. So moved into its location and the reason is because of the traffic. I'm actually on one of the highly traffic business or blocks in McCook. But the one thing that we really miss is that extension of services, expertise, advice. And the one thing Main Street does, it helps us try to keep our downtowns an attractive thing to traffic, foot traffic, and one of those things is architectural design. Everybody wants to shop in a unique shopping environment, and that's what we try to do, is to maintain that. The Nebraska Main Street organization is uniquely positioned to help us understand how to do that, how to work with the state, the University of Nebraska architectural department. All these services are stuff that we just don't have otherwise. [LB376]

SENATOR KINTNER: Thank you. Appreciate it. [LB376]

BILL LONGNECKER: Uh-huh. [LB376]

SENATOR MELLO: Are there any further questions from the committee? Seeing none, thank you, Bill. [LB376]

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BILL LONGNECKER: Thank you. [LB376]

SENATOR MELLO: And be sure to thank our friends down at Sehnert's and Country Floral and Knowlen and Yates. I've been there plenty of times and it's a great main street. [LB376]

BILL LONGNECKER: Thank you. [LB376]

SENATOR MELLO: Any further testifiers on behalf of LB376? [LB376]

BOB PUSCHENDORF: (Exhibit 9) Good afternoon, Mr. Chair and members of the Appropriations Committee. I'm Bob Puschendorf. That's spelled B-o-b P-u-s-c-h-e-n-d-o-r-f. And I'm associate director and deputy state historic preservation officer with the Nebraska State Historical Society. Since 1997, the Nebraska Legislature has provided basic funding for this program. Since this appropriation comes to you on a biennial basis, this hearing is a good opportunity to revisit the program and translate its successes. This is clear from the testimonies that preceded me. In practice, this program, through four basic components of downtown design, economic restructuring and business development, promotion, and organization has pulled community resources into dedicated local programs. It is community-based. However, one of the most unique aspects of the program has been its partnership with other state agencies. The Department of Economic Development, the Nebraska Department of Roads, the Nebraska State Historical Society, and the UNL College of Architecture have been at the table since the beginning of the Main Street Program. This harnesses the strengths of these agencies by applying existing programs and services to Main Street communities, defined by common interests in economic development and revitalization of community centers. I thank you very much for your time. [LB376]

SENATOR MELLO: Thank you so much, Bob, for your testimony. Are there any questions? Senator Harms. [LB376]

BOB PUSCHENDORF: I knew there would be. [LB376]

SENATOR HARMS: And I know you can tell me now, so I'm going to ask the question. [LB376]

BOB PUSCHENDORF: All right. [LB376]

SENATOR HARMS: Okay, tell me how this is going to be managed and operated and what the structure is going to look like. [LB376]

BOB PUSCHENDORF: As currently proposed, the funds would go to the Nebraska

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Department of Economic Development, who would contract with the entity where Main Street is housed, which is currently Heritage Nebraska. That is a nonprofit 501(c)(3), preservation advocacy organization. [LB376]

SENATOR HARMS: And who manages that whole structure? [LB376]

BOB PUSCHENDORF: That is overseen by a board. It is 501(c)(3), as I mentioned. The board consists of representatives from the four partnering agencies and a number of other citizen members. I have a list here if you're interested. [LB376]

SENATOR HARMS: What's...how does the Department of Economic Development fit into this package? [LB376]

BOB PUSCHENDORF: The Department of Economic Development... [LB376]

SENATOR HARMS: Do you answer directly to them for the flow-through funds and...? [LB376]

BOB PUSCHENDORF: They would be responsible for pass-through of the funds through a contract with Heritage Nebraska. [LB376]

SENATOR HARMS: And who evaluates those funds and that they're used appropriately and properly? [LB376]

BOB PUSCHENDORF: Well, the state, through a contract, would have to follow accounting procedures and standards for funds, state funds, that are dedicated to that agency. [LB376]

SENATOR HARMS: Well, what I'm really driving at about the projects that you have, who...does the board approve those and does the Department of Economic Development have any input or control overall about how those funds are used and funded? [LB376]

BOB PUSCHENDORF: The Heritage Nebraska board would,... [LB376]

SENATOR HARMS: Okay. [LB376]

BOB PUSCHENDORF: ...if I understood your question correctly. [LB376]

SENATOR HARMS: Yeah. That's correct. Talk to me a little bit about audits. Have you had audits done... [LB376]

BOB PUSCHENDORF: Okay. [LB376]

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SENATOR HARMS: ...and were they qualified audits or unqualified audits? How does that all fit together here? [LB376]

BOB PUSCHENDORF: Okay. Currently, the funding had passed through the Arts Council, which is a state agency that conducts regularly scheduled audits. [LB376]

SENATOR HARMS: I understand that. [LB376]

BOB PUSCHENDORF: The...since 19...since 2001, the Nebraska Community Foundation has been the fiscal sponsor of the Main Street Program. [LB376]

SENATOR HARMS: And have they done audits of it? [LB376]

BOB PUSCHENDORF: Yes. [LB376]

SENATOR HARMS: Were they... [LB376]

BOB PUSCHENDORF: The last audit was done for the period ended June 30, 2012. [LB376]

SENATOR HARMS: Was it a qualified audit or unqualified? [LB376]

BOB PUSCHENDORF: It was an unqualified audit. [LB376]

SENATOR HARMS: And what was the reason for the unqualified audit? [LB376]

BOB PUSCHENDORF: I'm sorry. [LB376]

SENATOR HARMS: I don't mean to frustrate you. [LB376]

BOB PUSCHENDORF: No, not at all. [LB376]

SENATOR HARMS: Okay. That's not what I'm really... [LB376]

BOB PUSCHENDORF: It was an unqualified audit, meaning that there were no major exceptions to their administration of their... [LB376]

SENATOR HARMS: Qualified audit. [LB376]

BOB PUSCHENDORF: ...qualified audit. [LB376]

SENATOR HARMS: Okay. [LB376]

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BOB PUSCHENDORF: I'm sorry. [LB376]

SENATOR HARMS: Well, has there been an unqualified audit? [LB376]

BOB PUSCHENDORF: Not to my knowledge. [LB376]

SENATOR HARMS: Okay. Thank you. [LB376]

BOB PUSCHENDORF: Okay. [LB376]

SENATOR MELLO: Are there any further questions of the committee? Senator Nelson. [LB376]

SENATOR NELSON: Thank you, Senator Mello. Thank you very much. Who goes out to a small community, you know, as far as renovating an historic building that is going to be attractive for tourism and things like that? [LB376]

BOB PUSCHENDORF: Uh-huh. Uh-huh. [LB376]

SENATOR NELSON: Does the proposal come from the community or how does that work and who supervises or who sets it up and determines about what it's going to cost, and where then does the money come from? Is it out of this \$100,000? [LB376]

BOB PUSCHENDORF: Are you talking through a Main Street or... [LB376]

SENATOR NELSON: Yes. [LB376]

BOB PUSCHENDORF: ...from any project in the... [LB376]

SENATOR NELSON: Well, Main Street, let's talk... [LB376]

BOB PUSCHENDORF: Okay. [LB376]

SENATOR NELSON: ...talk about. [LB376]

BOB PUSCHENDORF: Okay. [LB376]

SENATOR NELSON: Are there two divisions there, I mean Main Street and then Historical...? [LB376]

BOB PUSCHENDORF: Heritage Nebraska is an umbrella organization, statewide advocacy organization... [LB376]

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SENATOR NELSON: Okay. [LB376]

BOB PUSCHENDORF: ...that house the Main Street Program side by side. [LB376]

SENATOR NELSON: All right. Yeah. [LB376]

BOB PUSCHENDORF: The Nebraska State Historical Society is one of the partners in the program. [LB376]

SENATOR NELSON: Okay. [LB376]

BOB PUSCHENDORF: And it is the lead agency in Nebraska, based on state legislation, to work with people on historic building renovations. [LB376]

