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Urban Affairs Committee
January 16, 2018

[LB719 LB748 LB756 LB765 LB865 LB873]

The Committee on Urban Affairs met at 1:30 p.m. on Tuesday, January 16, 2017, in Room 1510 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB719, LB748, LB756, LB765, LB865, and LB873. Senators present: Justin Wayne, Chairperson; Matt Hansen, Vice Chairperson; Sue Crawford; Matt Hansen; Sara Howard; Tyson Larson; Dan Quick; and Merv Riepe. Senators absent: None.

SENATOR WAYNE: Good afternoon and welcome to the Urban Affairs Committee. My name is Senator Justin Wayne, I represent the 13th Legislative District in north Omaha, northeast Douglas County, and I serve as the Chair of Urban Affairs. We will start off having members of the committee do self-introductions. To my right, Senator Howard.

SENATOR HOWARD: I'm Senator Sara Howard, I represent District 9 in midtown Omaha.

SENATOR RIEPE: I'm Merv Riepe. I represent District 12, which is Omaha, Millard, and Ralston.

SENATOR HANSEN: Matt Hansen, representing District 26 in northeast Lincoln.

TREVOR FITZGERALD: Trevor Fitzgerald, committee legal counsel.

SENATOR QUICK: Dan Quick, I represent District 35: Grand Island.

SENATOR CRAWFORD: Good afternoon. Senator Crawford, and I represent District 45, which is eastern Sarpy County, Bellevue, and Offutt.

PRECIOUS McKESSON: Precious McKesson, committee clerk. [LB756]

SENATOR WAYNE: Okay. Also assisting us is the committee...this committee is our page, Claudia Granillo, from Omaha, who is a political science major at UNO. Just so everybody knows, there is an exit out to this door to your left in case of an emergency, such as a fire. I just think after this morning it's important people start knowing where the emergency exits are. So it's out that door to the left, look to the person left and right of you and make sure if there's a fire you see them out there with you. If there's a tornado, I don't know where to go. But next time, I will make sure that everybody knows. So this afternoon we will be hearing a variety of bills, six bills, and we will be taking them in the order listed outside of the room. On each of the tables in the

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back of the room you will find a blue testifier sheet. If you plan on testifying today, please fill out a blue sheet and hand it to Precious, our committee clerk, when you come up. This helps us keep accurate information that is being recorded for the record. Please note, if you wish to have your position listed on the committee statement on a particular bill you must testify during that specific bill hearing. If you do not wish to testify, but would like to record your position, please fill out a pink sheet in the back of the room and hand that to Precious. We ask that if you have any handouts please bring 10 copies and give them to the page. If you need additional copies, our page would be more than happy to provide those copies for you. Testimony for each bill will begin with the introducer's opening statement, followed by...after the opening statement we will hear from supporters of the bill, and then opposition of the bill, followed by people speaking in their neutral capacity towards the bill. The introducer of the bill will then be given the opportunity to make closing remarks if they so wish to. We ask that you begin your testimony by saying your first and last name, spelling of both your first and last name. Again, this is for the record. We will be using the four-minute light system today. When you begin your testimony you will see a green light, and then when it turns yellow you will have one minute left, and when it turns red we will ask you to wrap up your final thoughts. I remind you and everyone, including the senators, please turn off your cell phones or put them on vibrate. We will begin today's hearing with LB756, Senator Morfeld. No, I'm going to scratch that, we're going to go with Senator...no, I'm joking. I don't get to mess with Senator Morfeld very often, so. Welcome, Senator Morfeld, to your Urban Affairs Committee. [LB756]

SENATOR MORFELD: Thank you, Senator Wayne. Members of the Urban Affairs Committee, my name is Adam Morfeld. For the record, that's A-d-a-m M-o-r-f-e-l-d, representing the "Fighting 46th" Legislative District, here today to introduce LB756, a bill that applies to municipalities and prohibits ordinances and other regulations that would prohibit short-term rentals of residential property. The bill does allow ordinances and regulations that deal with public health and safety the same way that we allow for such ordinances for long-term rentals. It does not affect regulations of a private entity, including a homeowners association organized under the Condominium Property Act or the Nebraska Condominium Act, which I just realized I have a hard time pronouncing. First of all, I would like to commend all the work done last session by Senator Larson to bring this timely issue forward. After the floor debate on the bill I talked to several other senators who had concerns and Airbnb, who also reached out to me, actually. So I wanted to continue the work. After the bill was drafted it was pointed out to me that an important amendment dealing with revenue was left out, which I know we worked hard to get amended into the bill on the floor last year. I have had that amendment redrafted to LB756 and will leave it here for the committee's review. It has also come to my attention that Airbnb has an addition to the amendment in consultation with their tax folks and the Department of Revenue, but I'm not quite sure we'll bring that. I do want to discuss that with you and some of the other stakeholders. I also want to mention that I'm happy to work with the hotel and motel association, as I am open to amendments that will make this bill better. And happy to work with

