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Urban Affairs Committee
January 29, 2013

[LB31 LB66 LB88 LB295]

The Committee on Urban Affairs met at 1:30 p.m. on Tuesday, January 29, 2013, in Room 1510 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB88, LB31, LB66, and LB295. Senators present: Amanda McGill, Chairperson; John Murante, Vice Chairperson; Colby Coash; Russ Karpisek; Bob Krist; and Scott Lautenbaugh. Senators absent: Brad Ashford.

SENATOR MCGILL: "Alrighty," folks, we can go ahead and get started; we have a quorum now up here on the committee. Welcome to the Urban Affairs Committee today. We'll go ahead and ask you to silence your phones, please. And as you come up to testify, we have forms by the doors we need you to fill out and give to Katie up here, the committee clerk, for the record. As you come up, don't forget to say and spell your name and let us know who you are before you get started. Our members today, Senator Ashford, I know, is introducing a bill in another committee right now, as is Senator Krist. We have Senator John Murante here with us from Gretna, he is our Vice Chair. We have Laurie Holman who is our research analyst. I'm, of course, Amanda McGill from northeast Lincoln. Senator Karpisek is walking in the door right now, from Wilber. And Senator Colby Coash from Lincoln and Senator Scott Lautenbaugh from, I guess, the northern part of Omaha, or how do you want to be characterized?

SENATOR LAUTENBAUGH: Just...that's fine.

SENATOR MCGILL: From Omaha is okay.

SENATOR LAUTENBAUGH: Yeah. That works.

SENATOR MCGILL: Some Blair, some...

SENATOR LAUTENBAUGH: Not Blair anymore.

SENATOR MCGILL: Oh, that's right, you don't have Blair anymore. Okay, well, that's Scott Lautenbaugh. We'll go ahead and start the hearing with one of my bills.

SENATOR MURANTE: Senator McGill.

SENATOR MCGILL: All right. Members of the Urban Affairs Committee, I'm state Senator Amanda McGill, it's M-c-G-i-l-l, and I'm here to introduce LB88 at the request of the city of Lincoln in order to allow more uniform and consistent building permitting and inspections within Lancaster County. LB88 applies only to cities of the primary class and it's purpose is to provide for the inspection of houses in the three-mile zone outside of the city limits which are currently not required to be inspected. Under current law, every building in the city of Lincoln must meet certain inspections and requirements. Every

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residence in the county outside of that three miles, in that ETJ zone, must also meet those certain requirements. And most residences inside the three-mile zone meet the same requirements as those inside the city. However, there is an exception under law for residences on farmsteads where lots of 20 or more acres which produce at least \$1,000 in sales per year of ag products. This is an exception without a good policy rationale. Certainly people who live on these farmsteads deserve to live in homes that meet some basic minimum standards. As Lincoln grows, the farmsteads in that three-mile ETJ will gradually be absorbed into the city. People who buy these homes in the future will buy with the assumption that their new homes were inspected when they were built or remodeled. I'm introducing LB88 so those reasonable expectations will be met. It's my intent to offer an amendment to this bill. And if you read the current draft carefully, you will see that it subjects all buildings on farmsteads to inspection and the amendment will retain the definition of farmsteads in the section of the statute and would not subject all buildings to inspection. So we don't have any interest in inspecting the barns, the small work sheds, things like that. It's really just the homes we're looking at because of their future sale and so we'll be bringing that amendment before we Exec on it. [LB88]

SENATOR MURANTE: Thank you, Senator McGill. Are there any questions of Senator McGill? Senator Coash. [LB88]

SENATOR COASH: Thank you, Senator Murante. Senator McGill, is there a fee to these inspections? [LB88]

SENATOR MCGILL: You know what, I don't know the answer to that. I'm sure that the city will know that and they're coming up behind me. [LB88]

SENATOR COASH: Okay, I'll ask them. Thanks. [LB88]

SENATOR MURANTE: Senator Lautenbaugh. [LB88]

SENATOR LAUTENBAUGH: So the city requested this bill? [LB88]

SENATOR MCGILL: Yes. [LB88]

SENATOR LAUTENBAUGH: Okay, when did they bring it to you? [LB88]

SENATOR MCGILL: Um, a few...I guess a couple months ago, actually. [LB88]

SENATOR LAUTENBAUGH: To get ready for January? [LB88]

SENATOR MCGILL: Yeah. [LB88]

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SENATOR LAUTENBAUGH: So they know we're in session in January? [LB88]

SENATOR MCGILL: Yes. [LB88]

SENATOR LAUTENBAUGH: So is that how they schedule their road work or is it...?
(Laughter) They know we're here, okay. [LB88]

SENATOR MCGILL: You know what, I've had that same question because I'm equally
as frustrated by it. (Laughter) [LB88]

SENATOR LAUTENBAUGH: Seems like an annual exercise, we're talking sidewalks or
streets, but anyway. [LB88]

SENATOR MCGILL: Maybe they will be willing to comment on that as they follow me.
One thing I will bring up, I know Senator Krist and Senator Coash, who have been on
the committee for a while, often wonder what the case is, and other sizes of cities
besides of the primary class, in Omaha, this is basically...the language is slightly
different and, well, as Laurie and I have learned, the statutes dealing with all sizes of
cities are different and use different language, but this is essentially the same thing that
they do in the ETJ surrounding Omaha. [LB88]

SENATOR MURANTE: Anything else for Senator McGill? Thank you, Senator McGill.
We'll move to proponent testimony. Would anyone like to testify in favor of LB88?
[LB88]

FRED HOKE: (Exhibits 1, 2, 3, and 4) Senator McGill and members of the Urban Affairs
Committee, my name is Fred Hoke, H-o-k-e, I'm the director of the city of Lincoln,
Building and Safety Department and manager of the city's development services center.
You'll be receiving a letter from the board of commissioners in favor of this bill. You will
also receive a map of the city that shows the little three-mile doughnut around the city.
And you'll also be receiving some bullet points that are a bit different than what my
testimony will contain that will take you through what we're hoping we can convince you
to pass. I'm speaking in support of LB88 and I want to thank Senator McGill for
introducing this bill on behalf of the city of Lincoln. The map you are receiving, I guess
you're getting the letter now, the map you're receiving shows the doughnut. And also,
you'll get a list of permit requirements that will differentiate between the city, the
three-mile zone, farmsteads 20 acres and plus in the three-mile zone, and then the city
with acreages less than 20, I'm sorry, county with acreages less than 20, and the county
with over 20 acres. There comes the map now. Briefly these are the issues: current law
requires permits and inspections for a wide variety of building activity occurring within
the city of Lincoln's limits, from putting in a water heater to removing...or renovating your
basement. This is shown in the first column titled "City". Have you received that? Do
you have that handout? Here it comes. There it is. All right, now I think we're okay. The

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first column on your sheet shows the permits that are now required within the city and inspections that are required within the city in the three mile. Current law also requires permits and inspections for the same variety of building activity in the three-mile limit for properties less than 20 acres. This is shown in the second column titled "three-mile limit less than 20 acres." Current law requires similar permits and inspections in the county outside the three-mile zone. And this is shown in the fourth and fifth column titled "county less than 20 acres" and "county 20 acres or more." Residents within the three-mile zone on 20-plus acres with farm income of at least a thousand dollars per year are exempt from building permits and inspections except for electrical inspections and fixture replacements and remodel additions which are required by the state electrical inspector. And these inspections are performed by our inspectors, our electrical inspectors. As you see in the third column, in the three-mile limit with property of 20 acres or more, there are use requirements and miscellaneous permits for driveways, addresses, flood plain, septic, and well permits. LB88 would require owners of these 20-acre properties to follow the same permitting and inspections requires applicable to those within the city limits. The committee may consider an amendment, and Senator McGill indicated there would be an amendment, to narrow the city's regulatory authority for nonagricultural buildings for those 20-acre properties in the three-mile zone. In other words, what we're trying to do is permit and inspect residential structures. This amendment will continue the exemptions for buildings used for agriculture purposes. Lincoln's building and safety department estimates approximately six new residence per year that would come under this bill. Doesn't sound like a lot, but that six on average per year. And one of the things that we recognize, and you will too, is that eventually these properties will be annexed into the city over time. And what we're proposing is to provide public protection for individuals who, not only live in those structures now, but who may be selling those residences at some future time. We also want to prevent the number of abuses we see now where agricultural buildings are being used as residences and have not been constructed to meet residential code requirements with permits and inspections. I would encourage you to support LB88 with the proposed amendment that Senator McGill mentioned. And would be happy to answer any questions you may have. [LB88]

SENATOR MURANTE: Thank you, Mr. Hoke. Are there any questions? Senator Coash. [LB88]

SENATOR COASH: Thank you, Senator Murante. Fred, is there a fee to these inspections that are... [LB88]

FRED HOKE: A fee? [LB88]

SENATOR COASH: Yeah. [LB88]

FRED HOKE: Yes. Yes. [LB88]

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SENATOR COASH: What is that fee? [LB88]

FRED HOKE: The fee varies depending on what the inspection would be, whether it's a mechanical or whether it would be an electrical, a building permit by square footage of the home, remodels, they all have a certain inspection requirement for fees. We're an enterprise fund, so the building and safety department is not in a position to make a profit on any of the fees. We have to break even. [LB88]

SENATOR COASH: Right. This is helpful, what you gave us here, with the blanks, the columns here, so presumably the...should this bill pass, we'd see a lot more Xs in this, in this third column. [LB88]

FRED HOKE: Yes, sir. Correct. Now you see at the bottom, Senator, that already in the three-mile zone, there are permits for driveways, access permits, assigning an address and so forth. So they do conform to that, but it's not definitely...it definitely is not safety provisions. [LB88]

SENATOR COASH: Right. So if this bill were to become law, then the city of Lincoln would go to this three-mile buffer zone and start telling those homeowners--we now have to come in and do an inspection. [LB88]

FRED HOKE: Just on acreages that are 20 or more acres, only those. We now do inspections in the three-mile zone for anything less than 20 acres. [LB88]

SENATOR COASH: Right. So, but if this bill became law, any of those larger acreages that have not been inspected up to this point, the city will come knocking on their door and say... [LB88]

FRED HOKE: No. [LB88]

SENATOR COASH: No? [LB88]

FRED HOKE: No, all new structures. [LB88]

SENATOR COASH: Okay, okay, so this only is... [LB88]

FRED HOKE: Does not apply to... [LB88]

SENATOR COASH: ...for those structures that will be built in the future, not... [LB88]

FRED HOKE: Correct. [LB88]

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SENATOR COASH: It's not retroactive. [LB88]

FRED HOKE: That is correct. [LB88]

SENATOR COASH: Okay. Thank you. Do you know why these farmsteads were exempted initially? [LB88]

FRED HOKE: I do not. I absolutely do not. They've been exempted for years. [LB88]

SENATOR COASH: Why...Senator McGill in her opening said, you know, there's no policy reason that...but apparently somebody thought it was a good idea to exempt them. [LB88]

FRED HOKE: I'm not aware of it. [LB88]

SENATOR COASH: Just curious as to what it was, so we don't do something... [LB88]

FRED HOKE: I spoke before the board of commissioners last year and they were very much in favor of this because they felt it was particularly unfair since we're doing the inspections in the county, but the three-mile zone was exempt from that. And so they supported it, and you have a letter to that effect. [LB88]

SENATOR COASH: All right. All right. Thank you, Mr. Hoke. [LB88]

FRED HOKE: Um-hum. [LB88]

SENATOR MURANTE: Any additional questions? Senator Karpisek. [LB88]

SENATOR KARPISEK: Thank you, Senator Murante. Thank you, Mr. Hoke. [LB88]

FRED HOKE: Yes. [LB88]

SENATOR KARPISEK: Can you tell me a little more about...you said that you're not allowed to make any money on them, it is just a... [LB88]

FRED HOKE: We have an enterprise fund; we're not...we don't use General Fund dollars for building and safety. And so when we have permits and inspections, the fees that we collect from that are supposed to cover our costs. They don't, but they are supposed to. And that's why every few years, usually every three when we have a code change, we approach the city council in terms of increasing the fees based on what we need to break even. [LB88]

SENATOR KARPISEK: So there's not a big slush fund there to... [LB88]

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FRED HOKE: There is not. No, I wish there were. [LB88]

SENATOR KARPISEK: Of course. Thank you. Thank you, Senator Murante. [LB88]

SENATOR MURANTE: Thank you. Any more questions? All right, thank you, Mr. Hoke. [LB88]

FRED HOKE: Thank you. [LB88]

SENATOR MURANTE: Are there additional proponents who wish to speak? Seeing none, are there any opponents? Is anyone neutral on the bill? Senator McGill, would you like to close? [LB88]

SENATOR MCGILL: I'll just waive closing. [LB88]

SENATOR MURANTE: All right. (See also Exhibit 15.) [LB88]

