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Banking, Commerce and Insurance Committee  
January 30, 2018

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[LB949 LB1012 CONFIRMATION]

The Committee on Banking, Commerce and Insurance met at 1:30 p.m. on Tuesday, January 30, 2018, in Room 1507 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB1012, LB949, and a gubernatorial appointment. Senators present: Brett Lindstrom, Chairperson; Matt Williams, Vice Chairperson; Roy Baker; Tom Brewer; Burke Harr; Mark Kolterman; John McCollister; and Paul Schumacher. Senators absent: None.

SENATOR WILLIAMS: Well, good afternoon, everyone. We will go ahead and get started. Welcome to the Banking, Commerce and Insurance Committee. My name is Matt Williams, I'm from Gothenburg and I represent the 36th Legislative District and I serve as Vice Chair of the committee. Our Chairman, Brett Lindstrom, is introducing a bill in another hearing this afternoon. The committee will take up the bills in the order posted. Our hearing today is your public part of the legislative process. This is your opportunity to express your position on the proposed legislation before us today. The committee members will come and go during our hearing. We have to introduce bills in other committees and are called away. It is not an indication that we are not interested in the bill being heard in this committee, just part of the process. To better facilitate today's proceeding, I ask that you abide by the following procedures. The information is posted on the chart over there or back there--there it is--over there. And please silence or turn off your cell phones. Move to the front row if possible when you're ready to testify. The order of testimony will be introducer, proponents, opponents, neutral, and closing. Testifiers sign in, hand your pink sign-in sheets to the committee clerk when you come up to testify, spell your name for the record before you testify, and please be concise. It is my request that you limit your testimony to five minutes and we will be using the light system today. If you will not be testifying at the microphone but want to go on record as having a position on a bill being heard today, there are white tablets at each entrance where you may leave your name and other pertinent information. These sign-in sheets will become exhibits in the permanent record at the end of today's hearing. Written materials may be distributed to committee members as exhibits only while testimony is being offered. Hand them to the page for distribution to the committee and the staff when you come up to testify. We will need ten copies. If you have written testimony but do not have ten copies, please raise your hand now so the page can make the copies for you. To my immediate left is committee counsel, Bill Marienau. To the far left end of our table is committee clerk, Jan Foster. The committee members are with us today and I will have them introduce themselves, starting from my far right.

SENATOR SCHUMACHER: Paul Schumacher, District 22, that's Platte and part of Colfax and Stanton Counties.

SENATOR KOLTERMAN: Mark Kolterman, District 24, Seward, York, and Polk Counties.

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SENATOR BREWER: Tom Brewer, District 43, 13 counties of western Nebraska.

SENATOR HARR: Burke Harr, Legislative District 8, representing midtown Omaha.

SENATOR WILLIAMS: And our page today is Alyssa Lund from Woodbury, Minnesota. The committee will take up the bills now in the order posted on the agenda. And the first item today is a confirmation hearing for Dave Rippe, Director of the Nebraska Department of Economic Development. We would invite Mr. Rippe to come forward and you will not be subject to the five-minute clock. [CONFIRMATION]

DAVID RIPPE: Good. [CONFIRMATION]

SENATOR WILLIAMS: Three-minute clock, I'm sorry. Welcome and welcome to the Department of Economic Development. And our committee would like to hear from you if you would like to give your written introduction and then we will have some questions for you. [CONFIRMATION]

DAVID RIPPE: (Exhibit 1) Thank you. That will be wonderful, thanks. Good afternoon, Senator Williams and members of the Banking, Commerce and Insurance Committee. For the record, my name is Dave Rippe, D-a-v-e R-i-p-p-e. It's an honor to appear before you today as the professional selected by Governor Ricketts to serve as the director of the Nebraska Department of Economic Development. I'm excited to serve in this role and I'm thrilled to have the opportunity to work hand in hand with our state's businesses and communities to help grow my home state. I love this state. There truly is no place like Nebraska. I was born and raised in Malcolm, Nebraska. I grew up walking beans, milo, roging and detasseling corn. I've washed dishes, worked food service and retail and built homes. I'm a Nebraskan. I have an undergraduate degree from Nebraska Wesleyan University in accounting. I have a masters of business administration degree from the University of Nebraska-Lincoln, with specializations in finance and strategic management. My first job out of grad school was with this body as a fiscal analyst. There's nothing quite like the thrill of legislative session, be it good or the alternative. My second job was with the Nebraska Department of Economic Development as a business recruiter. After my time with DED the first time around my wife and I moved to Hastings where for the last eight years I've served as Hastings' executive director over the economic development corporation there. I've had the opportunity to work closely with business and community leaders, local government, and other vested stakeholders to grow our city. In smaller communities you do it all. When I started my job in Hastings my predecessor welcomed me as the new chief cook and bottle washer. My work experience has provided me with significant knowledge of business attraction and development, entrepreneurial assistance, work force attraction and development, housing, site and infrastructure development, project management, and program administration.

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It has also allowed me to build relationships across our state with businesses and communities and economic development professionals. In my role as the director of the Department of Economic Development, I promise you that I will work tirelessly to promote our state, to help build strong communities, to welcome and effectuate business investment, and to ultimately help our businesses and our communities and our state grow. The department has a dedicated staff who will build a solid foundation for community and business development. In our state we have prioritized investing in our people, our communities, and our businesses; and to that end, I would like to highlight a few of the programs administered by our department. The Site and Building Development program is used to make industrial and commercial sites ready for business operations and growth. In 2017 and '18, this program has had an impact across our state in projects both announced and in progress in Blair, Norfolk, Omaha, Lincoln, and other communities. Historically, this program leverages private investment dollars at a ten to one ratio with public funds. The Business Innovation Act program is to start up companies with innovative ideas to pursue necessary research, build prototypes, and work toward commercialization and growth of their business. This program allows our state to be involved early on in the front end of projects and to help encourage companies like Virtual Incision, Quantified AG, CompanyCam, LifeLoop, and many others across our state. For every \$1 of public funds invested through BIA programs, we've seen nearly \$7 in follow-on private capital invested and \$7 in private revenues. In its short existence the program has helped to create nearly 500 jobs that average nearly 30 percent more than the state average wage. The customized job training program provides financial resources to businesses that maintain, expand, and diversify the state's economic base by retaining and creating jobs in Nebraska. Within customized job training is the InternNE program. InternNE is available to employers, both big and small, east and west, and over the seven years of the program nearly \$11 million have been awarded to 600 different companies allowing for 2,750 internship experiences across our state with Nebraska students. These are essential tools for growing our state's economy and I thank you for your support of these programs. It is important that we make investments in our work force by providing them with the right training and education. The Department of Economic Development in concert with our partners at the Department of Labor and the Department of Education focus on developing and retaining existing talent and on attracting new talented individuals to our state. The Governor's Developing Youth Talent Initiative is helping to create talent pipelines to attract and retain high-skill, high-wage jobs in Nebraska. Through this program the department selects up to two private industry grant recipients in manufacturing technology sectors every year. The grant recipients administer a program that offers career exploration to students beginning in the seventh and eighth grade. In Hastings, we were one of the inaugural recipients of this program. Our Flowserve Corporation, on behalf of the Hastings Area Manufacturers Association, applied for a grant with the Hastings Public Schools at our middle school. What we found was that the bottleneck in our pipeline was kids coming in from the eighth up to the ninth grades. We had excellent programming in our high school, but we were short in our pipeline. We used those grant funds in conjunction with funds from our manufacturer's association to help put in new

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welders at our middle school, lathes, 3-D printers, and other programming that has allowed for a greater exploration in the seventh and eighth grades. In talking with our instructors at Hastings High School, what it's really created is a greater awareness of the kids coming into the program, a greater level of confidence and decisiveness at a young age. What we've also seen as a result of this greater awareness and confidence is a fairly market increase in the number of females that are enrolling in these programs, a side benefit to the program that has been incurred in Hastings. I will work to make sure that people know that our state has great communities. Part of developing, attracting, and retaining a talented work force in our state is building a strong community where people want to live, work, and raise their family. We have numerous programs that are related to community development that we administer through the Community Development Block Grant program, the HOME Investment Partnership program, the Nebraska Affordable Housing Trust Fund, the Civic and Community Center Financing Fund, and now the Rural WorkForce Housing Fund, which was created under last year's LB518. Applications for the Rural Workforce Housing Fund are due back to our department by March 30 and I have given my word to Senator Williams that these dollars will assist in projects in Nebraska communities this construction season. I'm holding to that, Senator Williams. I want to build upon Nebraska's strengths, while seeking innovative and differentiating approaches to economic development here in our state. In order for us to remain competitive we need to continue to review, evaluate, measure, and modernize our incentive programs. Our department will help to be part of the solution. We also need to strategically and effectively market our state. Nebraska is a great place to live and work. It's the state that I have chosen to raise my family. My wife, Kristi, and our five-year-old daughter, Julia, are here today to see you guys at work. I have already been meeting with individuals and groups representing economic development, business and industry, education, community development, housing interests across our state. I'm excited to visit additional communities, businesses, and organizations to build upon the partnerships necessary for successful economic development. Strengthening Nebraska's economy, continuing to improve Nebraska's communities, and helping to create good, quality, high-paying jobs will not only be our mission, it will be our passion. I'm proud to serve with Governor Ricketts and to serve my home state. Thank you for your time and I'm happy to answer any questions that you might have. [CONFIRMATION]

SENATOR WILLIAMS: Thank you very much. [CONFIRMATION]

DAVID RIPPE: Was that three minutes? [CONFIRMATION]

SENATOR WILLIAMS: You've got it. Questions from the panel. Senator Harr.  
[CONFIRMATION]