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any other people on the committee or outside the committee on their suggestions. This is a growing business and an opportunity for citizens to rent a room, an apartment, or their entire residence out for a short-term rental, which is defined as "not more than 30 consecutive days." In Nebraska last year there were 46,000 guest arrivals, to the tune of approximately \$4.3 million. Money that stayed in Nebraska and benefited our citizens, taxpayer, and tour. The way it works is like this: Airbnb, or a similar service, is an on-line marketplace that allows people to list and book accommodations around the world. From a spare bedroom, to an entire house, apartment, or even a castle--which I have not stayed at yet. It allows individuals to safely and securely locate each other, communicate, and make financial transactions in over 65,000 cities in 191 countries. Hosts can set guidelines for guests and even require a government ID. Guests and hosts each publish reviews after checkout, keeping everyone accountable and respectful. This type of service is similar to ride-sharing services, such as Uber or Lyft. Guests and hosts use Airbnb to confirm travel dates, expectations, and pay. Airbnb holds onto payment until 24 hours after the reservation begins, and hosts keep 97 percent of booking fees. In the rare event that there is damage to the property, the property of every Airbnb host is covered up to \$1 million. Airbnb also works proactively with cities and states to collect taxes and remit them directly to local governments. Airbnb is a service that I have personally used numerous times, and I have found it to be safe, efficient, affordable, and a fun way to travel and meet people in some instances. It is also an important addition to our efforts to expand and promote tourism in Nebraska, and a service that many people both young and old have come to expect, whether they are a Nebraskan or just coming to visit our great state. A representative from Airbnb is also here to testify and answer any questions you may have, along with some Nebraska hosts. I urge your favorable consideration of LB756. And again, I'm happy to work with the committee or others that have ideas to make this bill better. And Senator Larson, since you just joined us, I also thanked you at the beginning of the hearing for your work on this last year, and took into consideration a lot of that debate. With that, I'll end my testimony and be happy to answer any questions. [LB756]

SENATOR WAYNE: Any questions from the committee members? Senator Crawford. [LB756]

SENATOR CRAWFORD: Thank you, Chairman Wayne. And thank you, Senator Morfeld. Could you discuss briefly some of the changes that you made to the bill? [LB756]

SENATOR MORFELD: Yeah. And to be honest with you, I didn't read the previous bill from last session right before coming in here today, but I know that we took several different notes in terms of what peoples' concerns were with rules and regulations and ordinances surrounding short-term rentals. Because I know a lot last session there were a lot of people that were unclear about how they could be regulated by ordinance and wanted more clarity. So we made sure to add some of that clarity and to put it on par with the ordinance power that the municipality has over a long-term rental. So line by line I can't go through, but generally what we tried to do was

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parcel out more specifically cities could and could not do. The big key here is we simply do not want them to be outright prohibited, short-term rentals, in general by the cities. We want them to be able to take care of nuisance properties, to take care of properties that may have illegal activity going on, anything like that that we currently do with long-term rentals. [LB756]

SENATOR CRAWFORD: Thank you. [LB756]

SENATOR WAYNE: Any other questions from the committee? Seeing none, thank you. [LB756]

SENATOR MORFELD: Thank you very much. And I have another bill up in Education right after this, so I may have to go and waive closing. [LB756]

SENATOR WAYNE: So you don't want us to hunt you down and find you? [LB756]

SENATOR MORFELD: No, thank you. [LB756]

SENATOR WAYNE: Next up we have proponents. [LB756]

MONISHA MERCHANT: (Exhibit 1) Hello. Good afternoon, Senator Wayne and committee members. My name is Monisha Merchant, M-o-n-i-s-h-a M-e-r-c-h-a-n-t, and I am here with Airbnb, which is based in San Francisco, California. So thank you very much for the sunny welcome to my first trip to Lincoln. I'm originally from Colorado, so it was a good reminder to pull out all of my winter gear. And thank you very much for taking time to hear this bill, LB756, from Senator Morfeld. As Senator Morfeld talked about, and he gave a good overview of how Airbnb works, we are really a peer to peer entity, where we connect guests and we connect hosts. You'll hear from a number of our hosts today. And through this platform we're able to do this globally. We're in over 191 countries and over 65,000 cities. On the platform we allow hosts to advertise their space, the hosts have control over the dates that they're giving up their space, and the guests then are able to see when they are travelling to the locality. What we found all over the country is that, especially in areas outside of the major metropolitan areas, that hosts are able to open up their homes in rural parts of the country. As you remember with the eclipse passing through the U.S., there were a number of hosts in Nebraska who were able to open up their homes to visitors and take advantage of such an event. By this, what we talk about is a people to people, it's really about our hosts and our guests community who are able to take advantage of the sharing economy wherever they travel. And hosts keep the majority of the profits here, and guests have a tendency to spend more. What we've seen, for example for the University of Nebraska-Lincoln football games, is that before if a family would come to come for the game,

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they might stay for the game and then drive back to where they come from. But now they stay for the whole weekend, and they are contributing to the local economy. And we see that in locations all over the country and all over the world where the guests are able to find an affordable place to stay and really get to know and contribute to their local economy. So if you have any other questions. I did have a handout with just a summary of Airbnb for your background, about our community here in Nebraska, about how our platform works. And I would also like to thank Senator Larson for your leadership on this area last year, for it to kick off the session. So now I'm ready to take any questions you might have. [LB756]