SENATOR NELSON: Okay. So... [LB376]

BOB PUSCHENDORF: We bring our talents into the program,... [LB376]

SENATOR NELSON: Uh-huh. [LB376]

BOB PUSCHENDORF: ...as does DED and... [LB376]

SENATOR NELSON: Well, then in that area at least it's the Historical Society that's involved with some area of supervision and... [LB376]

BOB PUSCHENDORF: And by representation on the Heritage Nebraska board. [LB376]

SENATOR NELSON: Okay. [LB376]

BOB PUSCHENDORF: I think that's one of the beauties of the program, is that it brings the resources of state agencies to bear and translates those into assistance to the communities. [LB376]

SENATOR NELSON: Okay. And as far as the financing of it and the potential cost and any overrides, you know, where there were mistakes and it cost additional money, I mean is that through the society then on these historical buildings? [LB376]

BOB PUSCHENDORF: Well, they would be private development if it's...if you're talking about... [LB376]

SENATOR NELSON: Private development, okay. [LB376]

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BOB PUSCHENDORF: ...building owners that are doing work to buildings. [LB376]

SENATOR NELSON: All right. [LB376]

BOB PUSCHENDORF: There are certain incentives that we have in...that we administer at the State Historical Society... [LB376]

SENATOR NELSON: Okay. [LB376]

BOB PUSCHENDORF: ...to assist owners in... [LB376]

SENATOR NELSON: Okay. [LB376]

BOB PUSCHENDORF: ...renovating buildings, but it's all private investment. [LB376]

SENATOR NELSON: Private. Okay. Fine. Thank you. I understand a little better. Okay. [LB376]

BOB PUSCHENDORF: Okay. Thank you. [LB376]

SENATOR MELLO: Any further questions from the committee? [LB376]

BOB PUSCHENDORF: Thank you. [LB376]

SENATOR MELLO: (Exhibits 10-31) Seeing none, thank you. Are there any further proponents on LB376? Seeing none, the committee received a handful of letters in support from the city of Plattsmouth; Plattsmouth Main Street Association; the Lincoln County Convention and Visitors Bureau; James and Geraldine Byrk; Bob Missel; Historic Downtown Sidney; Dr. Diane Vigna; Kellee Rasmussen; the Bassett/Rock County Chamber of Commerce; the Wayne Area Economic Development Chamber of Commerce; John Martin; Main Street Falls City; Main Street Kearney; The American Institute of Architects, Nebraska Chapter; Linda Santo; the Downtown Grand Island; Pinnacle Trust Services, I'm sorry, Main Street Fremont; Friends of the Homestead National Monument of America; the Hastings Business Improvement District; Judi Knowles; Keith Marvin; and Teresa Reese. Are there any opponents of LB376? Seeing none, are there any testifiers in the neutral capacity? [LB376]

MICHAEL SMITH: Thank you, Mr. Chairman. I'm Michael Smith, M-i-c-h-a-e-l S-m-i-t-h. I'm director of the Nebraska State Historical Society. For the past, what, year and a half, two years, Bob, I've been president of the organization, not-for-profit organization, called Heritage Nebraska. As Mr. Puschendorf described the program, program goes back into the 1990s. The Main Street Program is a national program developed by the National Trust for Historic Preservation as a mechanism for improving and a self-help

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mechanism in many ways for improving downtowns, particularly in smaller communities. Been very successful, not only in Nebraska but across the country. Every study I've seen of it, every evaluation I've seen of the program has given it, you know, five stars, all it could really do. It's been very helpful to us here in Nebraska. As Mr. Puschendorf explained how it was originally set up with several state agencies, some state funding, for a while there was also funding from the LEAD Foundation out in Las Vegas and that was also very helpful to the program, with a very close relationship with the School of Architecture at the university. When the LEAD funding went away, in other words she had basically (inaudible) said she basically funded all she was going to fund, we looked for another mechanism. At the same time, we were developing a not-for-profit corporation to work across the state in historic preservation, as a partner with us in some ways but certainly a partner with communities, and at that time we put together the Heritage Nebraska. There were two programs in Heritage Nebraska over the last couple of years. One was funded by the National Trust for Historic Preservation. It had to do with we had two representatives in the field to work with communities on historic preservation. That program came to a conclusion last year. At the same time, we were administering the...and administer today the Main Street Program, the state funds that have been appropriated for the purpose of enabling the Main Street communities to have a statewide director to access the training from the national level to bring together the communities to work, learning from each other, and to work I think more effectively in that regard. So really the request that I think has come before you today is a request for \$100,000, which is a funding level that we've seen over the last number of years, and the mechanism has been set up, and I think the questions (inaudible) and I wanted to come up and see if I can answer some of the questions, the mechanism would be a grant through the Department of Economic Development. It would be taken by the Heritage Nebraska not-for-profit organization. I speak today as its president. We have a very strong, small, strong, committed board of that. One member of the board is here behind me. DiAnna is a member of that board, as am I, as is Bob. There are members from Economic Development and other people, as well as Dan Worth, George Haecker from the architectural firm of BVH, all well-experienced people in historic preservation. So we have a strong, small group that would go forward with this. We would take this as a grant from the Department of Economic Development. Obviously, we would conform with all the state requirements, certainly, and certainly we would do an annual audit. I am aware of no organization's board that does not do an annual audit. It's what you have to do. So that's what we could bring to you and I could offer that information if it would be useful to you today. [LB376]

SENATOR MELLO: Thank you, Michael. Real quick just, I guess, for clarification purposes, while Bob did testify, we do have a letter of support from you... [LB376]

MICHAEL SMITH: Uh-huh. [LB376]

SENATOR MELLO: ...and the Nebraska Historical Society, so is your testimony right

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now in the neutral capacity or in support? [LB376]

MICHAEL SMITH: I came up...well, I am in support,... [LB376]

SENATOR MELLO: Okay. [LB376]

MICHAEL SMITH: ...but I came up in the neutral capacity to try to respond to the questions concerning organization and operations and audit more than anything else, but, yes,... [LB376]

SENATOR MELLO: Okay. [LB376]

MICHAEL SMITH: ...I'll be supportive. [LB376]

SENATOR MELLO: Okay. [LB376]

MICHAEL SMITH: Thank you, Mr. Chairman. [LB376]

SENATOR MELLO: Senator Harms. [LB376]

SENATOR HARMS: When you took over the program, what condition did you find it in? [LB376]

MICHAEL SMITH: I found the program in somewhat off focus, if you will. Not the Main Street Program. That's always been very much on. [LB376]

SENATOR HARMS: No, I'm talking about the Heritage Nebraska. [LB376]

MICHAEL SMITH: What happened in Heritage Nebraska, more than anything else, in my estimation, was the director at the time was very much focused on the issue of the...at the university, the issue of the Industrial Arts Building. At that point in time, fund-raising sort of lagged and we found ourselves in a position. We had to pull back together, which I really took on to do, pull the organization back together, get it focused. I did not find any problems with funds or impropriety in terms of funds. As Bob Puschendorf pointed out, it has been financially administered through the Nebraska Community Foundation, which has been wonderful to work with. [LB376]

SENATOR HARMS: Now the intent, when you ran out of funding for this, for the Nebraska...Heritage Nebraska, they were to raise money privately and... [LB376]

MICHAEL SMITH: To raise money and raise... [LB376]

SENATOR HARMS: ...and they just didn't accomplish that. So is that why you're coming

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back for the \$100,000? [LB376]