SENATOR MCGILL: All right, that brings us to our second bill of the afternoon. Is Senator Hadley here? Well, we'll just have to give him a minute. I'm sure if they're watching on TV, they didn't know that would wrap up so quickly. Senator Hadley has been kind enough to join us, looking all ornery. [LB31]

SENATOR HADLEY: Well, my second favorite committee. (Laughter) Besides Revenue. [LB31]

SENATOR MCGILL: We beat out one of your committees you sit on. (Laughter) [LB31]

SENATOR HADLEY: What a bunch of smiley faces to have here. At least I'm not bringing you a plumbing bill this time. [LB31]

SENATOR MCGILL: Yes. Feel free to open at will. [LB31]

SENATOR HADLEY: Chairman, my name is Galen Hadley, that's G-a-l-e-n H-a-d-l-e-y, and I represent the 37th District, which is basically Kearney and about half of Buffalo County. Pleasure to be in front of Urban Affairs. Happy to be here. I'm carrying the bill, today I was asked to carry it for the Department of Motor Vehicles and there will be someone after me to explain it in a little more detail. But it basically has to do with handicap permits. These are basically issued in agreement...or with approval of a physician. And we have two kinds in Nebraska. We have a temporary and a permanent permit. And we're here to deal today with the temporary permits. Right now, the temporary permits can be...there are six of them; six, five, four, three, two, one month. Basically, the doctor has to make a decision as to how long he or she feels that you

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need a temporary permit. Part of the problem is, is that, as we all know, medicine is an art as much as it is a science, so it can be difficult to determine how long a person actually needs it. Most of the permits are for six months, but a number of them are for less. What this bill does, it cuts down from six to two the number of temporary permits. It goes from a six-month permit and a three-month permit. Now, you might ask, well, are there going to be people who game the system and such as that? Well, I remember years ago someone called, told me that...the 10 percent rule that every rule you come up with, 90 percent of the people are going to follow it and be good people; 10 percent are going to figure out some way to get around the rule. So we can either spend all our time trying to bring in the 10 percent or try to help the 90 percent to do it. And I think that's exactly what this bill is. This keeps people who do get a temporary permit who do not get back to a functioning position and have to go back and renew their permit again. This can save them a little paperwork by either having either the six month or the three month. This will also tie in with the DMV's on-line process. And I know, I went and looked at their Web site, the ability to do these types of things now on-line is helping it out. So I would hope you would give favorable consideration. It makes government more efficient, but I think it also makes it easier for the citizens of Nebraska who truly do need a handicap permit. Be happy to answer any questions. [LB31]

SENATOR MCGILL: Thank you, Senator. Any questions? I don't see any. Thank you very much. Are you going to stick around? [LB31]

SENATOR HADLEY: Yes, I'm going to stick around. [LB31]

SENATOR MCGILL: All right. First proponent. Thanks... [LB31]

BEVERLY NETH: Chairperson McGill, members of the committee... [LB31]

SENATOR MCGILL: Thanks for visiting us before you're all done there in a couple days, right? [LB31]

BEVERLY NETH: Well, this is my last bill as DMV director. [LB31]

SENATOR MCGILL: Oh my goodness, what a pleasure. [LB31]

BEVERLY NETH: It's a little odd for me to be in front of Urban Affairs for my last bill. [LB31]

SENATOR MCGILL: Yeah. [LB31]

BEVERLY NETH: (Exhibit 5) But such is the case. Chairperson McGill, members of the committee, I'm Beverly Neth, B-e-v-e-r-l-y N-e-t-h, director of the Department of Motor Vehicles appearing today to offer testimony in support of LB31. I want to thank Senator

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Hadley for introducing this on behalf of the department. The DMV, as Senator Hadley, I think, very succinctly wrapped up the issue with respect to the six opportunities that exist right now in temporary permits; I'm going to stray from my testimony a little bit, you can read it; and in the fact that there are six versions of a temporary permit. What happens from time to time, as Senator Hadley alluded to, is that a physician may issue, let's say, a one-month permit for someone with a broken leg or whatever the disabling injury might be. And then that person goes back and that injury is not healed within the month and so the doctor decides to issue another one-month permit. Under our current statute, you can only renew a temporary one time. So if that injury goes beyond that second one-month permit, we are faced with issuing a six-year permanent handicap parking permit. And that happens, and it happens quite regularly. This is one of the issues we want to get to in addressing this. We think there is more opportunity for abuse of the six-year permit. People don't turn those back in, not to say they're abusing them, they probably...most of the people probably aren't using them, but there is that opportunity. So with the two-tier temporary, we think offering a three month, and then if the doctor wants to do another three months, that's great, or they can move into the six month. That at least limits those temporaries to a maximum of nine months, but opens it up for the patient as well. So that is really the impetus behind this, as well as, when we're reissuing temporaries and then issuing, possibly, a third permit, there is cost associated with that. There is staff time and there's cost of the product that we're giving. There is no fee in this program whatsoever. And so we think we can eliminate some costs in the program and maybe create some effectiveness and efficiencies in the program as well, with the three-month permit. All other things remain the same in the terms of how the temporaries are applied and...or, excuse me, are applied for in that an individual still has to get a doctor's statement. And in our on-line program right now, that is just coming to us electronically from the medical professional. So, you may recall a couple of years ago, I think it was last year actually, we changed the statute, completely revamped the process associated with how people apply for temporary permits, eliminating the multiple steps so a person goes straight to a physician now, the physician uses our on-line service, and I'm happy to say we've had that up for about three months and we have an over a 30 percent adoption rate at this time. We're putting in a new mailing to physicians to encourage...and medical professionals to encourage them to use that system. It's a tremendous cost-savings for the patient, for the physicians, and for us, so I think this is a great bill and I hope you'll send it out of committee. [LB31]

SENATOR MCGILL: Thanks, that is really great news. And thank you for the good work you've done while you've been there. [LB31]

BEVERLY NETH: Thank you. [LB31]

SENATOR MCGILL: Other...any questions? Senator Coash. [LB31]

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SENATOR COASH: Thank you, Senator McGill. Ms. Neth, I was...under this bill, if I was tracking your testimony, this would take it...you could do a three or a six and either one can be up for another three, so up to nine; three, six or nine months, or renewed up to nine. [LB31]

BEVERLY NETH: Um-hum. [LB31]

SENATOR COASH: And then after that the next step is six years? [LB31]

BEVERLY NETH: You go to a permanent. And in this instance, the physician could choose to either renew either one of those temporaries. Let's say that the doctor decided you had an injury that they believed was going to last at least six months. They can right off the bat give you a six-month temporary permit. If the injury appears that it's going to last beyond that, they could give you another six months. So it's a maximum of 12 months in that scenario, or nine with the three and the six. So they have a little flexibility in that arena. But under the statute...and this program is a federally-controlled program, really the authority comes from the federal programs. As we interpret the federal program, those permits are...those temporaries are only renewable one time. So you're right, if you renewed your temporary once, the next option for you is to go to a six-year permanent permit. [LB31]

SENATOR MCGILL: All right. [LB31]

SENATOR COASH: Okay. But the six...the six years is considered a permanent? [LB31]

BEVERLY NETH: That is as long as...yeah, that's the language that is used in the federal...we call it permanent... [LB31]

SENATOR COASH: So you call it permanent, but it's really six years. [LB31]

BEVERLY NETH: ...but every six years they're renewed and the individual has to go back to a physician and... [LB31]

SENATOR COASH: Okay. So even someone who uses a wheelchair and will always use a wheelchair has to go back every six years? [LB31]

BEVERLY NETH: Yes, yes, every six years. [LB31]

SENATOR COASH: Okay. Thank you. [LB31]

SENATOR MCGILL: Other questions? I don't see any. Thank you very much, Director. [LB31]

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BEVERLY NETH: Thank you. [LB31]

SENATOR MCGILL: Any other proponents? All right. Anyone opposed? Neutral? Senator Hadley waives closing. Thank you very much. (Laughter) We love it. We support it. All right. We'll open on LB66 as soon as Senator Schilz gets here or Melissa; are you going to be opening? [LB31]

MELISSA HILTY: Yes. [LB66]

SENATOR MCGILL: Oh, wonderful. [LB66]

MELISSA HILTY: I thought he told you that. [LB66]

SENATOR MCGILL: Welcome. Oh, he probably...it probably just didn't get to me, I'm sorry. Well, we'd rather see your smiling face. [LB66]

MELISSA HILTY: (Exhibit 6) I have an amendment, did they... [LB66]

KATIE CHATTERS: They passed it out. [LB66]

MELISSA HILTY: Did they? All right. Okay. You're ahead of it. [LB66]

SENATOR MCGILL: Oh, do we have it? [LB66]

KATIE CHATTERS: Yeah, it was in the pile at the beginning, so (inaudible). [LB66]

SENATOR MCGILL: Oh, okay, all right. Thank you, Melissa. [LB66]

MELISSA HILTY: Good afternoon, Senator McGill and members of the Urban Affairs Committee. For the record my name is Melissa Hilty, M-e-l-i-s-s-a H-i-l-t-y. I am the legislative aide to Senator Ken Schilz of the 47th Legislative District. Senator Schilz apologizes for not being here due to his responsibilities with the Agriculture Committee so I'm here to introduce LB66 on his behalf. LB66 was brought to us by one of our city administrators who is here to testify, along with a couple prominent business owners from our district. Rebuilding our declining population base in rural Nebraska is one of Senator Schilz's highest priorities. In order to do that, we need greater diversification in our economies and the economic development tools that will enhance those opportunities to attract new businesses and industry and to also help our existing employers bring new jobs to Nebraska. One of the most effective economic development tools we have seen work successfully is tax increment financing through the Nebraska Community Development Law. TIF is used throughout the United States, and for our state to be competitive we simply need the ability to compete for major

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projects. One of our communities that has used this very effectively to help grow their economy is the city of Sidney. One of the projects that will benefit from this legislation is the Sioux Army Depot near Sidney. This previously owned federal government facility operated from 1942 to 1967. It has now almost entirely been transferred into private ownership, but many of the properties remain negatively impacted from that era. It has struggled its way along since 1967 to turn into a handful of success stories, but many other efforts have failed and numerous dwellings continue to erode away. Infrastructure has also eroded or been abandoned with the passing of time. Others have been turned into useful purposes as a private industrial tract by success stories such as Cabela's distribution center, Adams Industries, Commercial Resins, Progress Rail, and others. This, however, came at an enormous expense for rehabilitation purposes and remains a deterrent for other projects. Many environmental challenges still remain and were left behind by the federal government for the private sector to deal with. This area is very unique in that a short-line railroad connects both the Burlington Northern Sante Fe and Union Pacific railroads and both railroads, thus, serve the area. It took visionaries like Don Adams and Adams Industries to see its potential and rebuild its reputation for new development opportunities. Adams has built a national reputation of the trucking industry and now has added these facilities to its logistic uniqueness. In the time Senator Schliz has known the Adams company leaders, he has seen them deal with numerous industrial and commercial prospects, who love the area, love the logistic capabilities, love the service provided by Adams, but most have wound up locating in the neighboring states of Wyoming, Colorado, and South Dakota because of Nebraska's inability to allow for redevelopment projects in rural areas. Mr. Adams is here today and he will explain to you some of those frustrations. His environmental challenges remain huge and costly. LB66 would help level the playing field for economic development projects, assist with costly environmental cleanup efforts, continue to repair infrastructure, and build new roads. From there, Adams Industry will then have the opportunity to win most of those competitive battles from new industry and jobs. Rural Nebraska's economic development efforts could use a tool like LB66. I have provided you with an amendment that will replace the bill. We worked on the amendment with multiple parties that had a concern with the bill as it was originally drafted and we just worked to try to make sure that it didn't impact all the parties as little...I mean, it didn't impact them in a negative way. They are here to testify as well. So thank you for your time and consideration of LB66. As I have mentioned, there are others following me that will provide you with more information and can better answer any questions you may have. Thank you. [LB66]

SENATOR MCGILL: Thank you. And so the amendment basically limits it to apply to former military bases? [LB66]

MELISSA HILTY: Yes. [LB66]

SENATOR MCGILL: So that very specific type of land. [LB66]

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MELISSA HILTY: There are a lot of things that it brings together, so yes. [LB66]

SENATOR MCGILL: Yes, so chances are very few localities will be able to use it, but it would...and maybe that's the way people want it, so. [LB66]

MELISSA HILTY: Yes, we'll let them answer those questions. I'll defer. [LB66]

SENATOR MCGILL: Yes, it is a lot more streamlined than the original version. Thank you. Are there any other questions? No? Thank you very much. [LB66]

MELISSA HILTY: Thank you. [LB66]

SENATOR MCGILL: First proponent. Hi there. [LB66]