SENATOR WAYNE: Any questions from the committee? Senator Crawford. [LB756]

SENATOR CRAWFORD: Thank you, Chairman Wayne. And thank you for being here today. Senator Morfeld mentioned that he had a revenue amendment that we were going to be addressing, and I assume that will be the question of being able to charge occupation tax or sales tax on the Airbnb. Do you have any experience with, or can you talk to us about, what makes those kinds of ordinances effective...excuse me, taxes effective, or any issues we should consider as we consider that revenue portion of the issue? [LB756]

MONISHA MERCHANT: Sure. So regarding the transient lodging taxes and appropriate lodging sales taxes, we are supportive of that. Our hosts are part of your tourism economy, and Airbnb in over 300 jurisdictions around the world, with certain agreements, were able to collect and remit on behalf of our hosts and collect that type of transient lodging taxes. And so it's, you know, the amendment that has been proposed to make sure that that lodging tax is applied we're supportive of. And I know there was some discussion earlier today about Section 3, and Senator Morfeld has asked for us to reconsider that. And so we are supportive of that not being included in the tax amendment. [LB756]

SENATOR CRAWFORD: Thank you. [LB756]

SENATOR WAYNE: Any other questions from the committee? Seeing none, thank you for coming today. [LB756]

MONISHA MERCHANT: Okay, great. Thank you very much. [LB756]

SENATOR WAYNE: Any other proponents? Welcome to your Urban Affairs Committee. [LB756]

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SCOTT MERRITT: (Exhibit 2) Thank you. Chairman Wayne, members of the committee, my name is Scott Merritt, S-c-o-t-t M-e-r-r-i-t-t. I am here today representing Nebraska Lodging and Hotel Association. We would like to offer our support for LB756 as it's been revised in the amendment by the senator, who addresses occupation and sales taxes in the state of Nebraska. We do still have some concerns on Section 3, and I hope that the committee can work through those as we move forward. There are a couple other minor things that we would like to see in the bill, but we're willing to work on those as we move forward. Hotels in Nebraska, depending on their location, collect up to 18 percent in tax revenue. This revenue goes to cities, to the state, and other local governments to support a wide range of programs across our state and to the general funds. We are not opposed to the concept, we are a very free market-oriented group. And we welcome the competition as long as it can be a level platform to work from. Our members also support the competition in the industry, and it's a highly-competitive marketplace that we work in. As far as short-term rentals and the platforms, we wish them to be considered legal players and legal entities in the state. And also, on some of the rules and regulations that would have been addressed in this legislation, as long as we can address safety concerns and consumer safety, that is our priority. We are highly regulated in our industry, with the number one priority is the safety of the guest in our facilities. As I said, by adopting the Morfeld amendment to the legislation I think we are ready to move forward, and would like to work with the committee with some of the other aspects of the bill. I would be happy to answer any questions the committee may have. [LB756]

SENATOR WAYNE: Any questions from the committee? Senator Crawford. [LB756]

SENATOR CRAWFORD: Thank you, Chairman Wayne. And thank you for being here today. Do you have peers in other states that have put in place this kind of a registry that you have an example of another state that has done that registry that you're discussing as a mechanism? [LB756]

SCOTT MERRITT: Well, there are several models out there. I can't cite a particular one, but we feel that there has to be some type of legal business entity for the platform to work for, number one, some of the oversight of our concerns on regulations, but also for the taxing structure. Obviously there has to be something, I call it the legal entity, that it has to work through. [LB756]

SENATOR CRAWFORD: Thank you. [LB756]

SENATOR WAYNE: Any other questions from the committee? Seeing none, thank you for coming today. [LB756]

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SCOTT MERRITT: Thank you. [LB756]

SENATOR WAYNE: Any other proponents? [LB756]