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SENATOR HARR: Thank you, Mr. Vice Chair. Thank you for coming, Mr. Rippe. I have a couple of questions. You mentioned the customized job training program in InternNE. How much money is currently available in the InternNE program? [CONFIRMATION]

DAVID RIPPE: Currently, our InternNE program is in various stages of obligation. But the long story short is that there are no funds left in the InternNE program available for future commitment. [CONFIRMATION]

SENATOR HARR: Okay, thank you. And then you mentioned the Governor's Developing Youth Talent Initiative. Do you know, are there rules and regs around...well, how much is given out each year in the Governor's Developing Youth Talent Initiative? [CONFIRMATION]

DAVID RIPPE: There's \$250,000 available per year that our department has typically split over two grant recipients. [CONFIRMATION]

SENATOR HARR: Okay. And are there rules and regs around how the money is to be spent and how the data is collected on the success or failure of the program? [CONFIRMATION]

DAVID RIPPE: Our department has program guidelines around that to where who a qualified applicant is and then what type of evaluation we like to see on the back end. [CONFIRMATION]

SENATOR HARR: Okay. So there are no rules and regs, is that correct? [CONFIRMATION]

DAVID RIPPE: I will have to check in before I give you a firm answer on that.  
[CONFIRMATION]

SENATOR HARR: And the reason I ask is because...and I appreciate what you're doing on that. I had a bill in Ag in which I had a grant for community gardens of a whopping \$100,000 and they were not able to use your business acumen and they charged 20 percent overage to figure out rules and regs. And to give away \$100,000, they said it was going to cost \$20,000. So I want to commend you and the Department of Revenue for finding ways to give away money without having additional administrative cost. And, by the way, I said the same to the commissioner of Ag, so thank you for that. And I guess my next question is, you mentioned the incentive programs. What do you think is the most effective incentive program we have going right now?  
[CONFIRMATION]

DAVID RIPPE: That's a great question, Senator Harr. I would say, similar to how every legislator in this body has different opinions on what might be effective, every business out there has

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programs that probably differ in importance to them. What might be very useful to one business, as our Economic Development Review Committee this interim heard from a number of companies that the InternNE was one of our single most effective programs, another company on the same panel could tell you Nebraska Advantage or the Business Innovation Act programs. Our goal as a department will be to develop and present the data that will help you make more informed decisions around those programs. I had the discussion with many of you that if we knew that we could make 20 percent on our money, we'd go borrow 4 percent every day of the week to go make that investment, because we know it's a good investment. Around a lot of our programs right now, I don't feel as though we have the necessary data to help you make those decisions. We know in our Business Innovation Act programs that we're leveraging those \$7 for every \$1 invested. We know what type of jobs we're creating, but we don't know that across our programs, so I don't believe that is a decision that we can make today. [CONFIRMATION]

SENATOR HARR: What data do you think is important to collect? [CONFIRMATION]

DAVID RIPPE: It depends on how we define success. Under the InternNE program, some might define success as moving the needle on average wage. Others might define success as retention and avoiding brain drain. And so as the policymakers in this body lay out policies around work force development, for instance, I think it's important that we work collaboratively to help define success so that we know what we're chasing. [CONFIRMATION]

SENATOR HARR: Okay. I'll let that slide for today. Let me ask you, you've had a chance to evaluate your budget? Is that a yes? [CONFIRMATION]

DAVID RIPPE: Yes, sir. [CONFIRMATION]

SENATOR HARR: Okay. Is there one incentive program that you would say is a low-hanging fruit that given our budget constraints you think maybe we should look at eliminating? [CONFIRMATION]

DAVID RIPPE: Another terrific question, Senator Harr. I know that there are programs that are probably easier for our department to administer. We're not a regulatory agency and so there are programs, candidly, within our department that are maybe slightly outside of our wheelhouse. In my first eight weeks, for instance, our department has informed me that the Angel Investment Tax Credit is slightly difficult for us to administer. More resources around that would be nice. Other programs are easier for us to get out, we have more flexibility with, like the InternNE program, like the Business Innovation Act programs. And so I suppose it's a balancing act between flexibility of program and the nature of the regulatory compliance that we need to have. [CONFIRMATION]

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SENATOR HARR: Which leads to an interesting problem we have, that you aren't regulatory and there is another incentive program where you sell and with another agency that acts as the regulatory enforcement. How do we reduce that tension between the two, because there is a perception out there that DED sells--and I'll just say--Department of Revenue that has to enforce it and that sometimes there is frustration with the businesses on being able to collect some of those tax incentives that they were promised. How do we get the two agencies working hand in glove so that we get the businesses out of the middle with some of the difficulties that I have heard consistently from business community, at least in Omaha? [CONFIRMATION]

DAVID RIPPE: First and foremost, I'd like to point out that our agency works very closely with the team at the Department of Revenue. Secondly, I believe--and there were some bills that were introduced last session and maybe this session as well--that allow for a greater level of communication between our departments. Our research team describes our ability to help with Nebraska Advantage as being customer care for a car that's not allowed to look under the hood. And so as we look at what information is allowed to be transferred between departments that allow us to help, I think that's important for this body to examine. [CONFIRMATION]

SENATOR HARR: Okay. And let me go back quickly. Thank you for saying we need more transparency. It is frustrating, at best, when we're trying to make policy and we try to get information and we feel like we're running into brick walls. And so when we don't have the data and we don't...even if we ask the right questions. And sometimes, at least I don't know the right questions to ask, so I ask a lot to hope that one is right. But when I do ask questions, it seems as though at times we can't get access to the data. So I want to encourage you to be as transparent as possible so that we can make the best policy decisions, because ultimately at the end of the day when we're spending money, it's not our money, it's the taxpayers' money. And when we don't know if we're spending it efficiently or inefficiently everyone looks bad. And so I appreciate all you're doing. I appreciate your sentiment here today. And I look forward to supporting you on the floor. [CONFIRMATION]

DAVID RIPPE: Thank you. [CONFIRMATION]

SENATOR WILLIAMS: Thank you, Senator Harr. Other questions. Senator Schumacher. [CONFIRMATION]

SENATOR SCHUMACHER: Thank you, Senator Williams. And thank you for your testimony here today. Some would say that all the programs that you listed off have failed to bear fruit. And there's an article, for example, from mid-summer that said we have one of the country's worst performing economies. We found ourselves in fiscal crunch after fiscal crunch and not little ones, but big ones. So a lot of discussion could be had as to whether or not the approaches we've taken,

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the programs we've adopted are doing what they're supposed to, whether or not they've been colossal mistakes. So let's just pretend that the spaceship flew over and zapped all the past and we have to come up with some type of a mechanism to build an economy in a state of only 1.9 million people that hasn't shown much ability to attract population with what we've done before. But it's all erased and you, as the director of economic development, were asked to come up with a program to develop a high GDP economy here. Not necessarily attract people, we haven't been good at that. Not necessarily employ robots, but how would you...what's your program-- assuming none of this other stuff is working very well--to fix things? [CONFIRMATION]

DAVID RIPPE: Well, I don't see where this has the potential to go poorly. I don't believe that we can go wrong by investing in our people, our communities, and our businesses. How we do that is up for great discussion and it's why we're equipped with such a talented body here. In order to have that discussion we need to be able to evaluate our programs and we need to know which ones aren't bearing fruit so that we can reallocate those dollars. We live in a state of finite resources and utilizing those dollars to best serve a high GDP economy is an area that I have a great interest in. Knowing how we allocate those dollars without knowing how they're performing isn't a task that we can complete. To waive the magic wand in "Fantasy Land," Senator, I'm not sure what that answer is today. But basing our investments, again, around our people, our communities, and our businesses, I don't believe we can go wrong. [CONFIRMATION]

SENATOR SCHUMACHER: You would be fun to work with over the next few years. Unfortunately, a few of us won't have that opportunity. Thank you. [CONFIRMATION]

SENATOR WILLIAMS: Other questions. Well, first of all, thank you for being here. I sincerely appreciate the fact that you bring boots-on-the-ground experience in economic development in a more rural part of our state. You have talked in your opening remarks a little bit about the need for additional work force development and then you mentioned LB518, the housing bill. How do you see...in part to answer Senator Schumacher's question about recognizing that we have this work force shortage and recognizing that we have a housing issue, tell us a little bit more about what you were able to do in Hastings over your eight years there to address those issues. [CONFIRMATION]

DAVID RIPPE: I believe the bottom line of economic development in our state is creating a place where people want to be. I mean, it's not rocket science and people move for a variety of reasons. They move for well-paying jobs, they move for access to amenities, they move to be close to kids, they move because of availability and desirability of housing. There's not one silver-bullet program that answers all those questions for all people. It's the same as the question of what business incentive program is the best? People make decisions just like businesses do,

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for a variety of different reasons. In Hastings, we focused on providing direction and making our community a community of choice for talented people and quality businesses. Removing barriers to entry for entrepreneurs, providing the type of housing that helps to attract in professionals. You look at all of our communities, our state is competing against other states for people. And so when we think of it in that regard, it helps you to better position yourself as a state or as a community for success. We...I use the saying in Hastings is, that the cavalry is not coming to save us. And so if we rely on folks from the outside to come in and save us or invest in us, we're setting ourselves up for success. If we're not willing to invest in ourselves as a community or as a state, who else is going to invest in us and why? And so in Hastings we invested in ourselves first. We did our best to make our community a community of choice for those talented people and quality businesses and we did our best to remove the barriers to entry and the regulations that prohibited that. My hope is that as a state, if we can work to put you with the right information, that we can make those same strides as Nebraskans and position our state in the same regard. [CONFIRMATION]

SENATOR WILLIAMS: Thank you. You certainly had wonderful success in Hastings during your years there and that's noted. Any further questions for the nominee? Senator Schumacher. [CONFIRMATION]