GARY KRUMLAND: (Exhibit 7) Senator McGill and members of the committee, my name is Gary Krumland, it's G-a-r-y K-r-u-m-l-a-n-d, representing the League of Nebraska Municipalities. I'm appearing in support of LB66, but I think the support, especially dependent on the amendment, because I think the amendment reflects more of what the original intent of the bill is designed to do. I appreciate Senator Schilz's office and Ms. Hilty for all the work they've done on trying to focus the issues; they've really done a lot of work on that. This has to do with annexation. And under the Nebraska law for a city to do annexation, city or village, it usually has to be land that is what the term is "adjacent and contiguous." So it has to be connected to the city. It's a very unusual circumstances to do anything beyond that. And cities across the state generally support that. They generally don't support areas where you do skip annexations. So for the cities across the state to support something, it has to be extraordinary. But this is targeting a specific incident where you have former military facilities, in effect, abandoned facilities there sitting out, generally away from the city, they're deteriorating, they have very little value, and they just need some help to redevelopment. It could be a very good asset. And so that is what this is targeting. It allows a city of the first class, those are cities with a population between 5,000 and 100,000 to annex them...skip annex, forget about the adjacent, contiguous requirement, to take a former military facility into the city. It allows the city then to provide services and allows them to use the Community Development Law and provide tax increment financing for these areas. There is some precedent for skip annexation for TIF, and that's what the handout is. In 1997, the Legislature adopted a law that allowed smaller communities, second-class cities and villages to do skip annexation for ag processing facilities. And this was an amendment that was added on Select File of a bill that was going through and, I think, in response to a specific situation. One question about this has always been, what is blighted and substandard because in order to do tax increment financing you have to find the area blighted and substandard. And if you're going outside of the city, are you actually going to redevelop an area that is blighted and

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substandard? That question does not apply to these former military facilities because you'll see with a later witness that there are...these are areas that are blighted and substandard. They have very little value; they need the redevelopment. But they can't be developed just like that, they need some help. This would allow a city to annex an area that was a former military facility to use tax increment financing to incent people to come and redevelop it, to provide infrastructure, and to provide services so that they can redevelop this. I mean, it can turn what right now is an area with very little value and almost a detriment and turn it into an asset. So for that reason we do support this. There are, as you mentioned, it won't apply to very many people, but there are a few cities that do have these facilities around them. And I don't know that they're interested, but like, for example, Grand Island, Hastings, Sidney, a few others that have a situation like this that at some point they may be interested in using. But I'd be happy to answer any questions. [LB66]

SENATOR MCGILL: I would be interested...and maybe somebody else will be better for this, but what the lay of the land is out there. I haven't been out to see this area, so what's in between the city and the base? [LB66]

GARY KRUMLAND: Well, following me is the... [LB66]

SENATOR MCGILL: Oh, we've got maps. Great. [LB66]

GARY KRUMLAND: Yes, the city administrator and he's got maps and pictures and everything, so. [LB66]

SENATOR MCGILL: Great. And my other question, just because I'm trying to peruse over the amendment real quick, just has to do with city services out to that area and what the... [LB66]

GARY KRUMLAND: Well, it does allow...if a city does annex, it does allow them to use the Community Development Law to provide tax increment financing to the area. But under the state law, and this applies to it, is if a city annexes an area, it's required to provide city services to that area. [LB66]

SENATOR MCGILL: Yeah. Okay. [LB66]

GARY KRUMLAND: And this is consistent, so. [LB66]

SENATOR MCGILL: But electrical is the... [LB66]

GARY KRUMLAND: Yeah, okay, now there is a provision, and this is a provision that was in the law too. [LB66]

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SENATOR MCGILL: Okay. [LB66]

GARY KRUMLAND: When a city annexes an area and it's provided...the electricity is provided by somebody other than the provider for the city, there is a whole process that says that you determine the value and you transfer over and it goes through all this. What this says, since this area is way outside the city, that issue doesn't apply until the city grows to the area. [LB66]

SENATOR MCGILL: Okay. [LB66]

GARY KRUMLAND: So the supplier who is supplying the electricity to that area would continue to supply. [LB66]

SENATOR MCGILL: Okay. All right, thank you. Are there other questions? Senator Lautenbaugh. [LB66]

SENATOR LAUTENBAUGH: Thank you. Do you know what the rationale is for making this to apply only to a certain size cities? [LB66]

GARY KRUMLAND: I think at the time is, these are the cities that are in the situation, one, that they're large enough that they can supply the services and there are certain cities this...they're former military bases on smaller cities, but these are the ones that probably have the best capability for doing it. And there was a desire to focus and to narrow this as much as possible so that we're targeting, you know, the specific problem, I think. [LB66]

SENATOR LAUTENBAUGH: Does it apply to metropolitan-class cities? [LB66]

GARY KRUMLAND: No, it would not...a metropolitan-class city would not be able to use this to skip annex for a military base. [LB66]

SENATOR LAUTENBAUGH: If we're limiting it now just to military bases, do you think there is still a compelling reason to limit the size of the city upward limit instead of downward limit? [LB66]

GARY KRUMLAND: Well, yeah, I...I mean, that was the way it was originally proposed and we're in support of that. I guess I hadn't thought about if... [LB66]

SENATOR LAUTENBAUGH: I mean, it seems like we're narrowing the scope quite a bit to military bases. [LB66]

GARY KRUMLAND: Yeah, if...yeah, you know, and there may be an argument, yeah, that it should be. Anybody...any city. [LB66]

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SENATOR LAUTENBAUGH: Maybe we don't need to focus so much on the city. [LB66]

GARY KRUMLAND: Any city, you know, with everything else that isn't in the amendment, narrowing it, maybe that is enough. [LB66]

SENATOR LAUTENBAUGH: I realize that you didn't bring the bill, I mean, I should be asking Senator Schilz this, but...and I will, but I was just wondering if there was something I was missing, so. [LB66]

GARY KRUMLAND: Yeah. [LB66]

SENATOR MCGILL: Maybe we can take a look at that and see if it would apply to any...Omaha or Lincoln in any ways that they would be interested in. All right, thank you. [LB66]

GARY KRUMLAND: Okay. Um-hum. [LB66]

SENATOR MCGILL: Next proponent. Welcome. [LB66]

SENATOR LAUTENBAUGH: You're never that excited when I have maps. (Laughter) [LB66]

SENATOR MCGILL: When was the last time you brought a map? (Laughter) [LB66]

SENATOR LAUTENBAUGH: Thursday. [LB66]

SENATOR KARPSEK: Government Committee. [LB66]

SENATOR MCGILL: Welcome. [LB66]

GARY PERSON: (Exhibit 8) Thank you, thank you. Greetings from the Wild West. My name is Gary Person, spelled like person, P-e-r-s-o-n. I'm the city manager and the economic development director for Sidney, Nebraska. Honorable Chairperson, Senator McGill, and Senators on Urban Affairs Committee, first and foremost, thank you for your great service to the state of Nebraska, working so diligently on issues to help build a better, stronger future for all Nebraskans. Also want to thank Senator Schilz and his staff for the great work that they did and help and prepare this bill. I'm a lifelong Nebraskan, almost all of it living in rural areas of the state. I've been the city manager for the city of Sidney for almost 14 years and the economic development director for our city and county for 25 years. I've also served on the Governor's staff and worked for the Nebraska Department of Economic Development. Thanks to the economic development tools the State Legislature has created for us in the past and through our own hard work

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we have enjoyed many successes in the economic development arena in Sidney and Cheyenne County. During my tenure, we have grown our city from \$130 million in valuation to \$410 million. We have grown our county from \$350 million to \$1.1 billion. We now have 8,000 jobs in the Sidney labor market in a community of only 6,700 people. Not many rural communities in America or Nebraska can say that they've had those kind of successes. We currently have had another \$110 million of new projects on line for 2013-2014. I only mention this to illustrate the experience factor that we have firsthand knowledge in regards to the economic development policies that work to grow our economy and those that don't. LB66 would take existing Nebraska law, expand it, and you would see many dividends as a result of it--new investments, new businesses and new jobs. I'm 100 percent confident that would happen under this bill. It would also bring new public services to underserved areas of rural Nebraska. Another component of the bill would also provide municipalities an opportunity to protect the investments made in other public services it provides outside of its current incorporated boundaries. Western Nebraska as a whole has been on a downward economic spiral and population depletion for 50 consecutive years. There is simply tougher challenges out west, located 350 to 400 miles away from state government and the population center of our state. We battle the attractiveness of the front range of Colorado and the low tax rates of Wyoming and South Dakota. We bleed and promote Husker Red and the Nebraska work ethic, but sometimes it's just not enough. Throughout my 30-plus years of working economic development projects in western Nebraska, I've never seen more opportunity to explode the additional growth than we have right in our own backyard. Besides being blessed with the Cabela's company that has forever stayed loyal to their roots, we have a former ammunition depot area that has the potential to be a world-class logistics center for business and industry. The federal government knew how strategic this location was when they chose Sidney back in 1942 for this huge munitions plant at the crossroads of two major railroads and four major highways. When the massive depot was abandoned in 1967, it has struggled to remain a viable part of our economy. This had far more failures than successes over the years and many of these properties continue to deteriorate. We must act now before it's too late. It's a perfect example of a substandard and blighted definition. I'm providing several photos in the handout to illustrate just that. The area, however, under current law has no ability to do redevelopment projects. In addition, we have an aerial photo showing you just one area identified as part of the old depot. All of the area is zoned heavy industrial. It is now mostly privately owned. There are numerous other examples of these types of properties across Nebraska. You'll hear later from entrepreneur Don Adams of Adams Industries who has helped provide a new hope, a new vision and strategy for future successes with the unique logistic feature that his company has. The only thing holding back is it is his ability and the property's ability to utilize tax increment financing to help with the costly rehabilitation efforts it must embark upon to remain competitive. The Army also left behind many expensive environmental challenges to overcome and redevelopment dollars could help us return this to a useful and productive purpose. Just one project alone cost Mr. Adams several thousand dollars in environmental mitigation

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just to prepare a site for a new development. This area also lost its aging water system a few years ago, and fortunately the city of Sidney was developing a new water well field nearby and was able to route the pipeline throughout the...through this area and now services the area with water along with several other city services. We provide, as a city, landfill, sanitation pickup, administrative oversight of their lagoon system, zoning administration, a volunteer fire department and economic development services. Without this unique partnership neither the community nor the industrial partners could be as successful. But we need to ratchet it up to the next level. Redevelopment incentives could help us do so much more. First-class cities are the most experienced at redevelopment projects and have the best ability to offer city services if needed. Nebraska wins if we do this. Help us help ourselves. We ask you for no money, just the tools to help us be successful. [LB66]

SENATOR MCGILL: Thank you very much, do we have questions from the committee? [LB66]

GARY PERSON: Would you like to see a map? [LB66]

SENATOR MCGILL: I would like to see how far this is from Sidney, to get a better lay of the land. [LB66]

GARY PERSON: May I approach? [LB66]

SENATOR MCGILL: Yeah. [LB66]

SENATOR KRIST: But not too close. [LB66]

SENATOR MCGILL: We've been joined by Senator Bob Krist. [LB66]

SENATOR KRIST: Hi. [LB66]

GARY PERSON: This is Cheyenne County. [LB66]

SENATOR MCGILL: Okay. [LB66]

GARY PERSON: Okay. And Sidney sits right below at the bottom there. And this depot area at one time took in an entire township, that's six square miles. And then it runs from directly north of Sidney all the way over to here. And then up here. So we have villages, we have little villages here, a couple up here, and one clear over on the other side. But for the most part, Sidney is the only major community in this entire county. [LB66]

SENATOR MCGILL: So we're talking about a land mass much bigger than the size of

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Sidney? [LB66]

GARY PERSON: Correct. [LB66]

SENATOR MCGILL: Okay. [LB66]

GARY PERSON: But there would only be, you know, specific areas that would probably...this would apply to. [LB66]

SENATOR MCGILL: Okay. [LB66]

GARY PERSON: But all of it is in, as you'll see in those photos, badly in need of rehabilitation. And it's very, very expensive. [LB66]

SENATOR MCGILL: These are old homes that people would live in while working on the base and other structures. [LB66]

GARY PERSON: There are several housing units that were part of the old barracks there, and one provision in this specific law, and I think it was a concern that the counties had, that residential quarters be excluded, would be ineligible. [LB66]

SENATOR MCGILL: Okay. [LB66]

GARY PERSON: But, certainly, I could argue the merits that, you know, this old housing barracks...one of two things are going to happen, either rehabilitation dollars through TIF or a bulldozer. [LB66]

SENATOR MCGILL: Yeah. [LB66]

GARY PERSON: Because they simply are not useful structures, the majority of them aren't. Some have been rehabilitated, very, very expensive. And for a developer it's very, very hard to get their money back out of it. [LB66]

SENATOR MCGILL: Yeah. [LB66]

GARY PERSON: And the uniqueness of Sidney is we have the Union Pacific Railroad and then the Burlington Northern. You have the east...north, south, east, west, and it's tied together by a short-line railroad that goes right through the heart of this former depot. So industries out there had the unique capability being on a short line that they could...they have both railroads, basically, compete for their business and they get priority status (inaudible). And Mr. Adams can better explain that than I because he does that every day. [LB66]