ELAINE SELIG POLZIEN: (Exhibit 3) Good afternoon, I'm Elaine Selig Polzien, E-l-a-i-n-e S-e-l-i-g P-o-l-z-i-e-n. I'm a host, I've been a host for about two-and-a-half years, Airbnb. And I want to address a couple of the things that we did to prepare for hosting. I'm a registered nurse, I'm a member of a community that feels that safety is very, very important. So I did go to the fire department and ask them what their requirements were and they said, yeah, basically put some smoke alarms here and here. But there wasn't anything definite. So I would definitely favor some more safety being addressed. We did discuss with the city planner, I believe his name is Steve, what the regulations were for Lincoln. And we were told the homes had to be owner-occupied. So the stand-alone homes are apparently not legal according to the city planners. And that was addressed I think in the newspaper and I think that's very easy to find. Our guests are 5 to 80 years old, they come from California, Hawaii, Mexico, Texas, Oklahoma, Delaware, everywhere. And some of the reasons they come, just the top 10: Families, skating championships, moving, relocation, college-related, business trips, vacation, auto shows, and football, football, football. So benefits to us in being hosts, and really unexpected: Meeting new people and presenting positive, friendly image of the city. Because we feel very strongly that we're ambassadors and we want to provide a very positive image for the city of Lincoln. Promoting local businesses and attractions. I did go down to the visitors center and get pamphlets and handouts and maps to be able to effectively do that. Plus, our own take on what is important to us in Lincoln. And then supplemental income. And at first it was kind of a supplement, but as my husband and I get more retired, he is totally retired and I'm sort of half retired, that income is becoming more and more critical to us. So I would like, it looks like I'm still green-lighted, to read...this is my very...this is our very, very first review, I think someone talked about reviews. And they titled it "Home away from home," it was done in September 2015, by Daniel in Forth Worth, Texas. "Our stay with Elaine and Duane was a wonderful experience. We have stayed at several other Airbnb locations, and this was easily our best experience. Elaine and Duane went out of their way to make us feel welcome after our long journey. The rental space was an excellent private space with our own private bathroom, sitting area, and kitchenette. All rooms were well-stocked with everything you could possibly need. Elaine was kind enough to provide multiple breakfast options for my wife and I, including delicious homemade breakfast burritos and banana muffins. They provided good information on local attractions, restaurants, and even left some literature on the city for us. There was a personalized card and mini candy bars to welcome us to our room. It was above and beyond what I would have expected from the reservation. In addition to that, Elaine and Duane were both very friendly and easy to get along with. They gave us our space, but were also open to chatting about themselves." I would recommend Elaine and Duane's as a place to stay when visiting Lincoln. And I will give this to you, my web site is on there. And if the committee has any questions, I would be happy to answer. [LB756]

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SENATOR WAYNE: Thank you. Any questions from the committee? [LB756]

ELAINE SELIG POLZIEN: Come stay with us. [LB756]

SENATOR WAYNE: That will forever be in the record. Any other proponents? [LB756]

HAYGANUS STODDART: Hi. My name is Hayganus Stoddart, H-a-y-g-a-n-u-s S-t-o-d-d-a-r-t. I'm originally from Turkey. Lincoln has been my home the last 53 years. I live in a house, my husband's great...grandparents, not great, grandparents was built. It's 115 years old. And five years ago I lost my husband and I generally didn't care much about doing anything or going anywhere. So my friend Elaine and I went to Kansas City, that was my first experience with the Airbnb, staying with this lovely lady. So that kind of gave me an idea, and I said to Elaine, why don't we do this? And my reason was really to get me going, more than financial. And it brought me back to life. I have a reason to get up and do something for my guests. And I really don't have much to say, but Elaine said I don't want to repeat safety-wise and things. As I said, we started together. And it's a lovely home, my guests always compliment and they're very comfortable. I have a very short review, it's not as long as Elaine's. "What a wonderful host Hayganus went above and beyond the call of duty in making us feel welcome in her home. We truly enjoyed visiting with you and hearing about your fascinating life. Thank you once again, you are a tremendous ambassador for Lincoln. Brad and Jo (phonetic)." [LB756]

SENATOR WAYNE: Thank you. Any questions from the committee? Thank you very much. Any other proponents? [LB756]

SAMUEL LYON: Good afternoon, my name is Samuel Lyon, S-a-m-u-e-l L-y-o-n. I was born and raised here in Lincoln. My wife and I are relatively new to Airbnb, as we began opening our home to guests last July. In that time we have hosted over 100 guests from 32 states, Canada, and Beijing. Many are attracted to the Airbnb platform because it supplies something that isn't readily available through tradition venues. Many of them mention the homey feel that they get when they stay with us. Some are very excited that they can bring their pets with them, since no one in my family is allergic it's not problem to allow their pet to accompany them with their travels. And as a pet owner I know that that can be difficult as you travel through the country. Some like the option of an extended stay. Our most recent guest had a new job in Lincoln, I have had several guests that got a new job in Lincoln and they weren't exactly sure, they couldn't buy a house, they needed something for about a month. And he was excited to stay at four different hosts' house, 10 days each, in different areas of the city, so that he could familiarize himself with the city and which part of town he would like to buy a home in. It's for these reasons and many others that travelers specifically search for cities that allow Airbnb when they travel, because that is their preferred method of travel. Although my wife and I were a little hesitant at first about

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opening our home, we have both been very happy with the experience that we have had so far. My wife is a stay-at-home mom and so it allows her to make some extra money and supplement our income that way, without going out and getting a traditional job, where we would have to get childcare and all the other things, the hassles that go with that. Every guest that we have had has been very respectful of our house, of our family, and we have had no complaints from any of our neighbors. We recently took a trip to Florida, my wife and I and another couple, and we had the opportunity to flip the script and to stay at another Airbnb's host. It was a very nice retired couple who uses Airbnb to supplement their fixed income. All in all, I think Airbnb is a great platform that benefits my family, local businesses, our city, and our state. And I thank you for moving the bill forward. [LB756]

SENATOR WAYNE: Thank you. Any questions from the committee? Seeing none, thank you. [LB756]

SAMUEL LYON: Thank you. [LB756]

SENATOR WAYNE: Any other proponents? [LB756]