SENATOR SCHUMACHER: Thank you, Senator Williams. Hastings has been brought up as possibly something to look at. And it's numbers aren't too different from other similarly sized situated cities on this: North Platte, Fremont. In 1970--if this thing is accurate at all--Hastings had a population of 23,580. Let's see, how many years is it? Forty-four years later it has a population of 24,915. That's the problem. And it's doing what it ought to do. So how can we structure the environment to make it do something other than what amounts to pretty sorry figures? [CONFIRMATION]

DAVID RIPPE: Obviously, there's no overnight solution. And certainly we recognize what was stacked up against us in Hastings. You look at the time how our communities have evolved since the installation of the interstate. Between 2000 and 2010, nine of the fastest ten growing communities in our state were immediately adjacent to the interstate. And so what we focused on in Hastings in trying to make a change for the next 40 years was making our community a destination and a community of choice. Nebraska, considered by many a fly-over state, is not dissimilarly positioned on the national level to how Hastings is positioned within our state. As we look, as policymakers and leaders for our state, at the types of investments we make, doing things differently than we've done them for the last 40 years and how we position our state as a destination for people, those will be the decisions and the investments that differentiate us in the next 40 years so that we can look forward differently than we can look backwardly. What those answers are today, sitting here eight weeks into my new role, I don't know. But I think that will

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be some of the fun that we will hopefully get to have over the next few years and hopefully you won't leave us...the state, that is. [CONFIRMATION]

SENATOR SCHUMACHER: Would it be fair to say that in order to break this pattern which is pretty uniform, long trend, we need something disruptive? [CONFIRMATION]

DAVID RIPPE: A friend once described to me our community and he said, Dave, communities oftentimes reach a level of equilibrium and no matter what you do it will rise and it will fall a little bit but, in general, just like most entities, they'll stay at that equilibrium. Our state might not be entirely different. And so something to disrupt that equilibrium, I don't know if that's a sovereign nation on the west end of our state or something else, but something to disrupt that equilibrium--it could be a policy or whatever else--could be a possibility, Senator.  
[CONFIRMATION]

SENATOR SCHUMACHER: So you're telling me that you deserve the title of swami more than I do? [CONFIRMATION]

DAVID RIPPE: I would be honored to be considered for a position in "Schumakistan."  
[CONFIRMATION]

SENATOR SCHUMACHER: Thank you. [CONFIRMATION]

SENATOR WILLIAMS: Be careful, the water may cost you a lot. Any final questions? Seeing none, thank you for your willingness to move your family to Lincoln and be part of this. With that, we will open it up for proponents. I would expect Julia would run up here and say something nice about her dad. Are there any proponents? Seeing none, are there any opponents to the nomination? Seeing none, is there anyone here to testify in the neutral capacity. Seeing none, that will close the confirmation hearing. Thank you. [CONFIRMATION]

DAVID RIPPE: Thank you. [CONFIRMATION]

SENATOR WILLIAMS: I'll turn it over.

SENATOR LINDSTROM: Thank you. Thank you, Senator Williams. We will now open the hearing to LB1012. Senator Harr. Good afternoon, Senator. [LB1012]

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SENATOR HARR: (Exhibit 1) Good afternoon, Mr. Chairman. I apologize, I was deep in my own thought. My name is Burke Harr, H-a-r-r, and I represent the true midtown Omaha, the neighborhoods of Dundee, Benson, and parts of Keystone and Creighton Prep. LB1012 provides for a limited license for self-service storage facility operators to be able to offer their customer tenant insurance coverage for the loss of or damage to their personal property contained in their storage space. The insurance will be offered on a month-to-month or other periodic basis. This is very similar to a provision in Nebraska law that allows rental car companies to offer insurance at the time you rent a car from them. The rental car company are not insurance companies and their employees are not insurance agents, but when you rent a car from them they can offer you insurance if you want it. This will be the same for self-storage facilities, their employees, and their customers. Under LB1012, when a customer comes into a self-storage facility to rent a storage unit, the self-storage facility can offer the customer tenant insurance. It will be convenient as an option for consumers if they choose to take advantage of it. They cannot be required to buy the insurance in order to rent a storage facility. It will be a limited policy with disclosure requirements built into this law. Twenty-seven states now authorize such limited self-storage tenant insurance. The Self Storage Association has been working with the Independent Insurance Agents of Nebraska, the Professional Insurance Agents of Nebraska, and with the Department of Insurance to draft an amendment, which I have here, and will be offering in a bit. It is AM1691. I want to thank the three organizations for working with our office on this amendment and to clean up some of the issues that were not readily apparent on my first draft. It appears that a goal has been reached and now it is a matter of drafting the language of the amendment to offer and I will offer here to the committee. And I'm willing to entertain any questions you may have regarding this bill. [LB1012]

SENATOR LINDSTROM: Thank you, Senator Harr. Any questions. Senator Schumacher. [LB1012]

SENATOR SCHUMACHER: Thank you, Chairman Lindstrom. Thank you, Senator Harr, for bringing this bill to us. And I haven't had a chance to see your amendment yet, but what type of things are covered by this insurance? Is it just a storm taking the building or a flood or somebody breaking in or if you have a sack of beans in there and it rots? What is covered? [LB1012]

SENATOR HARR: There are those coming after me that can better answer that. But what I would say, it's mainly regards to any damages that may occur or theft while it is within the facility and is occupied there. But, obviously, at the end of the day this is a contract between an individual and the self-storage unit, so it's going to be dependent upon what that individual contract is. [LB1012]

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SENATOR SCHUMACHER: Okay. I'm sure Mr. Wesely will have some answers for us. [LB1012]

SENATOR HARR: That wasn't? [LB1012]

SENATOR SCHUMACHER: You've been here as long as I have, (inaudible). [LB1012]

SENATOR LINDSTROM: Thank you. Any other questions for Senator Harr? Senator Baker. [LB1012]

SENATOR BAKER: Thank you, Chairman Lindstrom. Senator Harr, I'm reading your bill and it talks about being able to get a limited license for up to \$100. What is the process of review to determine whether or not a person would get a limited license issued? [LB1012]

SENATOR HARR: Again, that's more of a technical aspect of the bill and I'll defer to those coming after me as well. [LB1012]

SENATOR BAKER: Thank you. [LB1012]

SENATOR HARR: Thank you. [LB1012]

SENATOR LINDSTROM: Thank you. Any other questions. Seeing none...Senator McCollister. [LB1012]

SENATOR McCOLLISTER: The \$100, is that the a monthly fee or a yearly fee? [LB1012]

SENATOR HARR: I was going to say, no, no matter what. It's a monthly or on a periodic basis. [LB1012]

SENATOR McCOLLISTER: And \$100 is the maximum? [LB1012]

SENATOR HARR: Yes. [LB1012]

SENATOR McCOLLISTER: Do you know what they typically charge for that service? [LB1012]

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SENATOR HARR: What's that? [LB1012]

SENATOR McCOLLISTER: What do those facility owners typically charge for that service or is that a question we need to ask those that follow? [LB1012]

SENATOR HARR: I don't know how much. I've never...I hate to admit this. I don't have a self-storage unit, but I can tell you my wife wants me to get one, so. [LB1012]

SENATOR McCOLLISTER: With the insurance? [LB1012]

SENATOR HARR: Yes, definitely with the insurance. [LB1012]

SENATOR LINDSTROM: Thank you, Senator Harr. We'll now move to proponents of the bill. [LB1012]

JOSEPH DOHERTY: (Exhibit 2) Good afternoon, Mr. Chairman and members of the committee. My name is Joe Doherty, D-o-h-e-r-t-y. Thank you very much for the opportunity to speak today in support of LB1012, which provides a regulated program for self-storage facilities to offer insurance for their tenants. I represent the 30,000 owners of 55,000 self-storage facilities in the country, with approximately 350 of those here in Nebraska. I was asked to join my friends here in Nebraska to provide perspective on the industry and its relation to insurance. About half of self-storage tenants are in transition, whether downsizing, going through a divorce, or returning from military service or college. The average rental period at a self-storage facility is somewhere between six and nine months. Many other tenants live in smaller dwellings or rent apartments. Given the nature of our industry, many self-storage tenants do not have existing coverage for the property they store in their self-storage unit. The insurance that would be offered pursuant to this bill fills that coverage gap and provides tenants with peace of mind when storing their property at a self-storage facility. This bill would enable self-storage operators and their employees to provide tenants with statutorily prescribed written materials prepared by an insurance company or general agent, sign up the tenant for insurance if the tenant wishes to do so, and collect the insurance premiums. The self-storage operator then turns over the insurance relationship to a fully licensed insurance business. The employees of the self-storage facility would undertake training as provided in the bill, but would not provide any advice regarding the coverage or any other coverage held by the tenant. The insurance company that underwrites this business, as well as the general agent that works with the facility and insurer, are fully licensed and are available to answer coverage questions from tenants. This bill treats the proposed self-storage limited line similarly to other limited lines here in Nebraska, such as travel insurance and rental car insurance. Additionally, 27 states allow for the sale of limited line self-storage insurance by self-storage operators. These states include three that border Nebraska: Kansas, Missouri, and

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Colorado. The reason we are seeing this movement now is that the self-storage industry remains in its infancy, about 40 years old, and the demand has emerged over this time. The primary revenue source for self-storage facilities, 85 percent of which are small businesses, is and will always remain the rental of property, not insurance. Nevertheless, we feel it is responsible that our tenants have a readily accessible option to insure their stored property. Finally, we thank the Department of Insurance, Independent Insurance Agents of Nebraska, and the Professional Insurance Agents of Nebraska for working with us to draft an amendment which Senator Harr has provided to the committee and that provides for additional disclosures to prospective purchasers of this insurance. Thank you for your time, and I welcome any questions you may have. [LB1012]