MICHAEL SMITH: Raised about...raised about at least \$125,000 to serve as a match for the grant we had to have a field services program, but again that program, which was funded by private philanthropy in the East through the National Trust for Historic Preservation, ran...basically concluded, concluded that program. So we are in a situation of operating on a very relatively small budget, which we would have to do private fund-raising for, and we would serve in this capacity because I think that this program is important to the communities that I've seen across the state. Whether it be Lexington or Wayne or Sidney, it has been important to them. And really, we...I stand as a member of the board of Heritage Nebraska to say I think it's important enough that we would certainly commit ourselves to providing that mechanism for continuing that. Obviously, if that's not the best way to approach it, then we wouldn't be of much assistance in that regard. But I do think it is a feasible way to approach it and perhaps we can go forward in that direction. So I'm not sure I've answered the questions, but really that's what I know. [LB376]

SENATOR HARMS: You're fine. [LB376]

SENATOR MELLO: Are there any further questions from the committee? Seeing none, thank you, Michael. [LB376]

MICHAEL SMITH: Okay. You're welcome. [LB376]

SENATOR MELLO: Are there any further testifiers in the neutral capacity? Seeing none, Senator Johnson, would you like to close? [LB376]

SENATOR JOHNSON: I do. I will make it brief. I think you've had very good questions. Hopefully, your questions have been answered. I think you'll find out that this is a well-organized and well-structured, relatively low-finance program with a lot of positive results. I've lived in the community of McCook. I know where this jewelry store or...yeah, is. And I think you can see by the testimony from some of the communities, the letters, this program serves a lot of the middle-sized, very vital communities in Nebraska that I think are going to be survivors, so I think it's money well-spent. So with that, I'll answer any questions. Otherwise, I would ask that you approve this and move it to the floor. [LB376]

SENATOR MELLO: Thank you so much, Senator Johnson. Are there any questions from the committee? Seeing none, thank you. [LB376]

SENATOR JOHNSON: Thank you. [LB376]

SENATOR MELLO: That ends today's hearing on LB376 and moves us next to LB394

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with Senator Conrad. (See also Exhibits 32 and 40.) [LB376]

SENATOR CONRAD: Good afternoon, members, Chairman Mello, members of the committee. My name is Senator Danielle Conrad, D-a-n-i-e-l-l-e, Conrad, C-o-n-r-a-d, representing the "Fighting 46th" Legislative District of north Lincoln. I am going to be as brief as possible. I appreciate that the committee had a long day yesterday, and we have a long agenda in front of us. With that in mind, I have asked testifiers today to consolidate their testimony so that we can keep things moving forward. LB394 amends the Affordable Housing Trust Fund and extends the list of eligible activities to include vocational training in the housing and construction trade industries by nonprofit groups. An example of a nonprofit organization that could potentially benefit from this legislation is Prairie Gold Homes, otherwise known as PGH. PGH is a three-year-old nonprofit organization located right here in Lincoln, Nebraska. It consists of a volunteer board of directors and two staff members. It evolved from a group that had an eight-year history with the program involving prison inmates building affordable housing. At that time, the emphasis was on the housing. Today the approach is two-pronged. It builds entry-level, affordable housing and it provides inmates the opportunities to participate in a skills-based construction training program. Successfully completing the training can result in earning certification from a nationally recognized program. The anticipated results are that the program participants will have enhanced vocational skills which will provide a better chance and opportunity to transition into the labor pool. This will give them an opportunity to better able support themselves and become productive members of society. PGH's board members have a varied background coming from government, finance, the building industry, customer relations, and education. One board member is an international correctional systems consultant. I will have them explain how they believe this bill could help their program and why it's beneficial to the state of Nebraska. Their executive director is also here today to provide assistance to the committee if need be. With that, thank you for your consideration. [LB394]

SENATOR MELLO: Thank you, Senator Conrad. Are there any questions from the committee? Seeing none, thank you. [LB394]

SENATOR CONRAD: Thank you. [LB394]

SENATOR MELLO: We will take proponents of LB394. [LB394]

RENEE BAUER: (Exhibit 33) Good afternoon, Chairman Mello and members of the Appropriations Committee. For the record, my name is Renee Bauer, spelled R-e-n-e-e B-a-u-e-r, and I'm here on behalf of Prairie Gold Homes to testify in support of LB394. With me are two of my board members, DiAnna Schimek and board president Byron Fischer. They will be available to help answer any questions that you might have also. Prairie Gold Homes is a 501(c)(3) nonprofit organization which was incorporated in October of 2009. It had its genesis from a predecessor organization which was primarily

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the concept of the state of Nebraska...I'm sorry, which was primarily the concept of the Nebraska Investment Finance Authority or NIFA. NIFA learned of a program in the South Dakota prison system that used inmate labor to build basic housing. They believed a similar program could be developed in Nebraska with the mission of increasing the state's affordable housing stock. With a number of partners, the pilot program began in 2002. However, sustainability was an issue. After using start-up grant funding from the Fannie Mae Foundation and the Department of Economic Development, the primary funding had to come from the sale of the homes. With the downturn of the housing market, the program basically came to an end in 2008. In 2009, NIFA brought together a working group with the charge to evaluate the intent of the program, its successes and failures, and to see if there's potential for the program to continue in some form or manner. With the assistance of NIFA, an all-volunteer working group came up with the following three tasks: In conjunction with the Department of Corrections, a formalized construction training program for the inmate population was developed. A new 501(c)(3) nonprofit organization was developed to organize and manage that program. And plans to educate a network of partners who could play a part in the mission were developed. Motivation and mission: The primary motivational factors were to provide enhanced skills for student inmates to improve their chances and opportunities and success rate for transition into the labor force; to help reduce recidivism, which in turn can save taxpayer dollars; and to provide entry-level, energy efficient, affordable housing for Nebraskans. Partnerships were developed. Prairie Gold Homes has developed partnerships with a number of agencies and organizations. I have included a listing in attachment A. Two of our key partners are the Nebraska Department of Corrections, including Cornhusker State Industries, and the Nebraska Investment Finance Authority or NIFA. While all the organizations listed are very important to Prairie Gold Homes, without the vision, foresight, and assistance of those two agencies in particular, Prairie Gold Homes would not exist. Prairie Gold Homes currently has a capacity to hold four ten-week classes annually. The current training program is a preapprentice construction training program which is sanctioned by the Home Builders Institute. Attachment A contains more details about the program and training. All student inmates who successfully complete the course are awarded an HBI certificate. The student inmates are also given OSHA, CPR training, and earn an OSHA certification card. A significant part of the training includes hands-on building of modular homes at the Cornhusker State Industries facility. In 2012, Prairie Gold Homes expanded our program to include construction of site-built homes in the immediate Lincoln area. Site-built homes offer expanded learning experiences for our students. Based on our experience, we believe that it is crucial and supportable to expand the program in the following areas: We'd like to increase the capacity to train more inmates under the program; offer additional vocational skills-based training; and expand the reentry component of the program. If anyone has any further questions, I would be glad to address them. [LB394]

SENATOR MELLO: Thank you so much, Renee, for your testimony. Are there any

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questions from the committee? Senator Nelson. [LB394]

SENATOR NELSON: Thank you. Thank you, Ms. Bauer. You didn't get into the impact here, but right at the beginning it talks about an individual who came to our program after being incarcerated for five years. Now are you going to be using student inmates or would you propose that are still in the correctional facility? [LB394]

RENEE BAUER: We use...we train inmates who have gotten to the community status of the correctional facilities. [LB394]

SENATOR NELSON: Okay. So they come out on work release for their training or how does that work? [LB394]

RENEE BAUER: They actually are not on work release yet when they do their training with us. Most of them are eligible for work release almost immediately upon completion of training. [LB394]

SENATOR NELSON: Well, does the training take place within the correctional facility then? [LB394]

RENEE BAUER: We have two...our major training site is on the grounds of Cornhusker State Industries. [LB394]

SENATOR NELSON: Okay. [LB394]

RENEE BAUER: But we have been doing site builds in Lincoln in the last 12 months. [LB394]

SENATOR NELSON: All right. Okay. Thank you. [LB394]

SENATOR MELLO: Seeing no further questions, thank you, Renee. [LB394]

RENEE BAUER: Thank you. [LB394]