KAREN MILLER: Good afternoon. My name is Karen Miller, that's K-a-r-e-n M-i-l-l-e-r. I have been a host for Airbnb starting in January of 2017. I did it because I'm retired and I'm an extreme people-person, as well as customer service-oriented. And this gave me a chance to meet people, learn a little bit about them, and form some new friendships, if nothing else. I have been very fortunate that I have been able to host a couple of individuals from foreign countries. My second guest was actually from Nepal but he was going to school in Japan. He flew over here to Nebraska, only his second time in the states, and he was attending a conference downtown. And because of the fact that he wasn't familiar with what happens in the states, he hadn't even gotten his transportation taken care of. I stepped in and helped him out with that. I was working downtown at the time, and so I took him down to his meeting and then at the end of the day went and got him after I got of work as well. And to say that it was appreciated is an understatement. I also had a young gal from Germany who came, she was participating in an exchange program in Kearney. And she was also under the impression that we had public transportation to get her from the airport to where she was staying. I again stepped in and helped her with that, as well as numerous trips to the airport when they lost her luggage. No surprise there, right? She was an extraordinary young lady, and was also very appreciative of my assistance. In addition to that, this has also allowed me to start collecting some money so that I can make some trips on my own. Travel is a passion of mine and this is helping me out with that aspect. One of the things that I did want to point out is that if there are other restrictions that are allowed, that might prevent additional income coming into our state. I'm sure you're all aware that Berkshire Hathaway has their annual meeting in Omaha, and that is kind of an incentive towards the tax

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situation. I'm just afraid that if we start saying you have to meet this requirement and have to meet another requirement that might actually push some of that income over to the state of Iowa. Because it's just a hop, skip, and a jump there. Anyway, I want to thank all of you for your time, and hope that you can support the bill. Thank you, again. [LB756]

SENATOR WAYNE: Thank you. Any questions from the committee? Senator Crawford. [LB756]

SENATOR CRAWFORD: Thank you. Thank you, Chairman Wayne. And thank you for being here and sharing your experience. So what city are you in? [LB756]

KAREN MILLER: I'm here in Lincoln. [LB756]

SENATOR CRAWFORD: Here in Lincoln, okay. Are there any Lincoln ordinances that you have to follow for Airbnb that you know of right now? [LB756]

KAREN MILLER: Not that I am aware of. I did check with the Department of Revenue prior to me starting this, and that was something that I wanted to address to you as well, because I'm not really sure what that Section 3 is that is referred to. But I was told at the time that I started it was my responsibility to collect sales tax in addition to the lodging tax. So that is something that I have done since I started. [LB756]

SENATOR CRAWFORD: Great, thank you. [LB756]

KAREN MILLER: Okay. [LB756]

SENATOR WAYNE: Any other questions? Seeing none, thank you for coming today. [LB756]

KAREN MILLER: Thank you. [LB756]

SARAH SELL: Hello. Thank you for your time today. My name is Sarah Sell, S-a-r-a-h S-e-l-l, and I am an Airbnb superhost here in Lincoln. And I kind of have a unique situation. Two years ago my parents and I bought a condo here in Lincoln, I currently live in Grand Island and my parents live in the large community of Emmet, Nebraska, up by O'Neill. My brother and his wife live in Beatrice, so this was kind of...Lincoln is kind of the central meeting point for us. So we bought a condo and we were kind of...we didn't want it to sit empty while we weren't here in Lincoln. And Airbnb kind of fell into our lap. And so when we are not here using our place, we

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rent it out on Airbnb. And it has been quite the experience. I listed it in March of 2015 and within 48 hours I already had my first rental. Since we're not here a lot we offer weekly stays, and the amount of people who come to Lincoln to stay for a week is surprising. The reasons that people come to Lincoln are bizarre but interesting, things I've never heard of like the roller skating championship, we had a guy who came last year to take an art class here in Lincoln. So it's been quite the experience for us. We've hosted people from all over the country, as well as England and Germany. And we've made friends. One thing that's unique for us is, since I don't live here, I'm not able to greet the people. Our building is a secured building and I can buzz them in from the front door and then the doors lock, and then we have a lock box on the door of our condo when they get inside. Also, what Airbnb has done for us is we have been able to help people go to local places here in Lincoln that they might not know of. BisonWitches is one of my favorite restaurants, so I recommend that. So we try to keep that money in the community and at the local businesses. Also, my parents living in Emmet have become Airbnb hosts just this past year. We listed their house, they're getting ready to head south to Florida, where it's a little bit warmer, and within 48 hours of listing their place in Emmet they had somebody rent it out. So it's very unique. But it's been a very good thing for us and we just ask you that you keep this bill moving forward. Any questions? [LB756]

SENATOR WAYNE: Any questions from the committee? Seeing none, thank you. [LB756]

SARAH SELL: Thank you. [LB756]

SENATOR WAYNE: Any other proponents? Any other proponents? Seeing none, opponents. Any opponents? Any neutral testifiers? Anybody testifying in a neutral capacity? [LB756]