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SENATOR MCGILL: And can you go ahead and share with me what's going on in that property in between Sidney and where this base is? [LB66]

GARY PERSON: It's mostly agriculture in nature. [LB66]

SENATOR MCGILL: Okay. So the city isn't, obviously, interested in it. [LB66]

GARY PERSON: No. There are a lot of structures. And I know I could have brought 500 more photos. [LB66]

SENATOR MCGILL: Oh, that's all right. (Laughter) It's a lot of color copy. [LB66]

GARY PERSON: We do have a map of...the one map here is... [LB66]

SENATOR MCGILL: If you want to go ahead and get back behind there so the microphone can, maybe, better pickup up what you're saying. [LB66]

GARY PERSON: Okay. [LB66]

SENATOR MCGILL: Thank you. [LB66]

GARY PERSON: These are a little larger maps. This is just the area that we can immediately point to...I've got three of them here. [LB66]

SENATOR MCGILL: Oh, well. [LB66]

GARY PERSON: And this is...this was where the headquarters of the depot was. But there are buildings that...that string along for another six miles going up to Sidney. [LB66]

SENATOR MCGILL: Would you mind talking kind of into the microphone a little bit so that it's picked up on the record. [LB66]

GARY PERSON: Yes. When you look at the map, the larger structures here, those are 90,000 square-foot buildings. So that tells you the enormity of what we're talking about here. And then you can see the housing units that are off to the side here. And then this once was Nebraska's first vocational technical college, too, when the Army abandoned it. [LB66]

SENATOR MCGILL: Huh. [LB66]

GARY PERSON: But then it became so expensive for the technical college to operate that they abandoned that in 1994. So it's now...most of those buildings have been

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abandoned, they're deteriorating. And it's taken visionaries like Don Adams that have come along, rehabilitated some of these buildings, has attracted new business and industry, but has come at an enormous cost to him. This tool will really help us ratchet it up on that next level. [LB66]

SENATOR MCGILL: All right. Senator Krist, do you have a question? [LB66]

SENATOR KRIST: I apologize for coming in late, I was presenting in another committee, but what's the responsibility of the federal government and Corps of Engineers in...with regard to this former...it was an ammunition plant? [LB66]

GARY PERSON: Yes. [LB66]

SENATOR KRIST: And have they... [LB66]

GARY PERSON: It's been a frustrating exercise in dealing with them. And Mr. Adams can personally relate to some of those experiences. But they have at different areas defined for cleanup, but for instance, the area that needs to be rehabilitated they have scheduled for 2040. That is basically 100 years after these facilities were built. And it needs to happen much quicker than that. So it takes a private entrepreneur who has to hire environmental mitigators to come along that have the credentials to clean this expensive process and I'm sure he can speak to the actual dollars that he spent just on preparing one site. But they have a great deal of value from a business and industry standpoint because 90,000 square-foot buildings, built to the standards that the Army used just don't exist. They're cost prohibitive even to build in today's world. But with the right ownership, the right rehabilitation practices, they turn into a very, very useful purposes. And most of these now serve as warehouses. You don't create a whole lot of jobs other than logistics part of it, but some have been rehabilitated into, for instance, Cabela's distribution center. They've taken eight of these 90,000 square-foot buildings, built corridors connecting all of them and that's where they do all of their West Coast distribution out of there. You order something from a catalog in Cabela's, it's a good chance it comes out of this facility right there. [LB66]

SENATOR KRIST: Okay. Back to the original question, you said it is scheduled for 2040. [LB66]

GARY PERSON: Parts of it. They have some ongoing things going out there right now, but they have... [LB66]

SENATOR KRIST: This is the point, I'd like to see...I guess Adams already testify? [LB66]

GARY PERSON: No. [LB66]

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SENATOR MCGILL: No, he is yet to come. [LB66]

SENATOR KRIST: No, okay, then I'll save my question. Thank you. [LB66]

GARY PERSON: Okay. [LB66]

SENATOR MCGILL: Any other questions? [LB66]

GARY PERSON: Thank you. [LB66]

SENATOR MCGILL: Thank you. Next proponent. And, Senator Krist, in case you haven't seen, there was an amendment that was brought on this that limits it to bases, old military property. [LB66]

DON ADAMS: Senator McGill, members of the committee, my name is Don Adams, Don, D-o-n, Adams, A-d-a-m-s. I would like to thank you for taking the time to look at this bill. Obviously, our name has been brought up quite a bit. I'd like to just share with you a story. In 2001 when we purchased the facility, I took my wife out there and as a surprise had already purchased it. We drove around the site and I said, Bec, (phonetic) what do you think? She looked at me and she said, this is the biggest pile of (pause) I have ever seen. (Laughter) And my comment was, well, honey it's now yours. I looked over and she had a tear in her eye. So believe me, I am...we are the poster child for blighted development rehabilitation. We have seen what can happen on this. When we purchased the facility, the year that...the first year that we had it, we averaged 15 rail cars of throughput. This year we...in 2012 we did over 3,000. We've added 150 new employees out there. We've got 800...a thousand square foot of building. We have 650 acres of site, along with 27,000 linear foot of rail. And the point I'm trying to make here is when we purchased it, there really wasn't any activity. And I think the bill here, even though it brings up our name consistently, I think there's a bigger picture here that I'd like to paint if I could. Through this transition of the last 13 years, we have put over \$10 million in this property. Last year alone we spent \$400,000 in remediation just to get some areas cleaned up so that it could be used for industrial development. We've added Commercial Resins as a big manufacturer that we were lucky enough to bring in. The dual rail is really a key for the foundation of sites like this to move forward. We are going to continue as a company to try and develop this property. But over the last four or five years specifically, we have lost at least four manufacturers to either Wyoming or Colorado because we just didn't have the tax structure to support them coming in. Permian Tank, we just were notified about a month ago that they were going to move to Cheyenne because if we would have had the TIF funding they would have come into our area. But again, the picture I want to paint is that I've also had the ability to go to Hastings and to Grand Island and tour those facilities and we'd like to share our story with them, and have been with their economic development committees to say, if we

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can all work together collectively, we could bring these mid-size manufacturers back to our state instead of losing them to another. And what I would like to see happen is if we could move this forward, this gives us the ability, all of us, for the other communities that share the same opportunities that we have had to be able to bring companies in. And I think for the growth of our state and the things that we're trying to do, I think that is truly more important than the picture that was painted here today about Adams. We appreciate the opportunity to speak about this. And I just wanted, you know, to be able to get up here and tell our side of it as well. And I welcome any questions at this point. [LB66]

SENATOR MCGILL: Well, thank you for the good work you've done out there. Senator Krist. [LB66]

SENATOR KRIST: Have you been involved with the United States Army Corps of Engineers and reclamation and tried to pin them down on dates? [LB66]

DON ADAMS: Yes. [LB66]

SENATOR KRIST: And if you have, has what you've done so far qualified for some of the cleanup that they would have done? [LB66]

DON ADAMS: We were told...we met with them specifically on several occasions. And we had an opportunity to develop a piece of property that would bring in about 60 jobs. We were told by the Army Corps that we were slated for, as Gary mentioned, 2040 which doesn't really work for our time frame. At that point they said, if you need to have it done sooner, you are on your own. And we...that's...we actually spent \$400,000 last year in order to get the site ready. So... [LB66]

SENATOR KRIST: I would propose to you that that's not the right answer. And that there's people in the state who can help you in that regard with the United States Army Corps of Engineers, first of all. [LB66]

DON ADAMS: Um-hum. [LB66]

SENATOR KRIST: I'd also suggest that, although I'm not opposed, I've talked to Senator Schilz about the plan to what you have going forward here, but every dollar that you can get in the Reclamation Act or in any kind of military facility rehabilitation that is there is less money that you're going to have to spend. And there are potential credits based upon what you've already done in the moving forward, the public-private partnership aspects of the Reclamation Act would also...I promised the Chair that I will follow through on that as well. Don't give up on holding the course, feet to the fire. [LB66]

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DON ADAMS: We're certainly not. Like I said, we made the commitment from a business decision that we would move forward and hope that we can see benefits later. For us, the TIF funding is really not about the remediation, it's about the rehabilitation of the entire property for the infrastructures. The remediation is certainly a part of it. And the bigger picture, I think, you know, fortunately, we've had the city of Sidney put their water line through our facility and things like that, so we already have a lot of the services there. But just for the true infrastructure value to bring in new additional companies, that's where we lose that competitive advantage, I think, by not being able to provide that TIF to the additional companies coming in. [LB66]

SENATOR KRIST: And then just one other quick question, have you had the soil samples and the EPA certification for...beings it was what it was that you don't have problems out there that you're... [LB66]

DON ADAMS: Yes, we have. [LB66]

SENATOR KRIST: Okay, thank you. [LB66]

DON ADAMS: Um-hum. [LB66]

SENATOR MCGILL: Great. Any other questions? No? Thank you very much, Mr. Adams, for coming out... [LB66]

DON ADAMS: Thank you. [LB66]

SENATOR MCGILL: ...making the long trip out here. Any other proponents here today? One more? Anybody else (inaudible). All right. Hello and welcome. [LB66]

MARLAN FERGUSON: (Exhibit 9) Good afternoon. Thank you for the opportunity to be here. I'm Marlan Ferguson, M-a-r-l-a-n F-e-r-g-u-s-o-n. I'm the president of the Grand Island Area Economic Development Corporation. And since Mr. Person indicated that he was a city manager for 14 years in Sidney, I'll follow that with the fact that I was 9 years, almost 10 years, as city manager of Sidney prior to him. [LB66]

SENATOR MCGILL: Oh my goodness. [LB66]

MARLAN FERGUSON: So we go back a few years. It's ironic, I guess, that we're here today testifying on the same bill. Well, I am here today to testify in support of LB840 (sic) and the proposed amendment. In 1942, the U.S. government initiated construction of the Cornhusker Army Ammunition Plant called CAAP in Hall County, Nebraska, just west of Grand Island. During World War II, the facility was used for the production of artillery shells, mines, bombs, and rockets. CAAP was placed on standby status in September of 1945 and reactivated for the Korean War in February, 1950. In 1957,

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CAAP was once again placed on standby status and then reactivated in 1965 for the Vietnam War. The site was closed once again in 1973, and then finally declared excess property in 1989. CAAP contained nearly 12,000 acres, which is equivalent to almost 20 square miles. At one time, CAAP functioned as a self-contained community with 50 miles of electrical distribution lines, a water production and distribution system, 12 miles of sanitary sewer collection lines, as well as 220,000 gallons per day of wastewater treatment facility. There was also an extensive network of railroads and roadways. In 1993, the Hall County Board of Supervisors, with permission from the Army Corps of Engineers, established an 11-member Cornhusker Army Ammunition Plant Reuse Committee that was assigned the responsibility for redeveloping a reuse plan for the CAAP. In 1997, the county reuse committee selected approximately 30,000 acres (sic) to be used for industrial purposes. That particular property was dedicated at the time of manufacturing for the actual bomb manufacturing. I think, unlike the Sidney site, this site was actually the production of the bombs, as well as the storage of the bombs as well. So there was a lot of extensive environmental issues concerning that 3,000 acres that we were offered to purchase. Finally in 2007, the U.S. government determined that those acres could be sold and the county reuse committee dedicated those acres to be purchased by the economic development corporation and Southern Power District. Both would be for the purpose of industrial development. So again in 2008 and 2009, we negotiated with the Army Corps of Engineers and finally purchased 1,700 acres in industrial park. The next step then in 2009 and 2010 we utilized a grant from the EDA, which is the economic development agency of the federal government that was cosponsored by the Nebraska Economic Development...Nebraska Department of Economic Development sponsoring a grant to do a study of the entire...not just our property, but the entire 20 square miles. After the study, the site that we had was named the Cornhusker Industrial Park and is located approximately two miles west of Grand Island. And I'll interject here, the area of two miles is an area...there's 18,000-head feedlot between the city and this property, so the city...it will be a long time before the city would, I think, be in a position to annex that property, that's why we're here today. The site can provide dual rail access from two Class I railroads, the Burlington Northern Santa Fe and the Union Pacific by a short-line railroad. The study also indicated that the CIP would provide a unique industrial property for the state of Nebraska. This industrial park could support a location of mega projects, enabling the state of Nebraska to compete with other states around the country for significant industrial projects that require significantly large-acre sites often in excess of 500 or more acres and usually provide a number of well-paying jobs. They identified only five other sites of this magnitude in the United States with dual access rail. I think three of them are probably in Nebraska. The study indicated that more than \$30 million would be needed to upgrade and/or extend infrastructure to the site. And an example, the initial infrastructure, the water system, a portion of the initial water system back in 1942 was actually wood pipes. I've never heard of that before, but this actually using wood pipes clear up to 2005 when they were accidentally dug into and we discovered that they were wood pipes that were wrapped with tar paper and chicken wire wrapped around it. So I