SENATOR LINDSTROM: Thank you, Mr. Doherty. Senator McCollister. [LB1012]

SENATOR McCOLLISTER: Thank you, Mr. Chairman. Just wondering about some of the perils that might be covered under such a policy. How about a California-like forest fire? [LB1012]

JOSEPH DOHERTY: Yes, Senator. Forest fires, other types of fires, flood is actually covered. Unlike under a homeowner's policy, flood is covered under these types of policies. Theft...if there's some damage that occurs to your unit or what you had stored in the unit as a result of, say, a neighboring unit has some issue, maybe somebody has a car stored in that other unit and oil leaks over into your unit, it covers those types of perils. [LB1012]

SENATOR McCOLLISTER: Okay. You know, you talk about theft as being one of the perils that would be covered. What would happen if the operator didn't provide adequate security? So wouldn't it be a claim on the operator of the facility rather than on the tenant to recover those costs? [LB1012]

JOSEPH DOHERTY: The claim would probably work that the tenant would have a claim to its insurance company that underwrites the policy and the company would then perhaps have a subrogation right against the facility for not properly securing the... [LB1012]

SENATOR McCOLLISTER: As you mentioned, most homeowners have a policy that might cover this already. Isn't that correct? [LB1012]

JOSEPH DOHERTY: They may. This policy is different, however, in that unlike a traditional homeowner's policy that has, say, \$500 or larger deductible, these policies typically have zero deductible or maybe up to the maximum of \$100 deductible. So in some cases...and then also in a traditional homeowner's policy that's usually sublimited at the 10 percent of your personal

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property is what you can have coverage for on off-premises property. So you may have more in the self-storage unit than you would have in 10 percent of your personal property coverage under your homeowner's policy. [LB1012]

SENATOR McCOLLISTER: Most renters don't typically have policies that cover the inside a facility like yours or an owner would have. Isn't that correct? [LB1012]

JOSEPH DOHERTY: That's correct, Senator. [LB1012]

SENATOR McCOLLISTER: Okay. How about an act of God, like a tornado? Covered? [LB1012]

JOSEPH DOHERTY: Yes. [LB1012]

SENATOR McCOLLISTER: So the policy would cover that as well? [LB1012]

JOSEPH DOHERTY: Yes, it would. [LB1012]

SENATOR McCOLLISTER: Thank you very much for your testimony. [LB1012]

JOSEPH DOHERTY: Thank you, Senator. [LB1012]

SENATOR LINDSTROM: Senator Baker. [LB1012]

SENATOR BAKER: Thank you. Mr. Doherty, you've shown me the parallel between this and getting insurance on a car when you rent a car and that tends to be pretty expensive compared to if it's covered in some other way. How expensive in Nebraska would insurance be do you think for just a small rental apartment? [LB1012]

JOSEPH DOHERTY: It's typically in the range of the high single digits or low double digits per month. So if you have, say, \$2,000 of coverage we typically see premiums of about \$8 per month. And most tenants, as I mentioned in my testimony, most tenants are in the facility or use the facility for about six to nine months, so you're probably talking on the average tenant \$50 to \$100, depending on how much they have in the unit. [LB1012]

SENATOR BAKER: Okay, thank you. [LB1012]

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JOSEPH DOHERTY: Thank you. [LB1012]

SENATOR LINDSTROM: Senator Kolterman. [LB1012]

SENATOR KOLTERMAN: Thank you. How do you report this as an...if you write the insurance, is there a reporting form to report this to the insurance company or the agent on a monthly basis or do you do that on an annual basis or how does that work? [LB1012]

JOSEPH DOHERTY: It's usually done on a monthly basis. The reporting will go from the facility to the general agent. And there are probably nationwide around a dozen or so general agents in this field. The general agent will then send it along to the underwriting company. [LB1012]

SENATOR KOLTERMAN: And then under a program like this, typically a homeowner's policy would give you some coverage. It's very limited, I'm aware of that. How about vehicles? If I have a Corvette in there and I have it covered under comprehensive under my policy, is there a need for it here? Do you insure cars? [LB1012]

JOSEPH DOHERTY: Yes. And one of the amendments that the insurance department sought, and it is now in the amended bill, specifies that this is not--and maybe the commissioner could address this a little bit more specifically--but it's not collision-type of coverage. So if you drive it off...if you have this insurance and you drive your car out of the facility, the self-storage insurance would not cover you getting into an accident. [LB1012]

SENATOR KOLTERMAN: Yeah, that brings me to the next question. What kind of exclusions are under these policies, because that's really where you run into problems? [LB1012]

JOSEPH DOHERTY: I'm not very familiar with the exclusions. I know in one circumstance that would not affect Nebraska is hurricane. Hurricane coverage is usually...most of the time these policies are primary. I know in the context of hurricane damage, the policy is secondary to other coverage that there might be in place. [LB1012]

SENATOR KOLTERMAN: Thank you. [LB1012]

JOSEPH DOHERTY: Thank you. [LB1012]

SENATOR LINDSTROM: Any other questions? Senator Williams. [LB1012]

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SENATOR WILLIAMS: Thank you, Chairman Lindstrom. And thank you for being here, Mr. Doherty. As I understand it, the employee that would be meeting with the prospective tenant does not have much training in the insurance area and, from your testimony, I think is not able to give advice to the tenant about coverages. So where does it happen in this process that if one person has used furniture to put in a storage unit and another person has antique collectibles to put in a storage unit, how do you determine the coverage and whether you're covered well enough for those kind of items? [LB1012]

JOSEPH DOHERTY: That would typically be for the tenant themselves to determine and they can have conversations if they're interested in purchasing this coverage, the general agent or the insurer can answer some of the more specific coverage questions. The employee at the facility receives the training that's required in the statute and this is similar to how other states operate. But as you mentioned, they don't provide advice and they can't say whether your existing coverage may or may not be sufficient. [LB1012]

SENATOR WILLIAMS: So do I assume from that that if it's a normal...that it's kind of a cookie cutter--you're leasing a 10' x 20' spot here and we charge \$8 a month for that and your stuff is insured? [LB1012]

JOSEPH DOHERTY: The difference would be... [LB1012]

SENATOR WILLIAMS: And then you get to your exclusions at Senator Kolterman's. [LB1012]

JOSEPH DOHERTY: The difference would be if you get to declare the value of the property in your unit. [LB1012]

SENATOR WILLIAMS: Okay. [LB1012]

JOSEPH DOHERTY: And that might affect...not every 10' x 12' unit or 10' x 20' unit is going to have the same amount of...same value. [LB1012]

SENATOR WILLIAMS: Okay, got you. Thank you. [LB1012]

SENATOR LINDSTROM: Thank you. Any other questions from the committee? I see none. Thank you, Mr. Doherty. [LB1012]

JOSEPH DOHERTY: Thank you, Chair. [LB1012]

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SENATOR LINDSTROM: Next proponent. [LB1012]

BILL LANGE: Bill Lange, B-i-l-l L-a-n-g-e. Mr. Chairman, members of the Banking, Commerce and Insurance Committee, my name is Bill Lange, I am the president of the Nebraska Self Storage Owners Association. We are a statewide organization representing the interests of the self-storage facility owners in Nebraska. We thank Senator Harr for introducing LB1012. Last year Senator Harr introduced LB492, which modernized the lien statutes for the self-storage industry in Nebraska through the adoption of the Self-Storage Facilities Act (sic: Self-Service Storage Facilities Act). LB492 passed without a single vote against it at any stage of its consideration. We are very grateful for the Nebraska Legislature's strong support. With the passage of our bill last year Nebraska became the 49th state to pass a lien statute in the self-storage industry. The only state that does not have self-storage statutes right now is Alaska. This year we can do a little better than being 49th. LB1012 will authorize Nebraska self-storage facilities to offer tenant insurance to the self-storage customers. You've heard 27 states already have adopted legislation. If Nebraska Legislature passes LB1012 this session we will become the 28th state to do so, which is far better than 49th. Again, we thank Senator Harr and the Legislature for your help last year. This year the Nebraska Self Storage Owners Association would deeply appreciate your support for LB1012. That's all. [LB1012]

SENATOR LINDSTROM: Thank you, Mr. Lange. Any questions from the committee? Seeing none, thank you. [LB1012]

BILL LANGE: Thank you. [LB1012]

SENATOR LINDSTROM: Next proponent. Seeing none, we'll now move to opponents. Seeing none, we will now move to neutral testifiers. Good afternoon, Director. [LB1012]

BRUCE RAMGE: (Exhibit 3) Good afternoon, Chairman Lindstrom and members of the Banking, Commerce and Insurance Committee. My name is Bruce Ramge spelled B-r-u-c-e R-a-m-g-e, and I am the Director of Insurance for the State of Nebraska. I am here today to testify in a neutral capacity on LB1012. As you already know, LB1012 would permit the Department of Insurance to issue limited lines insurance producer license to an operator of a self-storage facility that would allow such a licensee to sell property insurance to an occupant of a self-storage facility. Currently, the department issues limited lines in a number of areas, including crop insurance, credit insurance, title insurance, travel insurance, car rental insurance, and portable electronics insurance. The department has worked with the Self Storage Association to amend the legislation to make it as uniform as possible with other limited lines licenses. This eases the implementation and regulation from the department's perspective. Additionally, the department provided suggestions on disclosures to help prevent consumer confusion. The department has no

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position on the underlying policy of LB1012. Thank you for the opportunity to testify on LB1012. [LB1012]