SENATOR MELLO: Are there any further testifiers on behalf of LB394? Are there any further testifiers on behalf of LB394? [LB394]

WALT RADCLIFFE: Senator Mello, Chairman, members of the committee, my name is Walter Radcliffe, R-a-d-c-l-i-f-f-e, appearing before you today as a registered lobbyist on behalf of Nebraska Realtors and the Lincoln and Omaha Home Builders. When I mentioned to Senator Conrad I was going to testify, she said, remember how long yesterday was and suggested I do an interpretive dance instead (laughter). I think I'll pass on the dance, but if any of you have any questions as to why the Realtors, Home

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Builders would support this bill, I'll be happy to answer them. [LB394]

SENATOR MELLO: (Exhibits 34 and 35) Thank you, Walt. Are there any questions from the committee? Seeing none, thank you. Are there any further testifiers on behalf of LB394? Seeing none, the committee did receive letters of support from Andrew Hove, Jr., as well as from Dr. Bill Hunter from the New Visions Community, United Methodist Church. Are there any opponents of LB394? Seeing none, are there any neutral testimony? Seeing none, Senator Conrad, would you like to close? [LB394]

SENATOR CONRAD: Just briefly. I'd like to thank the committee for their consideration, and I know the executive director had a lot more information to share with you about the success of their program and program results and impact. So we'll have her go ahead and follow up with members individually off the record. So thank you very much for your consideration. And please do note there is no fiscal impact with this legislation. It expands the pool of what existing resources can be utilized for, and I think that this is a good fit. So thank you. [LB394]

SENATOR MELLO: Thank you, Senator Conrad. Is there any further questions from the committee? Seeing none, that will end today's hearing on LB394 and move us next into LB519. Welcome, Senator Krist. Good afternoon, Senator Krist. (See also Exhibit 40.) [LB394]

SENATOR KRIST: Good afternoon, Senator Mello and members of the Appropriations Committee. For the record, my name is Bob Krist, that's B-o-b K-r-i-s-t, and I represent the 10th Legislative District in northwest Omaha, along with north-central portion of Douglas County, which includes the city of Bennington. I appear before you today in introduction and support of LB519, a bill I introduced at the request of the Nebraska State Historical Society. As a military pilot, I know the value of maintenance of the equipment necessary to accomplish any mission. In my flying career, that has been aircraft. For the Nebraska State Historical Society, however, it is a building; in this case, the museum that it operates pursuant to state statutes. That Nebraska History Museum, just down the street from this Capitol, hosts thousands of students--elementary, secondary, and college students--and many more Nebraskans and visitors to our state each year. In addition, it stores the treasures of Nebraska's heritage for present and future generations to see. It seems only reasonable that such a state of Nebraska facility meet the basic life, safety, Americans with Disabilities Act, mechanical, electrical, elevator, and plumbing codes that pertain to all buildings, and especially those with a clear public purpose. This building in question was built in 1967 and converted by the state of Nebraska to a museum in 1981. Three engineering studies--'97, 2011, and 2012--have made it clear that the code issues are real and that the systems are at or close to the end of their expected life cycles. The building stands in need of renovation. Fortunately, the 309 Task Force on Building Renewal replaced the roof in 2010, has kept up with the accelerating number of system repairs and has allocated \$2 million,

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which will be aggregated to \$4.5 million of General Funds requested in LB519, to provide \$6.5 million for that renovation. Furthermore, while renovation is underway, it makes good sense...it makes good Nebraska sense and promotes financial efficiency to undertake a limited remodeling of the building to capture currently unusable first floor space, relocate the entrance, replace the open stairway, enable the Historical Society to operate with improved efficiency in staffing and operational cost and serve more people and serve them better. That is a cost of \$2.6 million. This project scored number 2 of 14 proposed projects for the 2013-15 biennium where General Funds were requested and number 5 of 34 projects using all sources of funds. LB198, submitted by the Speaker for the Governor, did not include this highly ranked and necessary project. Buildings need care. Ignoring the established issues always proves to be more costly with a delay. I urge my colleagues of this committee to give careful consideration to this request and find the cash to make it happen. Thank you so much. [LB519]

SENATOR MELLO: Thank you, Senator Krist. Are there any questions from the committee? Seeing none, thank you, Senator Krist, for bringing this bill. [LB519]

SENATOR KRIST: Thank you. [LB519]

SENATOR MELLO: We will now move to proponents on LB519. [LB519]

MICHAEL SMITH: (Exhibit 36) Mr. Chairman, members of the committee, thank you for your time this afternoon. Thank you to Senator Krist for presenting this bill this afternoon. I'm not going to repeat many of the things that he said in his comments. I will review, however, with you a couple of things. Let's talk about the funding first. The total cost of the work we propose for the Nebraska History Museum at 311 North Centennial Mall is \$9.1 million; \$2 million of that has been allocated by the Nebraska Task Force for Building Renewal, the 309 Task Force. The total project cost of \$9.1 million, 72 percent or \$6.5 million, would be used for building systems renovations. Twenty-eight percent or \$2.6 million would be used for a new stairway to connect the public floors of the three-floor building and the first floor changes to increase usable space and improve efficiency. So we've got renovation, \$4.5 million in General Fund plus \$2.0 million in 309 funds for \$6.5 (million), and then \$2.6 million for remodeling. Renovation--our two-page color handout summarizes the present situation. Code issues include: poor exiting and open stairwell to the upper floors, which are fire and life safety codes--weren't when the building was built, but they are today for sure; elevators and rest rooms that do not meet ADA standards; fresh air intake at the street level. Plumbing, electrical, and elevator systems are the things that I hear about almost every day from my staff. They're fairly on a regular basis. Used to hear about a problem; with the help of 309, with our own funds we would get it fixed. Now before the last one is fixed, they're back with a new issue. That brought it to my attention, certainly, in a very precise way. Engineers have concerns with not only the...let me just go back a little bit, please. Included in the items to replace are three air-handling units, electrical power panels and distribution system,

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the fire alarm system, plumbing supply and waste systems for all rest rooms, and lighting system fixtures and controls. The engineers also have concerns with the external precast post and beam structural system that supports the building. Failures in a drainage system that is internal to those precast members is admitting water into them and into the walls and may be causing and certainly I think will cause cracking in the support system itself. Intervention at this time has an estimated total project cost of \$119 per square foot, gross square foot. I think there is no question it will be more cost effective than waiting. Also in the area of cost effectiveness is preserving this building as a state historical museum. It is well located on Centennial Mall and convenient for schools, visitors who come to our Capitol. The Capitol, Historical Museum, and Morrill Hall are really the core visitation in Lincoln in many ways. We studied the cost of replacing the building. Architectural estimates to replace the building shell really were reported in the range of \$18 million to \$25 million. That number I must point out does not include land acquisition or the investment of several million in storage, work space equipment, and the permanent exhibitions, which we've made a tremendous investment in over the years. Funding for exhibitions is not part of our request. It's pretty standard gospel, if you will, that it's very difficult to get private parties to put up funds to repair a state building. But on the other hand, people are really receptive if you want to ask them and when you go to ask them to support the telling of the story of the state or of any locality. Remodeling--as we got into the project, I said if we're going to rerun lines, plumbing lines, electrical lines and those types of things, at least we ought to run them in a way that makes maximum use of our first floor. The building architecture loses about 2,800 square feet of space because the first floor walls are brought in. They're recessed. We can expand those walls, gain that 2,800 square feet, get rid of our stepped-down auditorium, which is an ADA issue in and of itself, relocate our store, our exhibit hall on the first floor, and better connect our education spaces on the first floor in such a way that we would have a much more usable building. In addition, the current entrance faces neither Centennial Mall, as I think many of you know, neither Centennial Mall nor P Street so it's sort of a dead-end entrance. We would put that new entrance right on Centennial Mall, which is undergoing a multimillion dollar renovation, which I'm delighted in, and then replace that stairwell, the open stairwell, with a closed stairwell that would connect people with all three floors. It makes sense, more costly of course, but it does make sense to do all of this at once to make best use of the dollars, whatever dollars can be made available. Why should all of this be done? Museum...I think really we've been collecting objects for the past 135 years. Some of those are real treasures, some of the kind of things we use to reflect our life and our culture on an everyday basis. Expertly crafted into the learning experiences unique to museums, exhibits primarily, education programs, these Nebraska objects reflect the people who have lived here from 12,000 years ago, whose names we do not know, to Teresa Scanlan, our own Miss America of 2011. The museum opens the stories of our place and its people to youngsters from ages 3 or 4, when they start coming there, to those people who have lived here 80 or 90 years or more. Furthermore, the museum provides an accessible, interesting, and engaging introduction to the story of Nebraska,