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think that's redevelopment in the most needed. The study also indicated that tax increment financing was one way to obtain funding for doing this infrastructure work. Recapping the history shows a process for redevelopment of the area has been in place. LB66 would assist in that redevelopment process. The bill, among other things, specifically says: any owner of property which was formerly owned by the federal government at any time for military purpose may, by petition, request that such property be included within the corporate limits of the first class if such property is within the same county as such city, and such city is the closest city of the first class within the county of such property. And you can read that within the bill. The bill further states that the city does not have to provide services to the site, at least on the amendments, except those that are negotiated by the parties. I think that was critical for some of the first-class cities as we discussed this, particularly with Grand Island. the electrical utility will remain with the current provider until such time that the noncontiguous land has been annexed. The Grand Island Area Economic Development Corporation is about jobs and increasing the tax base. We have a great site and we need all the tools we can to get the site developed. We have already had several companies interested in the site, all of which have asked for tax increment financing. The most recent wanted up to 500 acres and would invest nearly \$1 billion creating over 400 jobs. The company prior to that, again in 2012, would have created 350-plus jobs and would have invested nearly \$400 million in the project. Both of these projects would have been high electrical users, as well as high gas users. And, yes, we have talked to Mr. Adams. Just for your information, we do have a translating operation on place, but it's very small. So I think the opportunity is enormous. So with that I encourage you to support LB66 to assist in redeveloping an area that by the federal government has had the capabilities to create many jobs and thousands of dollars in valuations. So thank you for allowing me to testify here today. [LB66]

SENATOR MCGILL: Thank you, Mr. Ferguson. Any questions? No? Thank you very much. [LB66]

MARLAN FERGUSON: Thank you. [LB66]

SENATOR MCGILL: Anyone else here in support of LB66? Anyone? All right, then we will go on to opponents. [LB66]

JILL BECKER: Good afternoon, Senator McGill and members of the Urban Affairs Committee. My name is Jill Becker, spelled J-i-l-l B-e-c-k-e-r, here today representing Black Hills Energy in opposition to LB66. I guess I'd first like to mention we weren't involved in the discussions regarding the amendment, so I can't speak as to whether the amendment would take care of some of our concerns. But I just wanted to mention several that we have. One of our concerns is that while electric providers are afforded some language in the bill that would allow them to retain the service of that facility, the natural gas utilities are not. So we would certainly like the opportunity to continue to

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serve that customer, similarly to what is provided for for the electric utilities. Secondly, there's nothing in the bill that discusses franchise agreements. And franchise agreements are...there is some variance among communities as far as...just some of the provisions that they might have in them. And often times when we're talking about the customers, if I understand this situation correctly, that customer doesn't fall under that franchise agreement because they're outside of the city limits. The franchise agreement probably only covers the city limits itself. But we're just not sure with some of the provisions in this bill if that would impact a franchise agreement or not, since we are talking about an annexation. So there's just a little bit, I guess, of a question that we would have on that issue. And then finally, we would also be concerned, if in fact, this type of authority is granted to other classes of city government. Senator Lautenbaugh, you had that question. And specifically, for us it would be granting this authority to the metropolitan class cities, the city of Omaha, because MUD, who serves the city of Omaha, has a separate condemnation statute and they have explicit authority under their statute to serve Omaha. So we could lose facilities that would be annexed by the city of Omaha that then MUD would be required to serve. And so that would be a concern to us that just because of how this is setting up a change in current statute that we would potentially lose a customer that maybe otherwise...because of the annexation requirements we may normally not. So with that we'd be happy to work with the sponsor of the bill and the committee to address any of these concerns. And, you know, we certainly appreciate the fact that communities such as Sidney want to grow. When our communities grow, when we are part of those discussions, we certainly want them to be able to grow and we want to be able to serve those new customers that they bring in. So we certainly want to work with the committee. And with that I will be happy to answer any questions. [LB66]

SENATOR MCGILL: Good. I can't speak for Senator Schilz, and I'm sure like some of those concerns can be worked out. Senator Lautenbaugh. [LB66]

SENATOR LAUTENBAUGH: Thank you. So, just to underline the point you made though, this amendment that limits it just to these military facilities, that wasn't in your contemplation when you prepared your testimony, is that correct? [LB66]

JILL BECKER: That is correct. I had not seen the amendment and we were not part of those discussions, so that is correct. [LB66]

SENATOR LAUTENBAUGH: So it is possible that this might be such a small possible area of things to annex that your opposition may recede, if you will. [LB66]

JILL BECKER: It is possible, but I guess I would also say Black Hills Energy represents the eastern third of the state, outside of Omaha, for other natural gas providers. They may have a different opinion; they may know of facilities that would fall into a similar situation of Sidney and would maybe still have some oppositions. I can't speak for them.

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I'm just saying...I can't tell you anything within our service area that would maybe fall into what's being contemplated here. [LB66]

SENATOR LAUTENBAUGH: Okay, thank you. [LB66]

SENATOR MCGILL: All right, thanks. Other questions? No? Thank you very much, Jill. [LB66]

JILL BECKER: Thank you. [LB66]

SENATOR MCGILL: Other opposition. Going once, going twice, oh, here we go. We've got a taker. Welcome. [LB66]

SHAWN SCOTT: Welcome. How are you? [LB66]

SENATOR MCGILL: Good. [LB66]

SHAWN SCOTT: Good. Good afternoon, Senator McGill and Urban Affairs Committee. My name is Shawn Scott, you spell that S-h-a-w-n S-c-o-t-t, and I'm superintendent with Adams Central Public Schools around Hastings, Nebraska. First and foremost, I guess we were not privy to the amendment, too, so some of this may come...I'm going to shorten it a little bit just to...for the speed time. But I think there are some real educational concerns here that we have with the way the bill was initially proposed. First and foremost, you know, within the bill itself that the whole idea of skip annexation and noncontiguous property being annexed is a concern very much so for school districts. Again, I know that that's been a little bit amended. But at the same time, can...what will this lead to, I think, becomes a real question? The one thing that we thought of right for us is that a lot of cities and municipalities have, like, well fields located outside the city limits. Even the city of Lincoln here, I believe, has a well field, what, all the way over to Ashland. So, it could be far-reaching there. The other thing was is that there is a lot being left up to what's classified as redevelopment projects or plans. And when you...just that language, there is a lot that falls underneath that. So what does that classify, I guess, is the one thing? Now if that's all been cleared up, that it's military bases and stuff like that, old military bases, that's totally good. But at the same time, blighted areas does become a concern. Even within our own school district, we have a community that is right now going through the process to...they're holding the hearings right now to become blighted, or a good portion of their village, because of that, located three miles away from a class...the city of Hastings, which is a Class I within this law. So, that becomes a concern. The other thing is, that is highlighted in here, has been some of the...within the current laws that we have now, is some of the court cases that have brought up with annexation. I just wanted to highlight two. One is Pister v. City of North Platte all the way back that the...you know, first class may annex land contiguous, and I'm going to highlight "contiguous" there, to its corporate limit which is urban or

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suburban in nature. The other one which was done with Doolittle v. County of Lincoln was that the city of the first class has no power to annex territory which is not contiguous or adjacent. Again, we're going against what some of that said, but I totally understand. With, as far as education, the educational ramifications with something like this is our primary concern. With this, school boundaries, as you know, change with the city boundaries change right now. So there would be, and has some potential to have some economic impact on schools. You know, we're one of the few states that do allow this. Most states, the boundaries of school districts are frozen when annexation does happen. Secondly, this bill does clarify that there are service areas for electrical companies, utilities, which is very good. I see that. But why don't we clarify this for schools? You know, I think it would be a great time to see something and we'd definitely support that educational boundaries do not change as annexation changes. That has a real negative effect on school districts. That leads me into my third point here as far as school districts and what this does do is that since 2005, Adams Central has lost over \$161 million worth of valuation towards annexation. That comes at a huge cost to our students. When you're talking about this, our educational needs for students change because of not being able to utilize that money. It does make a huge economic impact for our district in that, you know what, we're still operating the same number of buildings and the taxpayers that are there do pick up that extra cost. And that the educational planning for our own future is very uncertain when we're faced with annexation issues like that. You can't base some things on that; it does become a big headache. In conclusion, I do see that this bill does have some far-reaching ramifications, more than what you've heard today. If it is getting narrow in scope, that's probably a good thing. Also, I see this as maybe being...I want to be very cautious that this is not making a very liberal bill of annexation more liberal than what it already is. We probably, maybe, need to work in the other direction instead of making it more liberal. As far as the military facility, you know what, that's very much around the Adams Central School District and there is some prosperity there. Is it to the extent that Mr. Adams was talking to? Probably not. Does it have more potential? Definitely yes. But there has been some very positive things, like the community college. I'm actually a graduate of the community college years ago. And there's also some major businesses out there, like T&L Irrigation and everything else. They have very much made it a worthwhile and very prosperous for themselves. So there are some very good success stories. In conclusion there, I guess I just want to commend what he's trying to do and with the advancement and development of those areas within the state, I think, is very good. I just don't know if this is the proper way to go about it. With that, do you have any questions? [LB66]

SENATOR MCGILL: Well, thank you, Mr. Scott, for bringing some different things to our attention. We appreciate that. Questions? I don't see any. Thank you very much. [LB66]

SHAWN SCOTT: All right, thank you. [LB66]

SENATOR MCGILL: Further opposition. [LB66]

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DON WESELY: Senator McGill, members of the committee, my name is Don Wesely, D-o-n W-e-s-e-l-y, representing SourceGas. Wouldn't have gotten up, but Senator Lautenbaugh's question, I think, needs clarification. SourceGas does represent the areas of the state that include Hastings, Grand Island, and Sidney. We're not as familiar with the situation in Sidney, but we are concerned about...even with the amendment, the bill, if it doesn't include the gas utilities with the protection electric utilities have in the legislation. This is easily fixed. I think there's no reason that can't get amended. And then also the franchise agreement. And with those changes I think we'd be fine. So I just want to clarify that. [LB66]

SENATOR MCGILL: Thank you very much. [LB66]

DON WESELY: Thank you. [LB66]

SENATOR MCGILL: Any questions? No? Thank you, Don. Any other opponents? [LB66]

DUANE WITT: (Exhibit 10) Good afternoon, Senator McGill and members of the Urban Affairs Committee. My name is Duane Witt and I live at Grand Island, Nebraska. Duane, D-u-a-n-e, Witt, W-i-t-t. I'm treasurer and a longtime board member for District 82, Northwest Public Schools and I'm here today to testify in opposition to LB66. The way the law reads as of now, the cities of the first class, now I need to preface this as we were not privy to the amendments either, so... [LB66]

SENATOR MCGILL: Um-hum. [LB66]

DUANE WITT: ...this will have to go, the way the law reads now, the cities of the first class have the right to annex lands that are contiguous and suburban in nature or lands that are proposed for development in the near future. As I read the proposed bill, it would make it possible for cities of the first class to annex lands not contiguous to the city and to jump over land proposed for development. This would mean they could go, oh, as far as three miles to annex a piece of ground. That would extend their jurisdiction another three miles eventually, as I see the proposed bill. In the Grand Island area, where I live, the city has already annexed several soon-to-be-developed tracts of land that add up to hundreds of acres. And these annexations took place years ago with the promise of development. There is still no development in sight that results in the property taxes as being paid to the city with no developmental infrastructure being paid for or services delivered to said property. As I read this bill as proposed, there would be pockets of land surrounded by the city limits left out and developed around and, therefore, nearly forcing that land to be annexed also so the city could, among other reasons, provide a clear jurisdiction line for fire, police, and as the case in Grand Island at the Hall County Industrial Park where it became an island so they annexed it so it would be clearer to provide services. The thing that disturbs me the most, though, is the

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fact that as the city limits grow, so does the city school district boundaries resulting in the loss of tax base for the neighboring school districts, therefore, reducing these districts' ability to fund education through the use of property taxes. That shifts that responsibility to the state income and state sales taxes through the state aid of education formula. With economical climate such as it is, the ability to plan for the future and pay expenses becomes very difficult as that formula is tugged and pulled each and every year between various districts of the state. As we continue to try to provide the very best educational opportunities to all districts, it is very important to be able to have all resources at hand to do so, not have to rely on the state aid formula for more because the city wanted to annex land for future development. In conclusion, I would offer to you the idea that the city being able to annex as they see fit, and not having to follow logical progression of boundaries would cause many more problems than it will cure and create a nightmare in providing services and infrastructure in an effective and efficient manner and add fuel to the fire of school jurisdiction. I thank you for the opportunity talk to you today and I'll try to answer any questions that you have. [LB66]

SENATOR MCGILL: Thank you, Mr. Witt. Any questions? No? Thank you very much for making the drive in today. [LB66]

DUANE WITT: Thank you. [LB66]