CHRISTY ABRAHAM: Thank you, Senator Wayne and members of the Urban Affairs Committee. My name is Christy Abraham, C-h-r-i-s-t-y, Abraham is A-b-r-a-h-a-m. I'm here representing the League of Nebraska Municipalities. And we want to start out by thanking Senator Morfeld for introducing this bill. You guys have seen the League before this committee long enough to know we love local control and so we're always a little bit concerned about bills that do anything to regulate or put restrictions on municipalities. That's why our neutral position. But we do think this bill does a nice job of providing municipalities with the flexibility to enact ordinances that really fit their community. Because, as you know, not every community is the same, and we shouldn't have a one-size-fits-all regulatory framework. As far as the League knows, only Lincoln has ordinances relating to short-term rentals. So it's not something that cities seem to be scrambling to regulate at this point. I did look at a survey from the National League of Cities, and they estimate that only about 13 percent of municipalities across the country regulate short-term rentals. So the vast majority of municipalities don't regulate in this area. The only thing I want to add is last year, as you all know, as Senator Larson introduced his

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bill, LB628, and there was a Government Committee amendment that dealt with the sales tax issue, which is a concern. Cities would certainly like to be able to collect sales tax on these types of short-term rentals. It looks like Senator Morfeld's amendment is pretty similar to the Government Committee standing committee amendment from last year. So we certainly encourage you to look at that amendment. We would also raise the concern about occupation taxes. The amendment that you got appears to only deal with sales tax, so we would like to just throw in the idea of occupation tax as another area we might want to collect taxes on. And just to answer your question, Senator Crawford, about how this bill is different, I actually did look at LB628 before I got over here, and I would say the major difference is Senator Larson's bill included counties in the regulations and this bill is only for municipalities. And there is one section taken out from the previous bill that I think municipalities thought was pretty restrictive. And that language has been taken out, so we really think this bill provides a little bit more flexibility. So, other than that, the bills are very similar. But I'm happy to answer any other questions you might have. [LB756]

SENATOR WAYNE: Any questions from the committee? Seeing none, thank you for coming today. [LB756]

CHRISTY ABRAHAM: Thanks so much. [LB756]

SENATOR WAYNE: (Exhibits 4, 5) Any other neutral testifiers? Any neutral testifiers? Seeing none, we have two letters of support. One from NetChoice and the other one from the Platte Institute for Economic Research. And with that, that will close our hearing on LB756. Let's not all leave at once, this is a really good committee. Next we will open on the public hearing for LB865, Senator Crawford. [LB756]

SENATOR CRAWFORD: Thank you. Good afternoon, Chairman Wayne and members of the Urban Affairs Committee. For the record, my name is Sue Crawford, S-u-e C-r-a-w-f-o-r-d, and I represent the 45th Legislative District of Bellevue, Offutt, and eastern Sarpy County. I'm honored to be here today to introduce LB865 for your consideration. In 1994, Senator Paul Hartnett passed LB630, prohibiting cities of the first class, second class, and villages from suspending the requirement for three separate ordinances related to annexation of territory. LB865 extends this provision to cities of the primary and metropolitan classes. LB865 also provides that cities and villages cannot suspend their requirement for three separate readings for ordinances related to redrawing of district boundaries. Encouraging participation in local government is a value that we can all agree with, but is this premise that foster the recognition and consensus in 1994 that multiple meetings and opportunities for public input are needed to ensure full and fair consideration of annexation ordinances. When city councils are allowed to make decisions about annexation during a single meeting, it drastically impedes the opportunities for members of the

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public to voice concerns or opposition to proposed changes. Therefore, when reading over the current safeguard that exists in statute, I came to the conclusion that these protections around annexation ordinances should also be afforded to residents of cities of the metropolitan and primary class. Recent events surrounding redistricting in one of our Sarpy cities has also raised the question if prohibiting suspension of the three-meeting rule should be extended to ordinances related to the redrawing of city district boundaries. Redrawing of city council election districts and village board trustee wards has an impact on communities, as well as those planning to run for those seats. Individuals should be given the full opportunity to address their city council on this issue. And while the issue raised this year was related to a candidate who was running, there are other concerns that citizens may have about the drawing of city lines. And so having three full meetings, three full readings for people to have the opportunity to see the lines and raise concerns about the lines is an important issue. I understand when annexation happens close to an election in cities of the first class, second class, and villages, city councils are required to complete redistricting plans within 80 days of the primary election. With that being said, city councils are aware of the time line when they approve annexation ordinances and can plan meetings around the time line. Under this bill, city councils also maintain their existing ability to call special meetings in order to complete the three readings and pass ordinances by their required date as necessary. They can have special meetings as frequently as everyday, but they do have three separate meetings. And this was recently done in a city to make sure their annexation was able to go through more quickly. This would mean that changes could occur quickly while still providing multiple opportunities for public input. After introducing this bill it was brought to my attention that the language regarding redrawing of districts may be too broad and may unintentionally encompass the redrawing of street improvement district or other districts or other districts created by municipalities. Including all municipal districts in this requirement was not the intent of the bill, and as a result my office has worked with committee legal counsel to draft an amendment, AM1549, to clarify that this provision would only apply to the redrawing of boundaries for a city council and village board of trustees election districts or wards. This amendment also adds clarifying language about the classification municipality for which each section applies. LB865 ensures the residents in Nebraska will be given ample opportunity to address their city councils about changes regarding annexation and redistricting. I appreciate the committee's attention to this issue and I am happy to answer any questions you may have. [LB865]