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presenting information on who and what we are today and opening visions into what we become tomorrow. There really is no place like Nebraska. I've been here seven years, and I can attest to that. And there really is truly no place like the Nebraska History Museum for learning about Nebraska. The building needs to be safe for visitors and staff, accessible to all, and efficient in every way that we can make it efficient. This project will accomplish that. We ask for your thoughtful consideration of this request and thank you for your time today. And one last point, our sesquicentennial, 150th anniversary of the state, comes up in 2017. I am highly prejudiced, of course, but I can't think of any better project than to have a good, well-designed, well-carried-out, and well-planned and presented Nebraska History Museum for that sesquicentennial. Thank you. [LB519]

SENATOR MELLO: Thank you, Director Smith. Senator Larson. [LB519]

SENATOR LARSON: Thank you, Director. How many students a year do you have go through the Historical Society? [LB519]

MICHAEL SMITH: Right now we serve 13,000 to 14,000 students and, unfortunately, so many of those come in the spring, which is the traditional time for your school tours, that we can't accommodate all who would like to come. One of the reasons we have proposed not only renovation but remodeling is able to serve all that do want to use the museum. [LB519]

SENATOR LARSON: So how many more could you? [LB519]

MICHAEL SMITH: I would say we could...I don't have an exact number, I would say I would estimate somewhere in the range of 3,000 to 4,000 more. [LB519]

SENATOR LARSON: How many total people go through the museum? [LB519]

MICHAEL SMITH: About 26,000, 27,000 a year. [LB519]

SENATOR LARSON: And most of those 14,000 come in a three-month period. [LB519]

MICHAEL SMITH: The students really do come in, in the spring. [LB519]

SENATOR LARSON: Yeah, yeah, for the 14,000. [LB519]

MICHAEL SMITH: Yes. Our visitation... [LB519]

SENATOR LARSON: How many days are you open a year? [LB519]

MICHAEL SMITH: I'm sorry? [LB519]

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SENATOR LARSON: Are you open six days a week or seven days a week? [LB519]

MICHAEL SMITH: We're open seven days a week. [LB519]

SENATOR LARSON: Seven days a week, minus the holidays so... [LB519]

MICHAEL SMITH: Yeah, minus the holidays. [LB519]

SENATOR LARSON: ...14 days, 15 days a year that you're not so... [LB519]

MICHAEL SMITH: About that, yes. [LB519]

SENATOR LARSON: ...350 so. Okay. Thank you. [LB519]

SENATOR MELLO: Are there any further questions? Senator Nelson. [LB519]

SENATOR NELSON: Thank you, Senator Mello. Director Smith, in the middle of page 2 you talk about plumbing, electrical, and elevator systems. Could you elaborate a little bit on your problems with the electric power panels and the distribution? [LB519]

MICHAEL SMITH: Yes, sir. The building was built as a lodge for the Elks Club of Lincoln and, thus, it was built largely as an eating facility, a restaurant facility. We use it for exhibits, which use an awful lot more lighting, a lot more electricity. And those panels were not sufficiently upgraded in 1981 when the building was converted from a restaurant-type of facility, if you will, to a museum or an exhibits-type of facility. So we've had panels burn out. We've had breakers burn out. We've had our electrical lines that lead into our track lighting system, which is primarily how we light our exhibits, those become overloaded. So we've actually had within the past year some red-hot copper metal fall on the carpet, burned a hole in the carpet, so something we're very concerned with on a daily basis. Is it too dangerous to be open? No, but we're close on the edge. [LB519]

SENATOR NELSON: You really need track lighting for exhibits. [LB519]

MICHAEL SMITH: Use track lighting for exhibits. Today we're going more and more to LED which carries less power, but nevertheless those power systems...last year we undertook the renovation of half of the third floor exhibit gallery for a couple of reasons. One, because we wanted to use it more effectively for changing exhibits; and secondly, to demonstrate to any number of entities what we could do with an exhibit gallery up there. So we put in a whole number of things. We insulated the outside walls so we could keep our humidity within the building rather than going into the brick walls, which in and of itself is damaging to those walls. We put in new electrical systems, new

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lowered ceiling, made repairs on all the ductwork, which was largely leaking because it's been there for a long time, and put in new ceiling and new carpet and a flexible wall system. So those kinds of things really spoke to the kinds of issues that we are having. The rest rooms are largely out of date. Plumbing systems leak. In our handout, we have pictures of a very unique collection that we received from the Charnley collection of firearms. Mr. Charnley, who I never knew, was an Omaha collector; and those items we had a federal grant, in fact, to improve the storage of those items in our storage areas in the basement. Unfortunately, a water line broke in the radiator system up above in the floor above, poured water into that area before we could get it stopped, and most of those weapons immediately rusted, not destroyed but rusted, and we've had those up to our Ford Conservation Center and they've been restoring those or conserving those over the past couple of years. So those are the kinds of it's broke now, we didn't see it coming kinds of things that we're dealing with. We recently had a problem with the major waste drain out of the building, and that had to be...we've had to clean that out and reconstruct that actually. [LB519]

SENATOR NELSON: You mention elevators here. You don't have to move the elevators, do you? [LB519]

MICHAEL SMITH: Don't have to move the elevators. The elevator chase, the two passenger elevators in the building, each chase is larger than the current elevators and would allow us to replace the elevator cars with elevators that would actually accommodate a 20-person school group. One of the things we deal with in the museum in getting people around is so much of our visitation comes in groups, not only schools but Scouts, tours, and many others. And particularly the youngsters, teachers really want to keep those school groups together. I mean it's a security issue. It's a safety issue. So when you can put 20 youngsters on a...a teacher, and a chaperone and a tour guide on the elevator and take them to the third floor, as we can't today, immediately you make things work much better for that tour group and for the safety of those youngsters. And I pointed out on several occasions that our rest rooms on the third floor are not functioning at the present time. Now I'm old enough that when I was a youngster and we went on a field trip if someone had to go to the rest room, the teacher would say, John, you and Jack needs to go to the rest room; you go down to the rest room. Teacher can't do that today, would never think of doing that today. They have to have that security there. So we're really at a situation where it just comes to basic common sense accommodating of how our groups come in and how they go through the museum. [LB519]

SENATOR NELSON: Could you do the renovation and save the remodeling until a later time or is it financially better to try to do them all at the same time? [LB519]

MICHAEL SMITH: Well, financially it's better to do it all together. Could we do the renovation and not remodel the first floor? Yes, to be perfectly honest about it. We could

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replace those systems and we could take care of the elevators, all that type of thing. We would not get as effective of a building in the end. It would take us longer, let me put it this way, it would take us longer to get as an effective building in the end. We would still deal with the issues that I responded to Senator Larson about, the fact that we can't accommodate all the students. So I'm giving you sort of a yes and no answer, but it's the correct answer. [LB519]

SENATOR NELSON: All right. Well, thank you for your information. Thank you. [LB519]

MICHAEL SMITH: Yeah, yeah. [LB519]

SENATOR MELLO: Is there any further questions from the committee? Now, Director Smith, you are going to provide kind of a PowerPoint presentation or slide presentation during your agency hearing a little bit further on this... [LB519]