SENATOR LINDSTROM: Thank you, Director. And then just a quick question. You saw the amendment. Have you had a chance to read it? [LB1012]

BRUCE RAMGE: Yes, we did. And that encompassed the suggestions that we made to the Self Storage Association. [LB1012]

SENATOR LINDSTROM: Very good. Thank you. Any questions? Senator Schumacher. [LB1012]

SENATOR SCHUMACHER: Thank you, Chairman Lindstrom. Generally, is it more efficient to sell insurance in little blocks at a time with individual contracts or to have a large policy that would cover an entire facility under one policy? [LB1012]

BRUCE RAMGE: Sure. I think in the case of this type of insurance, it would probably be like a group master contract and then the individuals who would rent the facilities would be issued a certificate under that group master policy. But that doesn't preclude the possibility of individual policies. It could be administered either way. But you are correct, one group policy is more efficient. [LB1012]

SENATOR SCHUMACHER: How about just a one facility thing so instead of say at 100 of these units, instead of trying to sell people who I suppose kind of would expect their stuff is covered by somebody's insurance, trying to sell 100 policies and maybe get 95 takers or 90 takers just to insure the whole building and provide a \$2,000 coverage for each unit under one master policy that everybody gets them. You buy it, you get the coverage. [LB1012]

BRUCE RAMGE: Yeah, there would be nothing to prohibit that type of arrangement. [LB1012]

SENATOR SCHUMACHER: Which would be more efficient, 100 little policies separately sold or one master policy covering the whole building? [LB1012]

BRUCE RAMGE: I think, efficiency would be one master policy. However, then you might have to spread the cost to all individuals and some of them might not need that because they have a homeowner's policy or something else. So I think that my experience in this particular insurance is very limited, so individuals from the association from other states may have a better understanding of how this would work in practicality. [LB1012]

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SENATOR SCHUMACHER: Thank you. [LB1012]

BRUCE RAMGE: Yes. [LB1012]

SENATOR LINDSTROM: Senator Kolterman. [LB1012]

SENATOR KOLTERMAN: Thank you. Director Range, when you...do you keep track of how many licenses you have for like travel insurance or car rental insurance? [LB1012]

BRUCE RAMGE: We can get that data readily. I don't have it here with me. [LB1012]

SENATOR KOLTERMAN: Okay, but you do. Is it...I mean, they're going to have to pay a fee to get licensed to market this, I assume. [LB1012]

BRUCE RAMGE: Yes. We try to...for our own sake we try to keep the license fees consistent across the board. So like right now a producer license is \$50, even though the statute would allow it to be more. We look at that in relationship to our actual costs and our budgetary limits. [LB1012]

SENATOR KOLTERMAN: So on a limited lines contract like this is it \$50 as well? [LB1012]

BRUCE RAMGE: It would likely be. [LB1012]

SENATOR KOLTERMAN: Okay, thank you. [LB1012]

BRUCE RAMGE: You're welcome. [LB1012]

SENATOR LINDSTROM: Senator McCollister. [LB1012]

SENATOR MCCOLLISTER: Thank you, Chairman Lindstrom. Now, I also had the same interest, Director, as Senator Kolterman in what product lines we've already approved in Nebraska. And so when you say \$50 or \$60, that's per rental unit? [LB1012]

BRUCE RAMGE: That would be per operator. And then the operator would send in a list of all the names of the employees who are authorized to sell. There would not be a \$50 fee per employee, it's just the licensee would have that fee. [LB1012]

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SENATOR McCOLLISTER: I think we're all familiar with the insurance you can buy with a car rental. [LB1012]

BRUCE RAMGE: Yes. [LB1012]

SENATOR McCOLLISTER: Do you get many complaints from people about predatory sales efforts by folks selling limited lines of insurance? [LB1012]

BRUCE RAMGE: We do not. I think most people...I think the information that's given to them explains it pretty well. Occasionally, I've seen complaints where there's a dispute over which policy is primary if there's an accident with another party and who pays first, but those generally get ironed out. [LB1012]

SENATOR McCOLLISTER: How are they ironed out? I mean, is it an arbitration kind of thing? [LB1012]

BRUCE RAMGE: Our department...they can. Many insurance companies subscribe to arbitration; most do. Our Department of Insurance has a Consumer Affairs Division that helps consumers and we will investigate when there's issues and help be an advocate for the consumer. [LB1012]

SENATOR McCOLLISTER: Particularly for car rental insurance that you'd buy, limited line insurance, do they typically have a deductible? [LB1012]

BRUCE RAMGE: That's a good question. I'm sorry, I don't know. [LB1012]

SENATOR McCOLLISTER: Thank you, Director. Thank you. [LB1012]

SENATOR LINDSTROM: Any other questions for the director? Seeing none, thank you, Director Ramge. We appreciate it. [LB1012]

BRUCE RAMGE: Thank you. [LB1012]

SENATOR LINDSTROM: Other neutral testifiers. Seeing none, Senator Harr, if you'd like to close. [LB1012]

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SENATOR HARR: Just quickly. Thank you, Mr. Chairman. I want to thank the Department of Insurance, Independent Insurance Agents, and Professional Insurance Agents for working with the self-storage people to find a solution and a way forward on this. I also want to thank the department because in their fiscal note if you look, it says: There will be a workload increase for the Department of Insurance to issue licenses and regulate the issuance of insurance by self-storage operators. The agency indicates that existing staff and resources will be able to handle the increased workload. It's applying that business acumen that they are doing, that the Department of Economic Development is doing that I'd sure like to see the Department of Ag do. And with that, I would entertain any questions you may or may not have. [LB1012]

SENATOR LINDSTROM: Thank you, Senator Harr. Any final questions for the senator? Senator Schumacher. [LB1012]

SENATOR SCHUMACHER: Thank you, Senator Lindstrom. I was saving this for Mr. Wesely, but seeing as how he was shrewd enough not to come out here and testify, I can't just waste the question. Instead of all these itty-bitty policies and somebody selling them and somebody having to write them and somebody having to license them and all this, why don't we just say that if you operate one of these facilities you carry a master policy that insures every unit up to \$2,000? The premium likely will be cheaper, you divide that among as part of your rent, no extra paperwork involved at the basic level, a lot of the people who are supposedly renting these are a little bit hard up or they probably will take out the insurance anyway because it means extra premium, and spread the risk. And then I suppose in case an operator really doesn't want to participate, post a notice: Your stuff isn't insured in this facility. And that way we can provide insurance to everybody or at most of the facilities, provide insurance with large enough members to reduce the cost and administrative overhead, and that's just part of operating one of these facilities, you buy insurance for it. [LB1012]

SENATOR HARR: Do we call that "Schumakhere?" [LB1012]

SENATOR SCHUMACHER: No, no, that wouldn't be. [LB1012]

SENATOR HARR: Oh, okay. Okay, that's a different one. [LB1012]

SENATOR SCHUMACHER: It's always in the new city that you get that. [LB1012]

SENATOR HARR: And, by the way, nothing in this bill prevents a self-storage company from doing that if they so choose, but this is a free market, but this gives alternatives. The real problem

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is, yeah, if you give everyone \$2,000 that's fine, but I have my bitcoin collection--oh, wait, maybe not bitcoin, since it's digital--but... [LB1012]

SENATOR SCHUMACHER: We only accept that in the new city. [LB1012]

SENATOR HARR: Yeah. But you'll have some collection there that's worth more than \$2,000, right? You might store your ivory-handled gun in there or your ivory watch that you got from your father. And so that's worth more than \$2,000 and so you might want to have something for more than that \$2,000 basis. This allows you to do that. Or you may have a situation where they have multi-level on these storage units, there's a flood and it may flood the first level, but not the second level. Well, if I'm on the second level I might be upset because either my rates go up or I'm paying part of the deductible for the flood that happened on the first floor. Or there may be, I mean, some people actually live in these things; it's illegal. But there may be a fire in a small part and it only affects one or two units and the whole unit has to pay for that one or two, whereas if they had that individual insurance only the person affected would have to pay for it. Actually, what would happen is...or, worse yet, that person in one of those two units would have to pay the whole deductible instead of spreading it out for just what's the damage to theirs. So there are a number of reasons why. It seems like it's a possibility, but it may not be as good in practice. But again, nothing prevents that from happening. [LB1012]

SENATOR SCHUMACHER: Except now we're setting up the overhead for the piecemeal approach, which is where I would think we'd pick up some costs with some inefficiencies. [LB1012]

SENATOR HARR: Yes. But, again, nothing would prevent...in this marketplace maybe someone would come along and say, let me show you how I can do this cheaper; cheaper, faster, better. [LB1012]

SENATOR SCHUMACHER: Super, faster, better. Thank you. [LB1012]

SENATOR LINDSTROM: Senator Kolterman. [LB1012]

SENATOR KOLTERMAN: Thank you, Senator Lindstrom. I just want to make a comment for the record. I rent one of these units. [LB1012]

SENATOR HARR: You what? [LB1012]

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SENATOR KOLTERMAN: I rent one of these units and I'm not low income. Thank you.  
[LB1012]

SENATOR SCHUMACHER: I rent three of them. [LB1012]

SENATOR HARR: Nor are you low class. [LB1012]

SENATOR LINDSTROM: Thank you. Any final questions? Seeing none, thank you, Senator Harr. [LB1012]

SENATOR HARR: Thank you. [LB1012]

SENATOR LINDSTROM: That will close the hearing on LB1012. We will now invite Senator Albrecht to open the hearing on LB949. Welcome, Senator Albrecht, to the BCI Committee.  
[LB1012]