SENATOR WAYNE: Any questions? Senator Riepe. [LB865]

SENATOR RIEPE: Thank you, Chairman. Senator Crawford, obviously the original bill has been on the books for some period of time. Was there some sentinel situation, some issue, was it the rapid growth of Sarpy County that precipitated this? [LB865]

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SENATOR CRAWFORD: So the original bill was passed in 1994 for relating to annexation. So there was a situation in one of our Sarpy cities, in Papillion, in which the lines were redrawn by a waiving of the second and third readings, which was perfectly legal. [LB865]

SENATOR RIEPE: Okay. [LB865]

SENATOR CRAWFORD: But in that situation the lines were redrawn. This impacted someone that I know very well in terms of their ability to run for a seat that they intended to run for, and so that just brought the issue to my attention. And once it brought the issue to my attention it raised the larger policy question of whether or not this would, since there are those kinds of protections for annexation in those kinds of cities, whether it made sense that redistricting is a similar kind of question that deserves for sure the extra scrutiny. But that also brought to our attention that the annexation protection was not there for metropolitan and primary class cities. And that seemed an important issue. So the bill brings together both of those, and it makes standardization for annexation and redistricting as the kinds of issues for which a city council or village board should not waive the second and third readings. [LB865]

SENATOR RIEPE: Thank you. [LB865]

SENATOR CRAWFORD: You're welcome. [LB865]

SENATOR RIEPE: Sounds like the rest of the story. [LB865]

SENATOR CRAWFORD: Thank you. [LB865]

SENATOR RIEPE: Thank you. [LB865]

SENATOR WAYNE: I have a question. So I know some...I understand the League's concern, but redistricting, the redrawing of any district, whether it's road improvement or whatever...I guess to me, they shouldn't be able to waive it. I don't care what district it is. And this is an issue I used to deal with on the board when we would do policy, and we would waive our second reading and make it effect right then and there. I think it does a disservice to the public who relies on either policy or districts, regardless of road improvement district or sanitary district or whether a district fire protection district. That before we change them there should still be a process without waiver. So I guess I'm putting on the record I have some hesitancy. I know legal counsel worked on this, but I would like to meet with the League and everybody to see, you know, why is there a need to waive any type of changes any time in any district. And maybe I just don't know,

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and that's what I'm thinking as I'm talking, which is never a good thing to do. So it's not really a question there, but I'll let you respond. [LB865]

SENATOR CRAWFORD: Well, I mean, the statute outlines that it requires a supermajority to waive second and third readings, so it's already recognized that this is something that should be done with care and only if there's a great deal of support. We were...and again, recognizing there may be times when even that supermajority protection is not sufficient because it's adequately...it's a decision that needs to make sure we have that extra public scrutiny. And so the policy behind the bill is that is annexation and in the redrawing of election district lines. But fine to have a conversation about that's the line that's drawn in this bill. I appreciate your question about what other considerations there might be that we might need to consider. [LB865]

SENATOR WAYNE: Any other questions, concerns? Thank you for your opening. I'm sure you'll stay around for... [LB865]

SENATOR CRAWFORD: I will. [LB865]

SENATOR WAYNE: Any proponents? [LB865]

AUTUMN SKY BURNS: (Exhibit 1) Good afternoon. Good afternoon to the members of the Urban Affairs Committee. My name is Autumn Sky Burns, that is A-u-t-u-m-n S-k-y B-u-r-n-s, and I am a resident of Papillion, Nebraska, CD2, LD14. I am grateful for the opportunity to be able to testify before you in support of LB865. I would like to give special thanks to Senator Crawford for being aware of the issues that are going on in our state and for reacting proactively. I fundamentally believe that the government is of the people, by the people, for the people. We all have a unique, important part in democracy. Our responsibilities do not end in the voting booth. We must be engaged citizens and help our elected officials create good law. That is why I'm here before you today. For the past few years I have been planning to run for city council in my city. We do not have open seats, so I studied the ward map and I began to deliberately build relationships with people who live, work, and go to school in "my ward," learning about how they envisioned our city. After a few years, and finally knowing shop owners and neighbors by name, I felt comfortable to run. I wanted to change the way that the general public views politicians, for them to understand what a politician is: simply an individual who loves community and wants and has the specific skills to serve in that capacity. That's what I am. I am a normal woman who loves community and I love to work on community. And I saw a need for representation in ward 1. Citizens rely on their elected officials to follow proper procedure. One of the basic rules of law as I understood it in my city was that a proposed ordinance would be read three times on three different days, ensuring that citizens and the community are able to educate themselves on the issue, contact their representative if they have issues, and have time to