MICHAEL SMITH: Would be happy to do that if the members are interested and there's time. [LB519]

SENATOR MELLO: ...capital construction issue. [LB519]

MICHAEL SMITH: Yeah, yeah. [LB519]

SENATOR MELLO: Just for purposes of time, we purposely did not do it during the bill hearing so we could do it later at the end of the day. [LB519]

MICHAEL SMITH: That would be just fine. Thank you, appreciate that. [LB519]

SENATOR MELLO: All right. Seeing none, thank you, Director Smith. Are there any further testifiers in support of LB519? [LB519]

J.P. CARUSO: Thank you. My name is J.P. Caruso, it's J.P. C-a-r-u-s-o. I've been a history and government teacher for the past 15 years, previously with Omaha Public Schools. I taught at Omaha South and most recently with Lincoln Public Schools; I taught at Lincoln High. I come to testify today in support of this measure because of the impact that the museum has provided me as a classroom teacher and the incredible experiences it has given my students. And being at Lincoln High, I'm one of the luckier teachers where we can physically walk to the museum. Visits to a museum engage kids in a kind of learning that you can't often do in a classroom. The museum provides those of us who teach history with a laboratory. When students are able to interact with objects, to actually see things that previously they've only been able to see in a book or in a movie or on TV, some real things happen. Through experiential learning, museums such as ours help teachers like me create the kinds of learning opportunities that are not easily forgotten by either myself or my students. For example, I once took a class to

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the museum and one of the exhibits on the museum dealt with the Ku Klux Klan in Nebraska. And there were several artifacts on display, and one of them dealt with a poster. And the poster was inviting Lincolmites to a huge gathering, a picnic at the State Fairgrounds, celebrating, you know, all of the great things then that the Klan was doing. The exhibit captivated my students and, you know, they couldn't believe that it was actually happening, and not just happening period, but happening not that many blocks away from where they were physically at. And, you know, they had talked about the Klan as being...this was a figment of, this was something of the South. This was something that was a product of the South. And as I was going on to explain, during the 1920s the Klan was very much becoming revitalized, and it had a significant presence in the Midwest, particularly that of Nebraska. And students were asking me questions and they're saying, 25,000 people at the Fairgrounds, just right down the street? And I'm, yeah, yeah. And, you know, a couple of other students talked about how they have been to the Fair and one kid said, I've been to the State Fair. The people at the State Fair were...they're like me. And I looked at the student and I said, yeah, that's the point. That's why we bring this thing up. This is what the museum can give a classroom teacher: to see the fabric of a Ku Klux Klan robe found in a building in Havelock in northeast Lincoln; to see posters inviting people to attend the Klan rally at the State Fair or a local park here in Lincoln. This is the kind of experiential learning that a museum gives people like myself and my students. This kind of learning is difficult to do in a classroom, and it's the kind of learning that only a museum and its staff can provide. To renovate our museum is not just about making an investment in a building and its organization, but it's also about making an investment in people like myself and my students. And I would encourage you to appropriate the funds. Thank you. [LB519]

SENATOR MELLO: Thank you, Mr. Caruso. Are there any questions from the committee? Seeing none, thank you. [LB519]

J.P. CARUSO: Thanks. [LB519]

SENATOR MELLO: And thank you for your public service. Are there any further testifiers in support of LB519? Seeing none, are there any opponents of LB519? Seeing none, are there any testifiers in the neutral capacity? Seeing none, Senator Krist, would you like to close? [LB519]

SENATOR KRIST: Very briefly. Hard to follow that. That's what a museum is all about. I have a pretty sensitive nose flying an airplane. I can pretty well tell you what's burning. Is it acrid? Is it electrical? Is it fumes? Is it smoke from oil? I was in the museum and there was definitely an electrical fire or a smoldering. That worries me; it worries me incredibly. The old heads that are here did some great work last year reinvesting in Nebraska and building. And although UNMC and other projects are very, very important and needed to be supported, this is our heritage. This is our history. And I'll leave you with one thought: Those students that Mr. Caruso talked about, if they had a disability,

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they had a problem doing exactly what those students did. We need to make sure it's ADA compliant. I think we can find it. You all have a tough job, I know that. But this is an important project, and I thank you for listening. [LB519]

SENATOR MELLO: Thank you, Senator Krist. Are there any further questions from the committee? Seeing none, thank you, Bob. [LB519]

SENATOR KRIST: Thanks. [LB519]

SENATOR MELLO: That ends today's hearing on LB519 and takes us to our last bill hearing of the day, LB582, with Senator Tom Carlson. [LB519]

SENATOR CARLSON: Good afternoon, Senator Mello, members of the Appropriations Committee. I am Tom Carlson, T-o-m C-a-r-l-s-o-n, Senator from District 38, here to introduce LB582. LB582 would appropriate \$250,000 to the Nebraska Tourism Commission to provide funding for activities related to the hosting of the U.S. Senior Open golf tournament July 8-14 at the Omaha Country Club. The money will be used to promote Nebraska. It's expected that the tournament will be at least a \$30 million or more economic benefit. To me, that means people will spend \$30 million or more while in Omaha that week. The sales tax on \$30 million is \$1.65 million and that's pretty significant. I think that amount is conservative, considering that they expect 150,000 spectators, 3,000 volunteers, and 500 media, almost all who will spend money on lodging, meals, beverages, rental vehicles, sightseeing, souvenirs, shopping, and other incidentals. In addition to that, there will be a winner's purse of \$3 million. And I think the average state income tax paid on the winner's purse will replace this amount of money that we're talking about. I think it's a good investment. That activity goes the entire week, Monday to Sunday, that's seven full days. There will be a lot of people that come here and will be here the entire week. And as I look around, I don't know how many on this committee would know golfers' names if I would talk about them, but the people that will be here, the players that will be here for that tournament, many of them in the Hall of Fame, it's the Who's Who of past years in golf. And it's just a great event. So I think it's a good, appropriate investment for Nebraska's tourism budget, and I urge you to include this appropriation in the budget and would be happy to try to answer any questions you might have. [LB582]

SENATOR MELLO: Thank you, Senator Carlson. Are there any questions from the committee? Senator Harms. [LB582]

SENATOR HARMS: Senator Carlson, thank you very much for coming. How did you determine the \$250,000. I mean what is it...how did you come up with I guess the amount? [LB582]

SENATOR CARLSON: Well, I didn't plan \$250,000... [LB582]

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SENATOR HARMS: Okay. [LB582]

SENATOR CARLSON: ...and I'm interested in the testifiers that follow me to spell out a little better how this money would be spent in a promotion of Nebraska. But I certainly know that an event like this that brings this many people to the state, if we can give them a good reason to come back again, they will spend more money. [LB582]

SENATOR HARMS: I don't think that's any of my question. I support the project. I was just curious about the \$250,000... [LB582]

SENATOR CARLSON: Okay. [LB582]

SENATOR HARMS: ...because it seems to be a little more reasonable than some of the other ones we've done. That's what brought my attention to the \$250,000. [LB582]

SENATOR CARLSON: Okay. I don't know. [LB582]

SENATOR HARMS: All right. Thank you. [LB582]

SENATOR CARLSON: I would...hopefully that will come up, someone right behind me. [LB582]

SENATOR HARMS: That's okay. [LB582]

SENATOR MELLO: Are there any further questions from the committee? Seeing none, thank you, Senator Carlson. We'll now take proponents on LB582. [LB582]