SENATOR ALBRECHT: Thank you. Well, good afternoon, colleagues, Chairman Lindstrom, members of the Banking, Commerce and Insurance Committee. My name is Joni Albrecht, Senator Joni Albrecht, it's J-o-n-i, Albrecht, A-l-b-r-e-c-h-t, and I proudly represent Legislative District 17, which is in Wayne, Thurston, and the Dakota Counties in northeast Nebraska. The Nebraska Educational, Health, and Social Services Finance Authority, commonly known as NEFA, is currently authorized to be a conduit issuer of tax-exempt bonds for private not-for-profit colleges, private not-for-profit hospitals, and certain not-for-profit social service organizations. The purpose of the authority is to assist eligible institutions in the acquisition, construction, improvement, equipment purchase, renovation, financing, and refinancing of projects. The authority was expanded in 2013 under LB170, sponsored by Senator Gloor, to include healthcare and social services financing to assist organizations in those areas to obtain bond financing. NEFA is governed by a board appointed by the Governor, receives no state General Funds, and operates entirely with user fees. Bonds issued by NEFA are not obligations of the state of Nebraska or any political subdivision. LB949 renames the Nebraska Educational Health and Social Services Finance Authority and the Nebraska Educational Health and Cultural and Social Services Finance Authority. It allows the authority to be the conduit issuer for private cultural institutions. A private cultural institution is defined as a private, not-for-profit corporation or institution that has a primary purpose of promoting cultural education or development. This allows for cultural institutions, such as museums or visual arts centers, to finance or refinance cultural assets they deem important to the economic vitality of their locality. LB949 changes references to the authority to include cultural throughout all pertinent sections of the Revised Statutes 58-800 to more accurately describe its duties. I'd like to make clear that there is no fiscal note attached to this bill. Additionally, it's my understanding that there is a

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technical amendment to LB949 prepared by the committee counsel to correct an error in the original draft that I am in support of. I'd ask that you support LB949 and I'd be happy to answer any questions that you might have. [LB949]

SENATOR LINDSTROM: Thank you, Senator Albrecht. Any questions from the committee? Seeing none...oh, I'm sorry, excuse me. Senator Williams. [LB949]

SENATOR WILLIAMS: Thank you, Chairman Lindstrom, and thank you, Senator Albrecht. Is there...and maybe somebody else can address this question. If not, I'm interested in the revenue stream that will come to repay the bonds and what the success rate has been on the bonds that have already been issued by the authority. Do you have information or is that coming? [LB949]

SENATOR ALBRECHT: I do have some people behind me that will probably be able to better answer that, Senator Williams. Thank you for the question. [LB949]

SENATOR WILLIAMS: Thank you. [LB949]

SENATOR LINDSTROM: Thank you. Any other questions. Seeing none, will you stick around for close? [LB949]

SENATOR ALBRECHT: Yes. Thank you. [LB949]

SENATOR LINDSTROM: Okay, thank you. We'll now move to proponents. Good afternoon. [LB949]

DOUG ZBYLUT: (Exhibit 1) Good afternoon, Senator Lindstrom and members of the committee. My name is Doug Zbylut, D-o-u-g Z-b-y-l-u-t, and I'm the Executive Director of Nebraskans for the Arts and we come here in support of LB949. And what I've done is, I provide you some written testimony about the goals and background and why we requested the bill. In addition, it has responses to questions we are frequently asked about the bill, so kind an FAQ on it. In my verbal testimony I just want to give you a little bit of background of why we requested Senator Albrecht to introduce this bill on our behalf. Last year we had the great opportunity to work with the Nebraska Economic Development Task Force several times to present the importance of arts and cultural organizations on the economic development of our state. And that included in August we talked about the Moonshell District in Red Cloud and the Willa Cather Foundation and things they're doing with heritage tourism down there. We talked about the economic impact that the Community Players of Beatrice has and the regional draw that they are. And in September we had a speaker come in from Colorado and talk about creative districts and

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things they're doing in communities throughout Colorado, particularly in the Front Range to help with economic development and creative vitality. And so during these different meetings, I always talked to Senator Albrecht afterwards and she kept saying, let's keep the positive momentum going on this. Let's do something that we can really have to help continue this momentum about the importance of arts and cultural organizations on the community vitality of our state. So we asked Senator Albrecht to introduce this bill. We had done research on what's been happening around the nation of how these state finance authorities are helping cultural organizations create their construction renovation of physical properties. We also knew we wanted to introduce something that didn't have a fiscal note. So that's the reasons that we had that. And then I also wanted to highlight also, I had asked a couple of speakers here and it was gratuitous that this Sunday in the Omaha World-Herald they had a major section in there about business outlook. And so one section on the "Entertainment and Culture" side they talked about the impact of things such as the Joslyn Art Museum and then the speaker here about from KANEKO about how they're being used as an anchor down in the Old Market to make that one of our great attractions for visitors and for attracting talent to our state. And then in another section, in the "Education Outreach" section, I don't know if people read those...the lawyer that moved back to Imperial and talked about why he wanted to live there. He's in front of a mural that an artist did there. But he also talked about the importance at Imperial that they would do things to help attract and retain people there. And they talked about the "Good Living Tour" and I have Andy Norman here to be able to talk about what they're doing out there. So I thought, well, that worked out pretty well that those people are in there in Sunday's paper than having them here to talk to you. And I guess I just want to highlight that I heard something that Mr. Rippe said about what we want to do here in Nebraska is creating a place where they want to be, when he talked about what they're doing in Hastings and what he wants to do for the state. And that's exactly what this bill would do. It would help create these physical structures where people can have entertainment in their communities. It will attract people to spend at the retail establishments, for lodging, for restaurants, and also make a place where people want to live. You had mentioned...you had talked about the stats about Hastings. They're maintained and things like that. And I think, Senator McCollister, we talked about, what is it that people want? How are we going to keep our young people here? And the thing people say is, well, there's nothing to do here. And then when Mr. Rippe talked about...we talked about the Department of Education, we help with the education of people. We have the Department of Economic Development, so we have these different incentives. Probably the third leg of that stool is providing things for people to do and that's what this bill is going to help us do. Thanks. [LB949]

SENATOR LINDSTROM: Thank you so much. Any questions from the committee? Senator Schumacher. [LB949]

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SENATOR SCHUMACHER: Thank you, Senator Lindstrom. So the underlying economics here are that this enables these institutions to borrow money tax free. I mean, with their...yeah. The interest is tax free on their debt. [LB949]

DOUG ZBYLUT: Yes, tax-exempt bonds. [LB949]

SENATOR SCHUMACHER: Okay. And we are expanding it in this bill to include cultural things, too? [LB949]

DOUG ZBYLUT: Yes. [LB949]

SENATOR SCHUMACHER: And if I wanted to build, say, a parochial school, it's certainly cultural because I teach culture that's gone back thousands of years. Can I now finance that through this organization under the cultural umbrella? [LB949]

DOUG ZBYLUT: I would probably have Greg Johnson answer that, because he's the executive director of Nebraska Educational Finance Authority on that. A definition that, when we put the bill together was to use something...definitional cultural organizations that was in other parts of the statutes. So it might be in Section 7 or 8, but I forget. It was maybe in Revised Statute 24-something. And it kind of defined it out there as to what a cultural organization would be. And it made it so that we're here for arts and cultural organizations, but it also probably includes probably like the zoo or the Lauritzen Gardens would probably be able to look for funds for this, too. [LB949]

SENATOR SCHUMACHER: But the language here says: has primary purpose of promoting cultural education or development. And then it goes on: such as museums and art centers. But it doesn't have the usual flip side of that saying, it shall not mean this, this, and this, because as long as it's cultural education or development, this looks like I'm good to go on anything I can phrase or argue comes under that umbrella. And who would tell me I can't? [LB949]

DOUG ZBYLUT: I'll leave that to Greg to answer for you. [LB949]

SENATOR SCHUMACHER: Okay, thank you. [LB949]

SENATOR LINDSTROM: Thank you. Any other questions from the committee? Seeing none, thank you for your testimony. [LB949]

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DOUG ZBYLUT: Thanks. [LB949]

SENATOR LINDSTROM: Other proponents. Good afternoon. [LB949]

GREGORY JOHNSON: Good afternoon, Senator Lindstrom, members of the Banking, Commerce and Insurance Company. My name is Gregory A. Johnson, that's G-r-e-g-o-r-y, middle initial A, last name, J-o-h-n-s-o-n. First of all, I want to thank you for the opportunity to come before you to speak on behalf of the bill that is before you. I am the executive manager of the Nebraska Educational, Health, and Social Services Finance Authority. There was a question asked earlier, let me just answer that. Currently, as the statute is written it does not include the parochial school, but I would refer to Senator Albrecht in terms of whether she would amend that or whether that would be included. The current statutes under Sections 7 and 8 does not include that. So I just wanted to answer that question first of all. But the reason why we're here today is, as has already been testified to, the Nebraska Educational Finance Authority, commonly referred to as NEFA, is a statewide issuer of bonds and it allows for us to issue bonds to not only a educational facility, but also help a social services facility. We're here today to ask for an expansion of that authority to cultural institution. There was a question asked earlier about the success rate of the bonds that have been placed, by Senator Williams. What I would say is, currently, the way the process works, by the time it comes to NEFA, the deal, if you will, has already been put together by the institution, whether it be a college or a hospital or a social service organization--and they've already come to all the terms. And they simply come to NEFA, which is a conduit issuer of the bond, and so, so far the success rate has been very great because the bonds that have been issued by NEFA are currently still...the ones that are still outstanding are being...the debt service is being met or they have been paid off. There have been no defaults on any of the bonds that have been issued by NEFA. As it relates to the revenue stream that NEFA receives, because NEFA does not receive any taxpayer money or any government fund, the way NEFA's operation works is the bonds that are outstanding, there is a service fee that is attached to that bond as long as it is outstanding. And on a quarterly basis NEFA issues an invoice to the respective entity and they pay quarterly service fees. And that is how NEFA puts its budget together. It completely operates off of the service fees that are issued on a quarterly basis. One of the benefits that would come from having NEFA is that any entity or organization has to already meet the criteria to be able to access tax exempt bonds. They can currently do that through the city. They can currently do that through the county. In case of hospital, they can do that through the hospital authority. But the benefit that NEFA gives them is that NEFA is a statewide issuer with no boundaries other than within the state of Nebraska. And so if you have an entity that is looking to expand or open up another facility, rather than them having to do a bond issue, say, in Lancaster County and then do a bond issue in city of Omaha, they could come to NEFA and just get one bond issued because they're within the state of Nebraska. And so that would be the benefit to a organization, as well as the cost because they're able to access the tax exempt bond. Again, I would encourage you to support this bill. We are in favor of it. We think it