SENATOR MCGILL: More opposition? Hello. [LB66]

MATTHEW FISHER: Good afternoon, Senator McGill and Urban Affairs Committee. I'm Matt Fisher, M-a-t-t F-i-s-h-e-r. I'm superintendent of schools for the Northwest Public Schools. And I just want to expound a little bit on some of the concerns that Mr. Witt and Mr. Scott shared in terms of LB66 and some of the adverse effects that we could experience as a school. I think as you look at LB66, and again we didn't have a copy of the amended, but I think I got a pretty good understanding of what that amendment would consist of. I guess the things that are a concern and, obviously, as Mr. Ferguson pointed out, we're not talking about Sidney exclusively, we're talking about Grand Island, we're talking about Hastings, anywhere that one of these military institutions was at one point in time. So, I guess, as we look at this from our standpoint as the district where the munitions plant in Grand Island currently lies, it's a grave concern for us. And so, I guess just a couple of things to point out in the bill, and the way that some of the things are worded in the bill, and I would assume even with the amendment most of this is still in place. First of all, there is a part of...on line 11 it talks about...it begins: such grant of power shall not be construed as conferring power upon the mayor and the city council to extend the limits of the city of the first class over agricultural lands which are rural in character. As you read that on the surface, that sounds like that will pretty much protect the land between the noncontiguous area and the existing city. But if you actually look at Statute 16-117 and some of the rulings that have been placed in effect around that statute, one of those I'll read to you here, and this deals with the character

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of land and, simply, this was a ruling that came down: the use of land for agricultural purposes is not dispositive of the character of the land, nor does it mean it is rural in character. It is the nature of its location, as well as the use which determines whether the rural or urban is character. So in other words, it doesn't matter whether it's farm ground, doesn't matter if it's pasture ground, as long as it is in a situation where there could be an argument made that it has urban uses, that land, obviously, could be annexed. And we have seen that in Grand Island, as Mr. Witt alluded to. A large parcel of land was annexed with the intent that it was going to be developed. This happened a number of years ago; still no development. And that, what used to be part of our tax base, is now going to Grand Island Public Schools. And that's pretty much the way the statutes dictate is when a city annexes, there is to be a negotiation process between the school districts, the annexed and the "annexer," but in the end, if no agreement is reached, the land goes to the annexed property, to the annexing district, excuse me. So pretty much as you look at this bill that is before you, and you look at about the third page and on that third page it talks about...around line six, that in situations where this annexation would take place, there has to be an agreement between any other city, village, or county--city, village or county. And as was pointed out earlier by the representatives from the gas company, there is a specific provision in there to protect the electrical utilities and, obviously, the gas companies for clear purposes would like to have the same thing. There is no protection for school districts. And as Mr. Scott alluded to earlier, I think that is certainly a germane part of this discussion is how do you protect the district that will be losing large chunks of its valuation. And again, you know, as, you know, the previous speakers that were in favor of the bill indicated there are certainly opportunities for these types of installations to be successful without this type of legislation. And as Senator Krist alluded to, there are certainly some opportunities to gain some federal support for cleaning up these and making them more functional. And, you know, it sounds like that's, probably, maybe an area that hasn't been explored real well. And certainly we think that, maybe, that would be a better direction to go than changing our tax structure and the way we support our schools. And so I think as we look at those things, you know, most of this land, and certainly in the Sidney case, the lady who introduced the bill indicated that the land was pretty much all privatized. And so we are looking at how can we support privatized land and privatized business ventures by undermining the tax base of existing schools. So, with that in mind, I think those are certainly things that, you know, obviously as you're dealing with urban affairs, you don't necessarily think about the school push back. And... [LB66]

SENATOR MCGILL: And we appreciate you and the previous testifiers for bringing this element of it to our attention. And, ultimately, this comes down to the problem of TIF being our best and, really, only economic development tool, and yet it's...you have to be within a city to use it. And so... [LB66]

MATTHEW FISHER: Yeah. And I guess... [LB66]

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SENATOR MCGILL: ...how do we incentize and... [LB66]

MATTHEW FISHER: ...again, without knowing all the ins and outs of TIF and how... [LB66]

SENATOR MCGILL: Um-hum. [LB66]

MATTHEW FISHER: ...legislative that would go, I guess I would certainly be...and I'm a western Nebraska guy, I would certainly hate to do anything that would undermine opportunities for western Nebraska, but I think it would make a lot more sense to look at how TIF is utilized. Obviously, as Senator Lautenbaugh indicated, we've already narrowed the focus of this. Maybe it would make more sense to apply TIF to military properties and not, necessarily, say that that property has to become a part of the city. [LB66]

SENATOR MCGILL: Hmm, interesting. Well, thank you for sharing some different ideas with us. Senator Krist. [LB66]

MATTHEW FISHER: I will certainly entertain any questions. [LB66]

SENATOR MCGILL: Senator Krist. [LB66]

SENATOR KRIST: Just a couple of comments, TIF is your best friend and your worst enemy. I live in Omaha and we're living with it all the time and it does affect the school districts and we do deal with that in here a bunch because it is an unintended consequence when you start TIFing, because ask District 66, ask OPS, ask the folks who had lost incredible tax base because of TIF. But I have the solution, you guys need a learning community out there, that's all. (Laughter) That would solve all your problems. [LB66]

MATTHEW FISHER: Obviously, that's worked very well in the Omaha area. [LB66]

SENATOR KRIST: Oh, it's worked really well. [LB66]

SENATOR MCGILL: Oh, jeez. A countywide school district, it's a countywide school district. [LB66]

SENATOR COASH: One county, one district. [LB66]

SENATOR MCGILL: One county, one district. [LB66]

MATTHEW FISHER: I guess just one thing I would add, Senator Krist's comment, I guess, unintended consequences, when you talk about, you know, having a

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noncontiguous area that is a part of the city, and then as the bill suggests, you would be able to annex the access for utilities as a part of the bill that is there, now all of a sudden you've got this lollipop. And, obviously, that lollipop is going to grow. And as it does, that erodes the tax base of the school district where that lollipop lies. And so, you know, again I'm opposed to LB66. [LB66]

SENATOR MCGILL: Really. (Laugh) Okay, thank you. [LB66]

MATTHEW FISHER: Other questions? [LB66]

SENATOR MCGILL: I don't see any. Thank you very much. Anyone else here in opposition? All right, we will move on to neutral then. I think there are a couple of you in the front here. [LB66]

JOSEPH D. KOHOUT: Chairwoman McGill and members of the Urban Affairs Committee, Joe Kohout, K-o-h-o-u-t, registered lobbyist appearing today on behalf of the United Cities of Sarpy County. We want to begin by saying thank you to Senator Schilz's office and to Melissa in particular. As you may have noticed from the original version of LB66, it had broad powers. And in particular, it particularly affected our cities because it essentially empowered one city to annex up and to the jurisdictional boundary of another city. [LB66]

SENATOR MCGILL: Um-hum. [LB66]

JOSEPH D. KOHOUT: Obviously, when you're in close proximity like La Vista, Papillion, Gretna, and Springfield are that raises concerns. So we appreciate her willingness to entertain our concerns and also to, essentially, work with the league on an amendment that you have in front of you at this point. I think it's important to go back to what the original...the bill's concept was and, certainly, the cities that I represent were very cognizant in our conversations about not wanting to restrict the power of another city who has a desire to do what we're talking about here; and that is, to empower a city to grow. And that is where, I think, Sidney comes to you with a specific problem and a specific concern and I think that that's what we kept in mind as we went through this process is we are in a unique situation in Sarpy County, Sidney is also in a unique position. And so how do we make the two work? And so with that we appreciate it, but we do...Senator Lautenbaugh mentioned something before about annexation...having larger cities having annexation, obviously, we would have a concern about that too. (Laughter) But...big brother to the north...with that I would try to answer any questions that you might have. [LB66]

SENATOR MCGILL: Senator Krist. [LB66]

SENATOR KRIST: How does this differ from an SID that has an...or a city that has an

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annexation plan with an SID? [LB66]

JOSEPH D. KOHOUT: You know, that didn't come...I mean, to be honest, in our discussions, it didn't come up in terms of...with most SIDs, as I understand them, there is a general plan that the city has with regards to working with that SID for eventual annexation. So the payment of debt, if they choose to go in that direction for the payment of debt, and so I...in terms of how this works, this would be very restricted, as I read it, under the amendment that, essentially, says it has to be a former military installation. So it really wouldn't affect the ability to go grab that SID as I understand it. [LB66]

SENATOR KRIST: So you see that the military installation is a separate entity from a sanitary improvement district? [LB66]

JOSEPH D. KOHOUT: Yeah, I mean, I...unless...I mean, that I think it'd have to be pretty...unless it was part of that facility, and I don't know the specifics of the Sidney situation. [LB66]

SENATOR KRIST: Okay, thank you. [LB66]

SENATOR MCGILL: All right, other questions? No? [LB66]

JOSEPH D. KOHOUT: Thanks. [LB66]

SENATOR MCGILL: Thank you, Mr. Kohout. Next neutral. Is there anyone else who will be testifying on this bill? You are it, Larry. [LB66]

LARRY DIX: All right. Let me get my glasses off. Senator McGill, members of the committee, for the record my name is Larry Dix, I'm executive director of the Nebraska Association of County Officials and appearing today in a neutral capacity. And part of what Mr. Kohout said, and I would echo, we appreciate working with Senator Schilz's office. I know yesterday when I visited with Senator Schilz and said, you know, here's our concerns, let's talk about them. You'll notice in the amendment there is some provisions, I think, that while it doesn't alleviate everybody's fears as far as school districts and things like that, it does talk to the point of cities and counties working together on this. And it talks that it must be part of a comprehensive plan, which we feel is a good step, that it looks at an area and says, is this in a comprehensive plan and is the city and the county working together so that the county board is aware of that. It does...I found it interesting the direction that the conversation went because there is, at another time, a lot of discussion that we have had in regards to countywide TIFing. [LB66]

SENATOR MCGILL: Um-hum. [LB66]

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LARRY DIX: And then you can get into that. And then you get into the discussion then of, do you believe we have too much TIFing or too little TIFing. But countywide TIFing then somewhat addresses the school situation that goes on. And so I always find it interesting when a debate...or a discussion turns in the form of taxation. And certainly from the county perspective, we're always very, very much aware of that taxation and how that impacts all the political subdivisions. So with that, I again thank Senator Schilz's office for listening to our concerns. We believe they are covered in the amended copy and we thank you. [LB66]

SENATOR MCGILL: Thank you, Mr. Dix. Senator Krist. [LB66]

SENATOR KRIST: What makes this military installation better or more palatable than the Ashland situation that we heard last year, year before? [LB66]

LARRY DIX: You know, last year on the Ashland situation, we thought we were on the right path on that situation too. I think this bill just really narrows it from a military point of view. And I think last year on the Ashland, we brought forth sort of the same thought process in there that we needed to have the county have the authority to say this is a good project and bring that and increase the tax base. [LB66]

SENATOR KRIST: Except that, as I understand it, this facility is already tied in with the infrastructure of the utility, the water, the gas line and all that. [LB66]

LARRY DIX: Right. [LB66]

SENATOR KRIST: So that wasn't clear in the Ashland situation, but still there was...there was a concern that noncontiguous is noncontiguous is noncontiguous so, does that...? [LB66]

LARRY DIX: Right. I think whenever you get into the noncontiguous, you know, and this really goes back many, many years ago when we started to see ethanol plants start to build up. [LB66]

SENATOR MCGILL: Um-hum. [LB66]

LARRY DIX: At that point in time, I think, counties had a concern about doing just that, skip annexing and jumping around. And I think with this bill, as we have narrowed it, we've probably...you know, I know we saw a map of Cheyenne County, if we take a map of the state of Nebraska, I think we really do identify by the narrowing of this bill four or five locations in the whole state that this would be involved in. [LB66]

SENATOR KRIST: Okay, thank you. [LB66]

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SENATOR MCGILL: And I think, Senator Krist, it was more of a concern of the League of Municipalities, the Ashland case. So perhaps we can chat with them a little bit afterwards. [LB66]

SENATOR KRIST: Okay, thanks. [LB66]

SENATOR MCGILL: All right, other questions? No? All right, thank you. [LB66]

LARRY DIX: Thank you. [LB66]

SENATOR MCGILL: And, Melissa, do you want to close in any way? No? All right, Melissa waives closing for Senator Schilz. (See also Exhibit 15) And we will move on. I see Senator Sullivan is here already, so we will move on to LB295. Welcome. [LB66]

SENATOR SULLIVAN: Thank you, Senator McGill, my first time here. [LB295]

SENATOR MCGILL: Oh, wonderful, it's exciting. [LB295]