WALT RADCLIFFE: Senator Mello, members of the committee, my name is Walter Radcliffe. I'm appearing before you as a registered lobbyist on behalf of the U.S. Senior Open Committee, pro bono, that's Latin for stupid (laughter), and it hasn't helped my golf any either and it's drug on for four years. I want to just talk about...some people who are going to follow me are going to speak to some factual items, not that mine aren't factual, but these are some things that they, although they're familiar with them, it's probably more appropriate for me to address. In 2009, LB636 was introduced and we asked for a half a million dollars there, Senator Harms. And there was appropriated, I want to say it was either \$250,000 or \$300,000 and the understanding we had at that time with Senator Heidemann was we'd see...we'd use that money foundationally and then we'd come back and look and see if we needed any more. Quite honestly, the Governor called a special session to cut the budget. We sent this committee a letter and agreed with not funding that amount and with the idea that we would come back, which we're back. Why didn't we come back sooner? There were two other projects that intervened that we, frankly, didn't want to compete with fundingwise. One was Special

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Olympics here in Lincoln. I think you appropriated about a million dollars for that if my memory serves me correctly. And the other were the swim trials in Omaha, and I honestly don't remember if that...somewhere between \$250,000 and a half a million dollars. One reason our request is less this year is because the time...we have less time to spend it on some things. And Patrick Duffy, who is going to follow me, will respond to that, Senator Harms, as far as where this money would go. The last thing that I wanted to mention though is that if the committee would consider appropriating this money, I would urge you to consider placing it in a deficit bill, inasmuch as we could then get the dollars sooner. With the tournament starting July 8 and with the fiscal year starting, you know, July 1, we're just going to have an issue in that regard. I mean they could incur some debt, pay it back, but quite honestly we're going to have to get in a contract, in an agreement with the Tourism Commission, and there's going to be a number of logistical things that would have to be done. So I would leave you with that thought of a deficit appropriation. The people who follow me will be able to speak specifically. Although after living with this for about four years, I probably could too. But I think you'll find their testimony more illuminating. If you have any questions, I'd be happy to answer them. [LB582]

SENATOR MELLO: Thank you, Walt. Are there any questions from the committee? Seeing none, thank you. [LB582]

WALT RADCLIFFE: Okay, thank you. [LB582]

SENATOR MELLO: Next proponent on LB582. [LB582]

PATRICK DUFFY: Thank you, Mr. Chairman and members of the committee. My name is Patrick Duffy, P-a-t-r-i-c-k D-u-f-f-y. I'm a Nebraska resident and am chairman of the 2013 United States Senior Open Championship. This is a volunteer role. And I'd like to thank Mr. Radcliffe for representing us on a pro bono basis as well. The 2013 U.S. Senior Open really is a tremendous, one-time opportunity for the state of Nebraska. It's an event of international significance. And to make this event a greater success, we are asking for a grant from the state of Nebraska of \$250,000 to fund promotional expenses and visitor experience expenses. The U.S. Senior Open will be broadcast to more than 50 countries, including 15 hours of live television coverage on ESPN and on NBC. As Senator Carlson mentioned, past champions of the event include some of the greats: Jack Nicklaus, Arnold Palmer, Gary Player. It's a real big deal. We project an economic impact of \$30 million to \$50 million to the Nebraska economy, and it's really comprised of a variety of things: state and local taxes in excess of \$1 million; more than 7,000 hotel room nights; more than 7,500 off-site meals; more than double that on-site meals; direct championship expenses exceed \$8 million. The majority of those expenditures will be with Nebraska vendors, including a media spend of more than \$1.4 million and then \$4 million in construction and implementation expenses. These are professional athletes, so the prize money will be subject to Nebraska state income tax. We anticipate large

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crowds of more than 150,000 spectators during this week. We have nearly 3,000 volunteers, and these folks will gather from almost all 50 states and around the globe. Media coverage will also have 500 worldwide media members in Nebraska covering this event. It's fairly typical for state and local government to support USGA championships in their region. Government support for the U.S. Senior Open in neighboring states is well in excess of our request. In 2006 Kansas provided \$750,000 of support to the Senior Open held in Hutchinson; and in 2008 the state of Colorado provided approximately \$600,000 of support for an event in Colorado Springs. Our total championship budget of more than \$8 million will largely be funded with ticket sales, corporate hospitality sales, merchandise, concessions, and other sources of revenue. The Douglas County and the city of Omaha have provided approximately \$200,000 of hard dollars and more than another \$100,000 of soft dollars. So this is a communitywide effort and I think we're going to have a communitywide impact with this event. We have coordinated with the Nebraska Department of Economic Development and the Nebraska Tourism Commission on outlining some different ways that we could spend this money to really maximize the impact. There's a variety of comarketing opportunities, and then there's a number of direct promotion opportunities for the Tourism Department. Thank you. That is my written notes. I'd love to take any questions. [LB582]

SENATOR MELLO: Thank you, Patrick. Are there any questions from the committee? Senator Nelson. [LB582]

SENATOR NELSON: Thank you, Mr. Duffy. You threw out a lot of figures there, and I think I missed. How many visitors will be coming from out of state? Do you have a figure on that? [LB582]

PATRICK DUFFY: Well, we know exactly what the...or we have an idea what the attendance will be based on past events. We anticipate roughly half of those visitors from outside of Nebraska. We have sold tickets that support our attendance projections, and we have ticket purchasers from 292 cities. So people will be coming around from around the state and around the region and I think 36 different states. [LB582]

SENATOR NELSON: How many hotel nights all together, you remember? [LB582]

PATRICK DUFFY: More than 7,500. [LB582]

SENATOR NELSON: Okay. So part of those will be from Nebraska and the area but a lot of them will be coming from other places yet so. [LB582]

PATRICK DUFFY: Yes. The vast majority of the hotel nights will be from outside the state. [LB582]

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SENATOR NELSON: Yeah. And what do you mean by visitors' experience, I mean using part of the money for visitors' experience? [LB582]

PATRICK DUFFY: Yeah. So there's a variety of things that need to be provided to the visitors, to the spectators that arrive to attend and witness the event, from grandstands and rest rooms and entrance facilities and other amenities such as that. [LB582]

SENATOR NELSON: All right. Okay. Thank you. I think it's a great opportunity. [LB582]

PATRICK DUFFY: Yeah. [LB582]

SENATOR NELSON: I don't know whether you ever listen to Saturday morning at 8:00 on Omaha, I mean the...I can't think of the name now after I listen to it all this time, but "Progress Omaha" or whatever, but they talk about the development and the importance of bringing in visitors from out of state because invariably, when they go home, they talk about Omaha. It puts Omaha and Nebraska on the map, and it can bring more people back here for other purposes. So thank you for your testimony. [LB582]

PATRICK DUFFY: Thank you. [LB582]

SENATOR MELLO: Senator Harms. [LB582]

SENATOR NELSON: It's "Grow Omaha." [LB582]

PATRICK DUFFY: "Grow Omaha." [LB582]

SENATOR HARMS: "Grow Omaha," okay. I'm for that. And thank you very much for coming and testifying. What is your total budget for marketing for this particular project? [LB582]

PATRICK DUFFY: The media spend is \$1.4 million and the total marketing budget would be more than \$1.5 million. [LB582]

SENATOR HARMS: Okay, thank you. [LB582]

SENATOR MELLO: Senator Bolz. [LB582]

SENATOR BOLZ: Could you just clarify for me will this event take place in Omaha regardless of the appropriation or is this a part of the package that needs to be presented to the Senior Open in order to draw them here? [LB582]

PATRICK DUFFY: Yes. It will take place in Omaha regardless of the promotion and this

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promotional dollars would go to make it better. [LB582]

SENATOR BOLZ: Thank you. [LB582]

PATRICK DUFFY: Thank you. [LB582]

SENATOR MELLO: Are there any further questions? Seeing none, thanks, Patrick. [LB582]

PATRICK DUFFY: Thank you. [LB582]

SENATOR MELLO: Next testifier in support of LB582. [LB582]