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gives all of these entities another option and opportunity just for another financing mechanism. Again, they would already have options, but this is just one additional option. And we strongly recommend approval of this bill and I'd be happy to answer any questions for you. [LB949]

SENATOR LINDSTROM: Okay. Thank you, Mr. Johnson. I will just point out for Senator Schumacher, on page 2 of the bill at the very bottom it mentions private institutions of higher education. Any questions for Mr. Johnson? Senator Williams. [LB949]

SENATOR WILLIAMS: Thank you, Chairman Lindstrom. And thank you, Mr. Johnson, for being here. Can you give me a few examples of what you see as private cultural institutions that might take advantage of this that you would know of because of your involvement? [LB949]

GREGORY JOHNSON: One of them would be, as Mr. Zbylut has already spoken about, is Nebraska Arts Council. And I believe we have another testimony that's coming after me that would be located in Omaha, the type of entity would be the KANEKO Museum. And those are the types of entities that are probably undergoing some kind of capital campaign or capital project, renovation, or expansion that would take advantage of this. [LB949]

SENATOR WILLIAMS: Do you know how under the legislation we draw the line that it's primarily for this? In rural areas we have facilities, oftentimes a movie house that might be showing movies two months, three months in a row and then have a local production or something like that that would...but the facility would be owned by a 501(c)(3) qualifier under this. How do you determine the primary responsibility or primary purpose of the organization for qualification here? [LB949]

GREGORY JOHNSON: It would be based upon the purpose that's listed out in their 501(c)(3) application or approval. Typically, within the 501(c)(3) approval process they have to list out what their primary mission and purpose is. We would use that as a guideline. I would take that to the board, which is a seven-member board appointed by the Governor, and then we would go through that process of looking at what their primary mission is, what the purpose was in terms of why they were approved for the 501(c)(3), and then we would use that as the criteria. [LB949]

SENATOR WILLIAMS: Thank you. [LB949]

SENATOR LINDSTROM: Senator Schumacher. [LB949]

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SENATOR SCHUMACHER: Thank you, Senator Lindstrom. And thank you for your testimony today. I think I initially heard you say that a parochial school, for example, is not covered by the current bill. Is that correct? [LB949]

GREGORY JOHNSON: That is my understanding, Senator, yes. [LB949]

SENATOR SCHUMACHER: And at some point--and I don't expect you to do it now--you could show me where that is the case, because it looks like it's a very expansive definition of private cultural institutions, institutions promoting cultural education or development. Certainly it falls within what I'm reading this language here. And that would be a major step if we are providing an avenue for the financing of any kind of cultural thing, including parochial schools and religious facilities who have the culture of going to church on Sunday. We're opening...culture is such a huge, huge word. And I would think we would want to know what we want to include and what we don't want to go into. And I don't see that in here. And so I don't--like I say--expect you to answer now, but I think the perception is just automatic excluded is...I don't read the language. But now, your organization, do you issue the bonds? [LB949]

GREGORY JOHNSON: We are a conduit issuer, so the bonds are issued in the name of NEFA, but it's really through an underwriter or a private placement in some cases, banks. We can surely help the entity with the RFP. They go out and they either seek an underwriter or they go out on the market or they work with a private placement bank. Once the deal is put together they come to NEFA and we issue them in NEFA's name, but we do not actually have the obligation for the bonds. [LB949]

SENATOR SCHUMACHER: So is NEFA a state organization? [LB949]

GREGORY JOHNSON: It is a quasi-state agency. [LB949]

SENATOR SCHUMACHER: So it's a state agency? Are your checks ultimately--for your payroll, for example--come from the state? [LB949]

GREGORY JOHNSON: No, sir. [LB949]

SENATOR SCHUMACHER: How does that work? [LB949]

GREGORY JOHNSON: The only revenue that comes in to NEFA comes via the service fees, so each quarter the...in the case of...if it was Creighton University, if Creighton had a \$20 million bond that was outstanding, we would calculate six basis points, which is the agreement, and

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every quarter we would bill Creighton and Creighton would send a check directly to NEFA. That money would then be deposited into NEFA's operating account and that's how NEFA pays its bills. [LB949]

SENATOR SCHUMACHER: And supposedly I had a really screwy cultural organization and I...can you sort me out and say, no, we won't help your cultural organization? [LB949]

GREGORY JOHNSON: What we determined a few years ago--and I began working with NEFA in the latter part of 2016--what was determined prior to that is the bond counsel recommended, to make it worthwhile not only because of the fees that are involved as well as the cost to NEFA, that they would not issue any bonds below the \$500,000 threshold. [LB949]

SENATOR SCHUMACHER: Well, I've got big dreams though; \$500,000 is no problem for me. So suppose I met the \$500,000 standard? Then I can come and do my cultural thing and sell bonds under your name, where really I'm the one obligated for it; assuming I'm one of these 501(3)(c)s? [LB949]

GREGORY JOHNSON: Yes, sir. [LB949]

SENATOR SCHUMACHER: Okay. So Nebraska has a very nasty provision in its securities act that says that if you sell a security--and you would be, because it's being sold under your name--without...and fail to disclose something, either by omission or by any misleading statement, that it is pretty much absolute liability if I lose money on it...if an investor loses money. If you hold yourself out as a Nebraska authority and I am a purchaser of that bond, I may be well purchasing it with a notion that, hey, this is a state deal and I'm in good shaping buying it, and the bond debtor goes belly up. Do you carry insurance for something like that so that you aren't personally held liable or the state held liable? [LB949]

GREGORY JOHNSON: The state is not held liable. And that is, we do carry insurance for matters like that. We do purchase insurance, but specifically to your question, I would have to refer to our bond counsel and I can surely get you a response in writing for that. [LB949]

SENATOR SCHUMACHER: Thank you. [LB949]

SENATOR LINDSTROM: Senator McCollister. [LB949]

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SENATOR McCOLLISTER: Thank you, Chairman Lindstrom. You used the example of Creighton in that, so would any project that Creighton would bring to you, would they be eligible for that kind of certification? [LB949]

GREGORY JOHNSON: There are certain criterias for the projects. They have to be like expansion, renovation, if they were building a new dormitory or they were expanding their dining facility, so there are some criterias that we would have to go through to make...we could not issue them bonds simply, for example, just operating cash. [LB949]

SENATOR McCOLLISTER: I see. Let's say you've got a comic book store and wants to be certified by NEFA, would that be properly classified as a cultural thing? [LB949]

GREGORY JOHNSON: I'm not sure. I agree with the senator that the definition is very broad and so I would have to look into that for you, because I'm not quite sure whether that would fit the definition. [LB949]

SENATOR McCOLLISTER: Well, like Senator Schumacher, I'm interested to know whether the state could be held liable in any way... [LB949]

GREGORY JOHNSON: Sure. [LB949]

SENATOR McCOLLISTER: ...if somebody went into default, because you labeled it as a cultural attraction or something like that and it was even later determined to be a for-profit operation. You know, that's outside of the purview of NEFA, is it not, if it's a for-profit operation? Don't you have to be a nonprofit in order to qualify for anything that you would approve? [LB949]

GREGORY JOHNSON: That's correct, yes. You have to be a nonprofit, yes. [LB949]

SENATOR McCOLLISTER: Okay, thank you. [LB949]

SENATOR LINDSTROM: Senator Williams. [LB949]

SENATOR WILLIAMS: Thank you, Chairman Lindstrom. And one quick follow-up question that tipped my interest over here. So you're saying, to make it economically feasible to issue these bonds they would nearly need to be in the half million dollar category. Anything below that would not be cost worthy; I'll use that term. [LB949]

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GREGORY JOHNSON: Senator Williams, that is a criteria that was sort of set by the bond counsel. There is nothing in the statute that says we cannot go below that. But once they go through the RFP and once they've talked through the deal, that's generally the threshold that makes it cost feasible, yes. So that's the number that was come up with, yes. [LB949]

SENATOR WILLIAMS: Thank you. [LB949]

SENATOR LINDSTROM: Any other questions from the committee? Seeing none, thank you, Mr. Johnson. Other proponents. [LB949]