SENATOR SULLIVAN: Good afternoon and to Senator McGill and members of the Urban Affairs Committee. I'm Senator Kate Sullivan, K-a-t-e S-u-l-l-i-v-a-n. I represent the 41st Legislative District and I'm here today to introduce LB295. It's actually a very simple bill. It adds relocation incentives for new residents to the list of activities that may be included in an economic development program in State Statute 18-2705. These are economic development programs in cities and villages created under the Local Option Municipal Economic Development Act and adopted by the voters in each individual city and village. By way of background, in 2011, Senator Galen Hadley and I introduced LR226, an interim study to look at the feasibility of the state implementing a pilot program to provide an incentive for people to move to rural Nebraska. LR226 was loosely based on the state of Kansas legislation about rural opportunity zones. The program was created by the Kansas Legislature and it is administered by the Kansas Department of Commerce. The rural opportunity zones are 50 counties that have been authorized to offer one or both of the following financial incentives to new full-time residents: Kansas income tax waivers for up to five years, and student loan repayments up to \$15,000. The Revenue Committee held a public hearing on LR226 in Kearney in the fall of 2011. Senator Cornett, at that time, Chair of the committee, graciously allowed me to sit in with the committee at the hearing and we had a tremendous turnout, so many so that people that wanted to testify, some of them didn't even get a chance to. Many of the people though that did come to testify were rural economic development officers in small towns and counties in rural Nebraska. And one of the points that each of them made was that they had jobs available in their communities, but what they didn't have was the skilled labor force to fill those jobs. LR226 resulted in Senator Hadley's LB850 in the 2012 session. LB850 proposed to create an incentive

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area tax credit program. Any county in Nebraska that had a net loss of population of 5 percent or more between the 2000 and 2010 federal decennial census would be an incentive area. Although LB850 had a lot of great ideas in it, it also had a huge negative, a fiscal note in the amount of \$2,250,000. So needless to say, LB850 never moved out of committee. But as I continued to talk with rural economic development folks in my legislative district, the issue of how to recruit people for the jobs in their communities continued to come up. They were experiencing work force development issues. How to get people to move to their counties and their communities to fill the good jobs that are available? Many of these cities and towns have an unemployment rate of 3 percent or less. Some of the available jobs include plumbers, electricians, nurses, welders, IT professionals; and in other parts of the state there are manufacturing jobs available. But the lack of the people to fill these jobs could actually limit a business' ability to grow and expand. So LB295 is the end result of a discussion about what we could do about that and not cost the state any money. Many small communities already have economic development programs created under the Local Option Municipal Economic Development Act. The people in these communities voted to tax themselves and use that money for local economic development. LB295 simply adds the words "relocation incentives for new residents" to the list of activities that may be included in a local option municipal economic development program. The decision to provide relocation incentives would be a local controlled decision recommended by the local economic development board and approved by the local elected officials. This option would be available to any community that has a local option municipal economic development program that has been adopted by the voters. LB295 provides a simple and easy way for communities to try to recruit new residents to meet their employment needs. It doesn't cost the state a single cent. If communities don't want to use their economic development revenue in this way, they don't have to. The city council or the village board will have the final say. Now I will tell you, there are several great rural economic development professionals that are going to follow me, so I think they will be able to answer any questions that you might have about the creation and what these local option municipal economic development programs are. As I said in my opening, LB295 is a very simple bill. It simply allows local option municipal economic development programs to use their funds for relocation incentives for new residents. It gives these communities another tool for economic development. So I encourage you to advance LB295 to General File. And if you don't mind, I am going to waive closing because I need to return to the Education Committee. [LB295]

SENATOR MCGILL: I was just going to say, like one of my biggest pet peeves, as you probably know, is that we have great jobs in the state and don't have the people trained to do them. [LB295]

SENATOR SULLIVAN: We do, we do. [LB295]

SENATOR MCGILL: And so I know you were in the middle career academy public

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hearing right now. [LB295]

SENATOR SULLIVAN: Right, right, we are. [LB295]

SENATOR SULLIVAN: So hopefully we can get more young people trained to do some of those really great paying jobs that are out there. [LB295]

SENATOR SULLIVAN: Absolutely. [LB295]

SENATOR MCGILL: Questions for Senator Sullivan? Senator Coash. [LB295]

SENATOR COASH: Thank you. Thank you, Senator McGill. I won't keep you too long. [LB295]

SENATOR SULLIVAN: That's fine. [LB295]

SENATOR COASH: When you talk about relocation services, what do you...what are you envisioning as falling under that umbrella? [LB295]

SENATOR SULLIVAN: The relocation incentives? [LB295]

SENATOR COASH: Incentives, yeah. I mean... [LB295]

SENATOR SULLIVAN: Well, I suppose, first of all, it is dependent on the creativity of the local economic development people to come up with some ideas to present to their village board or their city council. And I think that's what you're going to hear in some of the incentives. But...and...I mean, you know, maybe they'll look at some things like the Kansas program did, student loan forgiveness, or maybe some other...I think it's just only bound not only by the creativity that they apply to their ideas, but then also the pool of monies that they have available to them. [LB295]

SENATOR COASH: So, I mean, I was looking at this going, jeez, you know, relocation incentives kind of a broad term. So you envision that the local communities would narrow that down within their own program to say what...a relocation service for Ord, Nebraska, is going...or incentive...relocation incentive for Ord is going to look like this, and the relocation incentive for a different community might be different, and the rules of the game, so to speak, would be different... [LB295]

SENATOR SULLIVAN: Um-hum. Totally a local... [LB295]

SENATOR COASH: ...and approved by each...by each... [LB295]

SENATOR SULLIVAN: Yeah, totally a local issue. [LB295]

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SENATOR COASH: Okay. [LB295]

SENATOR SULLIVAN: That's not to say that when some of these programs get off the ground, and I told some of the people that are going to be testifying, that it's conceivable that they could become models for other rural communities. But they will craft their own dimensions of the program. [LB295]

SENATOR COASH: Because you don't see a need to define more clearly in the bill what a relocation incentive might be? [LB295]

SENATOR SULLIVAN: I would hope we wouldn't. Because as I mentioned, the funding is coming straight from the local control and I think we better give them the flexibility to craft their own program and spend their own dollars. [LB295]

SENATOR COASH: That makes sense. Thank you, Senator. [LB295]

SENATOR MCGILL: Other questions? Senator Karpisek. [LB295]

SENATOR KARPISEK: Thank you, Senator McGill. Thank you, Senator Sullivan. Explain to me a little more about the local money. Does that come from the...? [LB295]

SENATOR SULLIVAN: The local option sales tax. [LB295]

SENATOR KARPISEK: Okay. Thank you. [LB295]

SENATOR MCGILL: All right. Other questions? I don't see any. [LB295]

SENATOR SULLIVAN: Okay. [LB295]

SENATOR MCGILL: I will be joining you in Education later. [LB295]

SENATOR SULLIVAN: Very good. Thank you very much. [LB295]

SENATOR MCGILL: All right. First proponent. [LB295]

MIKE FEEKEN: Good afternoon. [LB295]

SENATOR MCGILL: Welcome. [LB295]

MIKE FEEKEN: (Exhibit 11) Okay. Madam Chair and members of the Urban Affairs Committee, my name is Mike Feeken, M-i-k-e F-e-e-k-e-n, executive director of the St. Paul Development Corporation, the appointed administrator of the LB840 Economic

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Development Plan of the City of St. Paul testifying in support of LB295 which would make resident recruitment activities eligible under local economic development plans. Originally passed in 1991, the Local Option Municipal Economic Development Act, more commonly referred to as LB840, authorizes communities, if approved by local voters, to collect and appropriate local tax dollars for economic development purposes. Since 1991, 60 communities have gone through this process and created their own economic development program with a corresponding economic development plan. And while these communities share the distinction of being an LB840 community, their individual economic development plans may differ from each other due to the priorities that each community has decided are important to them. Some communities may focus on current statutorily eligible activities like the creation of a revolving loan fund for businesses, while others may use LB840 allocations for infrastructure development in an industrial park. It is up to the individual local governing board to decide which projects to invest in or programs to implement. This is truly a local option program and perhaps the single most important piece of economic development legislation made available for communities. It has proven to be successful because it has remained flexible and able to evolve with ever-changing trends in economic and community development. LB295 is part of that ongoing evolution. With the passage of LB295, communities will have the option of addressing declining population and work force shortages through resident recruitment strategies by using an already known and familiar economic development mechanism. Because the language of LB295 is broad enough to cover a multitude of end tactics, communities will have the choice of being able to tailor their recruitment strategies to best fit their individual needs and situations while still subject to existing economic development program provisions and local governing body oversight. While LB295 expands the list of eligible activities under an economic development plan to include resident recruitment activities, it does not change the original intent of the original LB840, empowering individual communities with the resources necessary to take control of their own destiny, giving communities the discretion to decide what is in their own best interest and ability to act for their viability, sustainability, and ultimate survival. LB295 will continue that empowerment. I urge your support of LB295 and am available to answer any questions. [LB295]

SENATOR MCGILL: Any questions? I don't see any. Thank you very much. [LB295]

MIKE FEEKEN: All right. Oh. Thank you. [LB295]

SENATOR MCGILL: Thanks for driving in. Next proponent. Thanks for coming. [LB295]

CALEB POLLARD: (Exhibit 12) Thank you for having me. Madam Chair and members of the Urban Affairs Committee, my name is Caleb Pollard and that's spelled C-a-l-e-b, last name P-o-l-l-a-r-d. I'm the executive director of the Ord Area Chamber of Commerce and Valley County Economic Development. I also consider myself from "greatest Nebraska," which is the Loup Valley region. And if you've been in our neck of

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the woods, you'll soon understand why. Valley County Economic Development does serve as the appointed administrator of the LB840 economic development plan for the city of Ord. And I also represent, as Chamber executive, over 200 rural Nebraska businesses that have taken a keen interest in this bill, and our board of directors has passed a resolution supporting these population developments most recently. I am testifying in support of LB295, which would make new work force recruitment activities eligible under local economic development plans. And I also want to bring note, this is a similar approach to the efforts led last year by Senator Coash on last year's film industry incentive bill. It also is a bolt-on opportunity for communities to address other upcoming economic developments as they arise. LB295 gives communities and their residents that have taken a proactive, responsible, sensible approach to self-created economic development new tools to meet the evolving nature of our global economy. In 2011, and this is important to me, because the Nebraska Legislature passed the Talent and Innovation Initiative. And this effort was an acknowledgement that times have changed in...as times change, as the American economy evolves, so should the strategies of communities interested in economic development. The TI2 effort was a major pivot on economic development strategy. This pivot recognized that new tools, new methodologies and new approaches are necessary to tackle twenty-first century challenges. It was an acknowledgement that human capital, talent, is the primary driver of economic growth and development, especially in rural Nebraska. People are driving economies in the twenty-first century. In the knowledge economy, people with ideas are driving innovation. And I would wager to say that that is not necessarily an element of the business industry. We need a new set of tools to meet this reality. That is why LB295 makes sense. In Valley County, our single biggest threat to our long-term viability is not a lack of business, it is a lack of people. In my business community, we are faced with chronic work force shortages, we are currently at 2.2 percent unemployment and have an 85 percent loss of our area high school graduates to postsecondary education which is well over 65 miles away. We have a real opportunity to bring these kids back. And I will point to you the Nebraska intern program as one of those very good TI2, or TI2 Initiatives that was implemented that this program could support with partners in the business and industry fields. So I ask, why not let communities like Ord use their locally-controlled economic development funds to meet their demands and support statewide programs, like the Talent and Innovation Initiative. LB295 allows rural communities a sensible solution to the most challenging dilemma, a lack of people to meet our most basic economic needs. I ask you to consider LB295, a local option solution, to solving population and work force challenges in the twenty-first century. Thank you. And I'm open for questions. [LB295]

SENATOR MCGILL: Thank you very much for coming out. Any questions? No? [LB295]

CALEB POLLARD: Thank you. [LB295]

SENATOR MCGILL: Thank you very much. Other proponents? [LB295]

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K.C. BELITZ: Good afternoon. [LB295]

SENATOR MCGILL: Hello. [LB295]