JOSEPH YOUNG: Good afternoon, Chairman Mello and members of the committee. For the record, my name is Joseph Young, last name spelled Y-o-u-n-g, and I'm the director of public policy for the Greater Omaha Chamber. And I'm here testifying on behalf of the chamber as well as the Nebraska Chamber of Commerce and Industry in support of LB582. Patrick really kind of laid out the reasons why we would be supportive of this, of course. I'll just touch on a couple of things quickly. The three chambers, Lincoln, Omaha, and Nebraska Chambers, kind of put their collective resources together to kick into this, so to speak, so we all have real skin in the game, both hard and soft dollars. And many, many members of all of ours have contributed a lot of money to help pull off this event in Omaha: ConAgra, First National Bank, Gavilon, HDR, and a lot of others. So this is kind of a great example of public-private partnerships for an event that will benefit obviously Omaha, the surrounding communities, and the state of Nebraska. The other thing I'll say is a \$250,000 appropriation would really pack a significant punch as far as maximizing the tax dollars of tourists. I don't have any empirical evidence to support what I'm about to say, but I imagine that many of the folks that come to something like the U.S. Senior Open are folks that don't have to rush back to work after Sunday's...after the last round on Sunday. They're folks that can get out, see Nebraska, take in the sights and sounds and experiences that we have to offer here. So from our perspective, too, it would be great to get as many people out as far west as possible during this thing so. I'd be happy to take any questions. [LB582]

SENATOR MELLO: Thank you, Joseph. Are there any questions from the committee? Seeing none, thank you. [LB582]

JOSEPH YOUNG: Thank you very much. [LB582]

SENATOR MELLO: Next proponents for LB582. [LB582]

DAVID HONNENS: (Exhibit 37) Good afternoon. My name is David Honnens, D-a-v-i-d

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H-o-n-n-e-n-s, resident of Lincoln, Nebraska. Chairman Mello and members of the Appropriations Committee, I appear before you today on behalf of the Nebraska Golf Alliance. I appreciate the opportunity to be here and encourage you to help fund the request made by LB582 to provide \$250,000 for the promotion and visitor activities associated with the U.S. Senior Open to be held this summer at Omaha Country Club. Testifiers before me have already outlined the significant financial benefit that this investment will provide, and you don't need me to repeat any of those. I would like to take a moment to focus on two items that our organization believes will pay extraordinary benefits for the golf industry in Nebraska. First, admission of kids 17 and under are free. This effort we believe will spread the interest in golf among a whole new generation. While we have seen an increase in the number of youth interested in the game, there is always room for more. Our professionals believe that this would make, excuse me, that this would see a boom in local interest in the game, similar to what gymnastic and other organizations see following events such as like the Olympics. Second, the media coverage, we view the media coverage of Nebraska that will occur in conjunction with this event to have the potential to be one of the biggest booms to the Nebraska golf industry. We all recall the podium conversation between Speaker Boehner and Vice President Biden regarding the Sandhills. Members of our organization saw increased play from out of state and increased interest in Nebraska's beautiful golf destinations from this conversation. I think we can all agree that with 500 worldwide media, the event being broadcast over 50 countries for four days is a tremendous opportunity for golf in Nebraska. Nebraska Golf Alliance urges you to fully fund the request of \$250,000 for the promotion of the U.S. Senior Open. I appreciate your attention, Chairman Mello and members. I will try at this time to answer any questions you may have. [LB582]

SENATOR MELLO: Thank you, David. Are there any questions from the committee? Seeing none, thank you, David. [LB582]

DAVID HONNENS: Thank you, Senator. [LB582]

SENATOR MELLO: (Exhibit 38) Are there any further testifiers on behalf, in support of LB582? Seeing none, the committee did receive a letter of support for LB582 from Mayor Jim Suttle from the city of Omaha. Are there any opponents to LB582? Seeing none, are there any testifiers in the neutral capacity? [LB582]

KATHY McKILLIP: (Exhibit 39) Good afternoon. Can you hear me there, Chairman? Okay. Good afternoon, Chairman Mello and members of the committee. I am Kathy McKillip, spelled M-c-K-i-l-l-i-p, and I'm the director of the Nebraska Tourism Commission. As you may be aware that the Nebraska Tourism Commission recently completed the development of a statewide strategic plan. This plan, under the direction of LB684, charged the commission with evaluating several elements within the tourism industry. Several components under the review were organizational structure, staffing,

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marketing, funding resources, and overall statewide assessment of assets and our tourism potential. As part of the strategic plan, discussion occurred relating to the bidding process and hosting of national events that directed expenditures from the tourism's marketing funds, such as for promotional purposes. Nebraska should be very proud to have hosted the U.S. Swim Trials, not only once but twice. Nebraska should be very proud to have also hosted the Special Olympics as well as the U.S. Figure Skating Championships and to be hosting the upcoming U.S. Senior Open. These are very impressive national events that draw international attention to Nebraska. It propels us into an arena where we could not afford to compete in with our current marketing budget. So I thank you and thank you for your support and enthusiasm, along with the belief that Nebraska is worthy of hosting such events. However, it is not the events that have caused great discussion and concern, but it's the process. The commission's budget allocates marketing dollars two years out. We craft a well-thought-out marketing strategy plan that targets the regions and the state. We secure advertising and promotional packages well in advance to enhance our strategies and goals. When funds are redirected with little to no notice, it is not only disruptive to the commission's marketing strategies but also our budget. Many times it takes away from the marketing efforts that have been in the planning process and are very well thought out. The commission's "Get Driving" golf campaign is the result of years of work and implemented marketing strategies that we put into place. We have spent thousands of dollars marketing and promoting this campaign and the golf opportunities across the state of Nebraska. And the U.S. Senior Open is no different for us. For the past 18 months, we have placed ads and advertorials in high-end publications such as Arnold Palmer's Kingdom Magazine, Fairways&Greens, and the Ryder Cup promoting the upcoming U.S. Senior Open specifically. We believe in the value of this event and took it upon ourselves to promote it where our marketing dollars best fit and what would benefit the state as a whole. We need a plan. Coming to the dance this late is tough for us. Where do we fit? How do we fit? And how do we know that our marketing dollars will be in alignment and complement our goals and strategies? We need to be involved in the planning process. We need to have a planning process. As a commission, we constantly survey and evaluate the emerging trends and traveler interests throughout several different categories. Golf is one of them. Through our research and surveys, we have discovered that Nebraska is prime for targeting visitors in this specific market. We need a planning process to be in place and supported with established criteria so that our marketing dollars have a much, much stronger impact for not only the region but the state of Nebraska. At this time, the Nebraska Tourism Commission has taken a neutral position on LB582, and we would like to thank Senator Carlson for bringing the value and importance of tourism before the body today and believe that the future of tourism plays an important role when it comes to generating revenue for the state of Nebraska. I would attempt to address any questions that the committee may have. [LB582]

SENATOR MELLO: Thank you, Kathy, for your testimony. [LB582]

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KATHY McKILLIP: Thank you. [LB582]

SENATOR MELLO: Are there any questions from the committee? Seeing none, thank you. [LB582]

KATHY McKILLIP: Thank you. [LB582]

SENATOR MELLO: Are there any other testifiers in the neutral capacity on LB582? Seeing none, Senator Carlson, would you like to close? [LB582]

SENATOR CARLSON: Thank you, Senator Mello and members of the committee, for listening to what was said concerning LB582. I would say this, that Walt Radcliffe may be pro bono on the work for this event, but it seems like when he and I get on the golf course it's not pro bono anymore. (Laughter) We have a little Christian incentive and he's not too willing to give it away. But I think it's pretty evident from the people you've listened to that this really is a big deal for the state of Nebraska and well worth the dollars that we can help out with it. And certainly as people come here and have a good experience, they're going to want to see more about Nebraska and come back. And I just think it's the right thing to do and thanks for your consideration. [LB582]

SENATOR MELLO: Thank you, Senator Carlson. Are there any further questions from the committee? Seeing none, that will end today's hearing on LB582 and end our bill hearings for the day. The committee will take a brief five-minute recess and return back at 4:25 to begin agency hearings on Agency 72, the Nebraska Department of Economic Development. [LB582]