CHRISTOPHER HOCHSTETLER: Senator Lindstrom and senators of the committee, thank you for having me here today. My name is Christopher Hochstetler. I'll spell it, C-h-r-i-s-t-o-p-h-e-r, last name, H-o-c-h-s-t-e-t-l-e-r. That's a mouthful. I'm the executive director of the KANEKO, we are a 501(c)(3) nonprofit arts and cultural institution in Omaha, Nebraska, located in the Old Market. I hope that all of you get a chance to come visit us. We have a 65,000 square foot facility that is, simply put, amazing. We are a center for creativity and creative exploration. I would like to share some of my thoughts about LB949 real quickly, if I could. There's been some discussion about economic vibrancy and what arts and culture institutions can do for our communities. I personally find it interesting that I'm sharing this testimony with you to your left and to my right underneath this wonderful bronze relief work of art here in this building that is actually a work of art. There's a lot of discussion about what arts and culture is. And, certainly, art is a little bit subjective. But what it can do for our society is truly incredible. Near as I recollect from my education, received here in Nebraska, most all the great societies are remembered for their arts and culture, whether it was for their architecture, their philosophy, their poetry, their literature, their music, that's what we remember about those civilizations. And it's something special that happens when a community engages with arts and cultural organizations, not just for the community but for the individuals. And I'll share a quick personal story to that end. I was born to a single, indigent, homeless woman in central Nebraska. And my first exposure to arts and culture was when she took us one very cold winter when I was ten to the Edith Abbott Memorial Library in Grand Island to get warm. And I saw the pictures that were hanging on the walls there and I first read Treasure Island, which is a piece of arts and culture. And I was suddenly transported from a little boy who didn't have a home or food to eat to someplace where I was fighting pirates. Shortly after high school, three days later after I graduated I joined the army because that's the only place that I felt I had to go. I was blessed to serve 21 years in the army and travel the world and see many things. But the things that I remember from my travels are the Louvre, when my wife and I got to see a symphony in Vienna, when I actually saw the Mona Lisa, when I saw the architecture in Rome, when I saw arts and culture and engaged in arts and cultural organizations. And I figured out quickly the kind of person I wanted to be. And so I find myself the executive director of the KANEKO in Omaha, Nebraska, these many, many years later, when I could have been a statistic like my brother. But I had the opportunity to engage in

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societies who had invested in arts and culture. We're in the middle of a capital campaign at the KANEKO and while LB949 won't help us, it could help us if was actually currently enacted. It's a \$30 million capital campaign to build a collection building to keep 2,000 pieces of artwork here in Omaha from the world's leading contemporary ceramic sculpture artist, Jun Kaneko, the world's leading. He has been...I see I'm coming close to my time. He has been offered to place his collection in many cities around the world. He's chosen to keep it in Omaha, his home. We will raise the money to build the building with private donations, but we will require a bridge loan, a construction loan, that we will pay interest on, significant interest. Legislation such as this nature goes a long way to promote not just health and well-being in a community, in a culture, but also to addressing some social and economic issues that are a little tougher to understand. And I understand that because I'm a product of that. So I appreciate your time, letting me speak today. And I trust and I hope that you do support this legislation. And, incidentally, there's quite a process to become a 501(c)(3). Many of you are aware of it, I'm sure. And we undergo a pretty extensive audit every year to determine if we're in keeping with our mission statement and that we're conducting business above board. Now that doesn't always catch everything, but it's a pretty good safeguard. So as far as the comic book shop, I might consider a good comic art, but I think they'd probably struggle to get their 501(c)(3). Thank you for your time. [LB949]

SENATOR LINDSTROM: Very good. Thank you for your testimony. Any questions from the committee? Senator McCollister. [LB949]

SENATOR McCOLLISTER: I just want to thank you for your testimony. And I have been...I have participated or visited some of your exhibits and they are amazing, absolutely. [LB949]

CHRISTOPHER HOCHSTETLER: Thank you, Senator. Thank you, Senator McCollister. [LB949]

SENATOR LINDSTROM: Any other questions from the committee? Seeing none, thank you very much for your testimony. [LB949]

CHRISTOPHER HOCHSTETLER: Thank you. [LB949]

SENATOR LINDSTROM: Next proponent. Good afternoon. [LB949]

ANDREW NORMAN: (Exhibit 2) Hello, Senator Lindstrom, committee members. I'm Andrew Norman, A-n-d-r-e-w N-o-r-m-a-n, I'm the executive director and cofounder of Rabble Mill. It's a 501(c)(3) formed this past December through the merger of existing nonprofits, Hear Nebraska

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and The Bay. I'm a product of Imperial, Nebraska, live in Omaha. Rabble Mill's mission is to create more skilled, supported, connected communities through education outreach and storytelling across subcultures, skateboarding, music, and art. We're working to end generational poverty one young person at a time, by empowering kids to discover their passion and build valuable life and professional skills, principally, through the arts. We're working to make communities talent magnets by connecting and strengthening creative industries and telling stories about that. Our combined social media reaches 72,000; Nebraska Tourism's is 50,000 for reference. To boil down what we do, we're working to take kids who have fallen victim to generational poverty or who are at risk of doing so, and we're helping them develop the skills and passions they already have into professional careers that can change the trajectory of theirs and their family's lives. We're using the arts and its industry components like audio, video, photography, storytelling, and business to do this. Currently, we're executing this work through our 30,000 square foot warehouse called The Bay, right here in Lincoln at 20th and Y. If you haven't stopped in to see our work, or enjoy the most meaningful cup of coffee in town, please consider this my invitation. By 2020 we intend to begin construction on a Bay in Omaha, and within the next five to ten years, we expect UNL expansion into our neighborhood on Y street will require our moving to a different location in Lincoln. We intend to fund both expansions through capital campaigns that could greatly benefit from tax-exempt bonding. Further, this summer we're producing the fourth annual Good Living Tour, a multi-city concert tour or series across greater Nebraska that uses live music performance, storytelling, and education components to celebrate the unique livelihood available in rural Nebraska and to help towns attract and retain young people. To accomplish this effort, we've partnered with institutions such as Nebraska Department of Economic Development, Pinnacle Bank, Union Pacific, Nebraska Community Foundation. This work has led to preliminary discussions with NCF about the potential to revitalize barren buildings in Nebraska small towns into youth-and-arts-focused, multi-use facilities that can help towns grow economic and population vitality. LB949 could make this potential a reality. So why it matters. Have you ever asked a millennial from outside the state what her association is with Nebraska? I have, and frankly the response is not good. We all know how hard it is for some of Nebraska's most promising tech start-ups and other companies to attract top talent. Husker football and the College World Series is not enough to get a young coder, for instance, to move from San Francisco to Lincoln. But not only are we not doing enough to attract this talent, we're losing some 2,300 highly educated people every year, according to census estimates from the American Community Survey. Young, creative people want to live, work and start businesses where there are cultural opportunities. We know this because we work with and talk to them every day. In order to attract and retain these valuable humans, we need to invest in Nebraska culture. LB949 is one step in the right direction. I appreciate your time and happy to answer any questions. [LB949]

SENATOR LINDSTROM: Thank you. Thank you for your testimony. Are there any questions from the committee? Senator Williams. [LB949]

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SENATOR WILLIAMS: Thank you, Senator Lindstrom. And thank you, Mr. Norman, for being here. And I would like to come and have a cup of coffee. My question, again, goes back to the question that I had for Mr. Johnson about the inefficiency below \$500,000 to make these kind of loans. And if you get out into the rural areas with what you have talked about in your testimony to do we may run afoul of that or run into that. Do you have any thoughts on that, from what you've seen? [LB949]

ANDREW NORMAN: On the threshold of \$500,000? Honestly, we're not far enough along to even know what a budget would necessitate for some of those smaller projects out there, which definitely could be less than \$500,000. So I guess I really have no thoughts on that yet. [LB949]

SENATOR WILLIAMS: And I certainly understand the complications of bond counsel and what those costs are in building that in, but it would be nice to find a solution to that for other areas of the state. Thank you for your testimony. [LB949]

ANDREW NORMAN: I would absolutely agree. Thank you. [LB949]

SENATOR LINDSTROM: Any other questions from the committee? Seeing none, thank you for your testimony. [LB949]

ANDREW NORMAN: Thank you. [LB949]

SENATOR LINDSTROM: (Exhibits 3, 4) Next proponent. Seeing none, we'll move to opponents. Seeing none, neutral testifiers. Also seeing none. Senator Albrecht, if you'd like to close. Oh, I'm sorry, and I do have--and I almost forgot--one letter of support...I'm sorry, two letters of support from: James M. Johnson from Omaha Symphony and Donna Murr from National Association of Health and Educational Facilities Finance Authorities. Thank you. [LB949]

SENATOR ALBRECHT: Thank you. You know, when Mr. Zbylut--if I'm saying that correctly--and I visited after one of the sessions that we had this summer, it was apparent to me that sitting on city councils and county boards and different budgeting programs, it seems like libraries, cemeteries, arts seem to take a backseat to a lot of talk about how they can be helped. So when I sat on the Papillion City Council and we went from cobblestone streets and dirt roads to a thriving metropolis that they were so interested in being in the top five of Money Magazine, one of the reasons that they were not able to get to that particular plateau is because Papillion didn't offer enough culture. So hence came the amphitheater that they have now and escalated them into one of the best places in the country to live, because they were fully rounded and the people

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from California, if they'd like to come and live in a thriving community you'd want to see a little bit of everything. So not only do they have nice libraries and nice cemeteries and now they have the culture that goes along with a great community. I think something like this just offers the ability for some of our rural communities to be able to revitalize their downtown with some type of an arts type thing. I don't believe that this bill is intended to build colleges for the cultural arts, but yet no colleges are in here. So if they were to expand, if a particular college came and they had the means to do so with some private funding and not-for-profit organizations coming in it would probably be beneficial to them. But I'm just here if there's something you'd like to add. The amendment with the legal counsel, I appreciate the work you put into the amendment. If you have any questions about that or would like to put anything else that makes you more comfortable about LB949, that would be great. But that would conclude my close. [LB949]

SENATOR LINDSTROM: Thank you, Senator Albrecht. Any final questions for Senator Albrecht? Seeing none, thank you very much. [LB949]

SENATOR ALBRECHT: Thank you. [LB949]

SENATOR LINDSTROM: And that will end the hearing on LB949 and that will end the hearings for today. Thank you very much for coming. [LB949]