K.C. BELITZ: (Exhibit 13) Senator McGill and members of the committee, I'm K.C. Belitz, B-e-l-i-t-z, and the president of the Columbus Area Chamber of Commerce. I'm here to support LB295. We do so because we have certainly been living this challenge in Columbus, just as the previous speakers have in their communities. For more than ten years, we've had an active work force recruitment initiative within our chamber of commerce and within our region called the "Drive for Five." And so as a result, I've had the opportunity to...or we've had the opportunity to learn some things about those challenges that Mr. Pollard was just talking about. We have jobs available in Columbus, as they do in Ord, and other places across Nebraska. At the same times, we have unemployment in the nation at a pretty significant level. And people with skills who aren't being allowed to use those skills and make themselves a life for themselves and their families. And so the...obviously, that begs the question of why that is. And we've had the opportunity to sit down and talk to some of those people face to face and the example that I'd share with you is a couple trips that we made to northern Michigan to recruit people, went to Traverse City, and sat with those folks who have great skills, many of them in the auto industry, etcetera, welders, machinists, all kinds of great skills that could be put to work in Nebraska. And they had no prospect in their immediate future of employment where they were, none. And so we, you know, provided the opportunities that we had in Columbus; we said, you know, we can put you to work tomorrow and we'd love to have you. And then they said, well, how am I going to get there? And that has been a challenge that we've struggled with, as a community, for many years already. We talked to, at that time, our Congressman, Adrian Smith, about introducing a bill that would allow us to do something at the federal level with unemployment benefits and etcetera. Locally, we have put some of our own resources into helping people move from Michigan to Columbus. But the...it just isn't enough, not to bring the kind of people that we really need to make a difference in this challenge for us and for the state. So this would give us an opportunity to maybe do something on a more significant level that, again, as the previous speakers have said, would really be up to each community to decide. In our view, we've thought about some of the mechanisms that we would use to allow those people who have no resources left, who couldn't possibly afford to rent a moving van and move to Columbus. We thought about how we might be able to make that work through an employer, offer them a job, you know, we know that that's there when they get here, and make that work. And we had 30-some people who made that move from northern Michigan to Columbus as a result of those two trips. But that's just not enough. And, you know, that was all the resources that we had and all the opportunities that they were able to take right then. This would be another tool that might help that number grow and make a real significant difference for us and the people you've already heard speak today. I'll spare you the rest of the

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written testimony and answer any questions that you have. But, certainly, we'd love to see communities have this option as another tool in the box. [LB295]

SENATOR MCGILL: Thank you for sharing that experience with us. [LB295]

K.C. BELITZ: Um-hum. [LB295]

SENATOR MCGILL: Any questions? Senator Karpisek. [LB295]

SENATOR KARPISEK: Thank you, Senator McGill. Who decides if you're going to spend the money or how much that you would do? [LB295]

K.C. BELITZ: Great question. Yeah, and that's really one of the real challenges for us to figure out. In that case, we just took money out of the chamber of commerce and said, here's a hundred dollars to get here. I mean, it was that important to us. The way we kind of foresee that at this point is, again, it has to be a partnership between the community and a person and an employer in the middle. So we go there with that employer, or, you know, they're on the phone, whatever. We know they have a job, and then I...I think the way it works in our model is, we work through the employer. The employer either fronts them the money or we do, but which ever way, we've got an agreement with the employer that they're going to come to Columbus, they're going to have a job, and we have that assurance that that's going to work out that way. So in that case, you know, it was us, because it was our money; in this case, whoever that community is going to have to make those rules up. [LB295]

SENATOR KARPISEK: City involved? [LB295]

K.C. BELITZ: They were not then, no. They're a partner in the "Drive for Five," yes, but, no, they would not be part that. [LB295]

SENATOR KARPISEK: But they would be now. [LB295]

K.C. BELITZ: They would be now. [LB295]

SENATOR KARPISEK: Perfect. [LB295]

K.C. BELITZ: Yep. [LB295]

SENATOR KARPISEK: Thank you. [LB295]

K.C. BELITZ: Um-hum. [LB295]

SENATOR MCGILL: All right. Other questions? No? Thank you very much. [LB295]

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K.C. BELITZ: Thank you. [LB295]

SENATOR MCGILL: Any final proponents? Hello. [LB295]

LYNN REX: Senator McGill, members of the committee, hello. My name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities. We appreciate Senator Sullivan introducing this bill. And just like to underscore a couple of the points that have already been raised. First of all, we do have over 600 municipalities right now that have these voter-approved plans. And as you know, for those of you that may be new to the committee, in order to have an LB840 program, it works very much like you enact a budget. That's how enabling legislation was passed in 1991. So you have to have a proposed plan; you have to have a hearing on what the plan is going to be. Then that plan, you can modify the plan, but then whatever you submit to the voters, you are bound by that plan. And municipalities across the state have done a variety of things in terms of using LB840 plans. In fact, the League and this committee, the one that put forth LR11CA in 1990, which was overwhelmingly approved by the voters, that amended...let's see, it would be Article 13, Section 2 of the Nebraska Constitution to allow municipalities to have this exception to the prohibition against lending the credit of the state. So that allowed LB840 to pass in 1991 to say that the municipalities do have the authority to basically say you can use "public funds" for a private purpose if it is voter approved and if you meet all the provisions of LB840. And of course, we're hopeful that this provision would pass. I think there's been excellent testimony about why this is necessary and I won't repeat that. And any municipality, any of the 60 municipalities that have already enacted those LB840 plans would have to amend their plan. And to do that they have to go back to a vote of the people in order to do this. This is not something where if the bill passes it is self-executing. They would have to go back to the people and say, okay, now we'd like to do this. This is how we want to modify our plan. I think that this really puts forth an important opportunity for these smaller communities where really it's about getting the people. They can create the jobs, they just need the people. So...and I did want to respond to something that Senator Krist said and I kind of caught him in the hallway briefly to respond to something that he had mentioned on LB66 which is what's the difference between LB66, which we talked about, and LB1132 which is before this committee last year. LB1132 dealt with a sand and gravel pit where there was nothing substandard and blighted. There was no preexisting housing, roads, there was no blight whatsoever. Whereas LB66 deals with huge areas where the federal government has left dilapidated roads, buildings, and infrastructure in need of serious repair. So, again, thanks to Senator Sullivan for introducing this measure, it's very important. We hope that you'll advance this bill out of committee. And, Senator Coash, as you noted, each individual municipality would then be able to address and shape how they will, in fact, provide this incentive, if it is voter approved. [LB295]

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SENATOR MCGILL: Go ahead, Senator Coash. [LB295]

SENATOR COASH: Thank you, Senator McGill. When with...with adding relocation incentives though, will all communities have to go back to the voters and say, okay, we've now added...you know, the Legislature has given us approval, now we have to ask you for one more...one more thing we can use our LB840 funds for. [LB295]

LYNN REX: Um-hum. [LB295]

SENATOR COASH: But don't some communities have kind of broad plans already that they wouldn't...I mean, what do you think will happen? Will a lot of communities have to go back to their voters and say, two more words for our plan, or will they have the latitude within their already-existing plans to do this if we enable them? [LB295]

LYNN REX: I think they all will have to go back because what you're doing with LB295 is giving additional legislative authority which they do not now have. So, hopefully, this will pass. I think it's an excellent proposal. Once it's passed is by doing so you're giving extra authority that they now do not currently have. Because I can assure you, if they thought they had the authority, they wouldn't be here with a bill to do it. So, and even though there are some municipalities, Senator, and you're very correct in that, that have very broad plans, I think then I would guess they would have to consult with their legal counsel to say, okay, you have a bill that passed subsequent to the enactment of passage and approval of your plan. And my guess is, I'd almost bank on the fact that almost all the city attorneys are going to say, no, you need to go back to the vote of the people. [LB295]

SENATOR COASH: Because some plans say, will use LB840 funds for these eight purposes and anything the Legislature in the future allows us to do. So those plans may not have to...every city will have to make their own determination is what you're saying. [LB295]

LYNN REX: I think they would want to have very tight consideration and talk to their... [LB295]

SENATOR COASH: No one told the voters what they're...how they're going to spend the money. [LB295]

LYNN REX: Yes, I mean, I really do think this is all about what the local voters want to approve. And also, you know, if they have something that is that broad, if they have...I mean, I'm unaware of any city that has something quite that broad. But if they do, they'd want to check with legal counsel because I think, again, the Legislature...the purpose of this is the Legislature is authorizing yet another purpose which was not previously allowed. [LB295]

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SENATOR COASH: I understand. Thanks, Lynn. [LB295]

SENATOR MCGILL: All right. [LB295]

LYNN REX: Thank you very much. [LB295]

SENATOR MCGILL: Senator Murante. [LB295]

SENATOR MURANTE: Thanks for coming and testifying. So municipalities go back to their citizens and they ask can we now use relocation incentives and that's what is going to be put on the ballot, it's nothing more explicit than that? [LB295]

LYNN REX: Oh no, no, I think what you will have here, I mean, again, I can't speak for the cities that are here or the economic development corporations that are here working on this, I would imagine that there are some municipalities...in fact, I know that there are, where recruitment of doctors is critical and medical personnel and physician assistants is critical. So I could see that, perhaps, they would have a recruitment of, you know, loan forgiveness for medical students who choose to relocate in our municipality and work in our hospital for X number of years. Or it may be something that specific. My guess is it is going to be something that will be...if I were, probably, advising them, and I'm...Gary Krumland on our staff, I know will be working with a number of cities across the state, and we hope that this does pass, but when you have this new language: relocation incentives for new residents, such as, but not including, and then lists four or five things, examples of what you would do. That's likely what most municipalities would be doing. I would doubt that anything would just be as generic because I don't think...you know, the whole purpose of the ballot question is to sell it to the voters to say this is how it's going to help you. And, frankly, if you have people living in those cities, and they all do, nobody helped pay them, their moving expenses, but you can certainly see if this is going to bring engineers into your municipality, higher paying jobs, these are the things we would like to do and have reimbursement for expenses for certain careers that we need. Or let's take a business, Cargill, for example, in Blair, that's how they...LB840 was how they got...how Blair got Cargill. LB840 is how Nebraska City got Excel Corporation. So, you know, if you're saying here's how we're going to attract additional professional people into those positions, I think that would be most helpful. [LB295]

SENATOR MURANTE: And for my point of view, I share a concern that Senator Coash had expressed earlier that relocation incentives, to me, could mean anything. It could mean taking a CEO to Disneyland. It could mean anything. I don't see any restrictions. And of the other activities that are listed in this section of the statute, they seem very explicit as to what...you know, direct loans for qualifying businesses, loan guarantees, grants for public works improvements, these are all extremely explicit activities, and

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then we have "and relocation incentives" which is...could mean anything and nothing to me. [LB295]

LYNN REX: Well, it's...well, for example, "grants or loans for job training," I mean that's pretty, I think those are pretty broad..."options for purchase," "renewal of extension of options," that sort of thing. But I guess, here's the test, the incentive, literally, for the municipality, as well as the economic development group and individuals with whom they are working, is to have something that you know your public will be willing to support. In other words, you're not going to take a set of incentives, let's use your example, I know it's an extreme example, but, you know, take CEO's on expensive trips. Well, how many citizens are going to approve that? Nobody. So basically, this is going to be, I think, a very valuable opportunity for them to shape...and I think it does need to be broad in its character because every city is different. There is no one-size-fits-all. In Wilber, Nebraska, there may be some specific need on a specific business where you're trying to attract a specific group of folks. It may be that in another municipality, you do need to have contractors, you need people to build houses, and that's true in certain cities. They're looking for the people that can actually build the houses, do those sorts of things. So maybe one of the target areas will be incentives to attract more contractors, medical personnel, listing of those. The...really, the reinforcement and incentive for the community and economic development group that will be preparing the ballot question is to make sure that it is; (1) that it is going to benefit that community, because if it isn't, you're not going to get authority to do that. Another question was asked in terms of what funds this? It can be local option sales tax; it can be property tax; and thanks to this committee with placing Amendment 1 on the ballot in 2010, that's now expanded to include donations, grants, utility monies, and other sorts of things, as approved by the voters. And even in that instance, once the Legislature authorizes...once that ballot question passed and then the Legislature passed enabling legislation accordingly, municipalities that previously had based it only on sales tax, they still had to go back to voters and say, okay, now we'd like to use grants and donations and other things; they had to go back to the voters on that. This is locally driven and it's a grass-roots effort, really, to make something like this happen with leadership in the various communities from the economic developers and people that are here today. [LB295]

SENATOR MURANTE: Thanks, Lynn. [LB295]

LYNN REX: But again, I really encourage you to leave it broad because every city is so different. And my fear, Senator, is if you start limit it saying it can only be used for the following purposes, again, I'm sure you'll have more bills to this committee in the future saying, well, now we didn't envision X; we didn't envision this sort of thing. So can we have...we would like to attract this kind of career, we'd like to do other certain things. [LB295]

SENATOR MCGILL: Well, maybe we can brainstorm and see if there is a better

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three-set of words or maybe those are the right words, you know, to put in there and just do some brainstorming. [LB295]

LYNN REX: Sure. Sure. And we're happy to work with you as well. We're happy to work with you as well. I just encourage you to keep it broad enough so that it's usable for everybody. [LB295]

SENATOR MCGILL: Yeah, yeah, try to do a little bit of both. [LB295]

LYNN REX: And thank you so much for your leadership on this important issue throughout the years, because but for this committee, municipalities in this state would have not had the ability to shape their own destiny. It just would have not happened. So thank you very much. [LB295]

SENATOR MCGILL: Thank you very much. Is there anyone else here to testify in any way on this bill? No? And Senator Sullivan waived closing. So that ends our hearings for the day. Thanks everyone. (See also Exhibits 14 and 15.) [LB295]