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present their opinion at the public hearing or the second reading. In ideal government this second reading allows the council to be able to hear from the constituents, to interact. The third reading typically allows...comes another two weeks later, after elected representatives are able to address any other issues their constituents have and form a good vote. After all, the vote belongs to the citizens. When the city was under time constraints earlier in the year, due to an annexation, they called special meetings to fulfill the state laws requiring three readings, therefor giving citizens an opportunity to participate. Citizens were not given the same courtesy when it came to redistricting. I have the city administration email dated November 22, stating that the council would move forward and that they would be waiving the second and third readings of the ordinance to ensure that the new wards were submitted well prior to the December 14 cut-off date. Those two words, "well prior," I believe that if there had been option to suspend the rules, no option to waive the second and third reading the administration and council would have been able to find time to do three readings on three different days. The vote should not have been decided before even presenting it to their constituents. We as citizens have the right to be able to participate in the process. That's all I wanted, that time to prepare for the public hearing, voice my opinion on who represents me. It was bigger than being redistricted out of the ward I was running for, my elected representation had changed. That's huge. Change like that deserves more careful thought and execution. Local government is just as important as state or federal. How would we feel if we woke up with a new state senator, new congresswoman, or higher than that? We can never forget how important the regular citizen's voice is in the law-writing process. Whether a city or municipality is given the power to suspend the rules, they will use it. I do not believe they should be given the power to suspend the rules for something as important as who my elected official is. It is a drawn-out process for a reason. Hasty decisions have unintended consequences. Citizens deserve to have a voice in who their representation is, this bill would ensure that in the future taxpayers are able to have time to participate in something as important as who votes for how to spend their taxes. I appreciate your time. I probably missed a few words because it was like right at the time. So does anyone have any questions? [LB865]

SENATOR WAYNE: Any questions from the committee? I appreciate you coming down and testifying. I mean, I read about it in the paper so it's an issue and I'm glad Senator Crawford is trying to address it. [LB865]

AUTUMN SKY BURNS: Yeah. I appreciate you guys' support and I hope that you're able to, you know, address any issues you may have so that it can get onto the floor and this can never happen again to somebody. I raised quite a bit of money, had a lot of support, and now I'm in a situation where I don't know this new district well enough to feel comfortable. I want to walk into a store and know someone's name before I try to be their elected official, and I don't feel like I have that time at this moment. And so I want to make sure that other people that would want to, you know, participate in government are given that option. There are people like me that really do care. Not everybody has the time to take off work today. I don't have any vacation, PTO time

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left, like this is just my free time. Not everybody has that, but there are a lot of people that care. Thank you, have a great day. [LB865]

SENATOR WAYNE: Thank you. Thanks for coming down. Any other proponents? [LB865]

JACK GOULD: Senator Wayne, members of the committee, my name is Jack Gould, J-a-c-k G-o-u-l-d, and I'm here representing Common Cause Nebraska. We endorse Senator Crawford's bill, largely because of what's just been said. I don't think it could have been said better. We feel that reading the bill, reading the ordinance three times is in the best interest of the public to develop awareness and to give people the knowledge of what could happen within their districts: Voting places can change, school districts can change. Many things can be affected by the annexation. And as a result, the more awareness you can generate with the public the better we are. I was a little concerned about reading the title. When I looked at that I thought I'm not sure what that means, reading the title. I was thinking in terms of books and things of that sort, not complete enough. But in reality, when you turn to page 3, and I think it's line 24, it makes it clear that the reading of the title also includes reference to all relevant subjects. And that I think is important to the bill. And that's all I have to say. [LB865]

SENATOR WAYNE: Thank you. Any questions? Seeing none, thank you for coming down. [LB865]

JACK GOULD: Thank you. [LB865]

SENATOR WAYNE: I look forward to having you testify in this committee a lot this year. [LB865]

JACK GOULD: I look forward to your bill that would require that the reading of all ordinances three times. And I'm for that. [LB865]

CHRISTY ABRAHAM: Thank you, Chairman Wayne and members of the Urban Affairs Committee. My name is Christy Abraham, C-h-r-i-s-t-y A-b-r-a-h-a-m. I first want to thank Senator Crawford for bringing this bill. The League is very supportive of any bill that brings consistency and transparency to our municipal statutes. And I think this bill really does that. And we understand that three readings are important on these issues because these are important issues that city addresses. And I apologize, I have not seen AM1549. But I have no doubt that Senator Crawford and her excellent staff have addressed the issues that we brought. I'll just say as background we had a bond council contact us, and I always sit up a little bit straighter when a bond council contacts me. I get very nervous. And he was asking questions about, you know,

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could this be read more broadly, is it just the city council election districts or is it something broader. And so we just felt it was important to get that clarified if that was the intent of Senator Crawford's bill, to make sure that the language was clear. So we are very happy to hear about the amendment, and I'm happy to answer any questions. And Senator Wayne, if you are interested in looking more broadly on this issue, the League is always happy to meet with you to talk about those issues also. [LB865]

SENATOR WAYNE: Thank you. Any questions? Seeing none, thank you for coming today. [LB865]

CHRISTY ABRAHAM: Thank you. [LB865]

SENATOR WAYNE: Any other proponents? [LB865]

JOHN CARTIER: Senator Wayne, members of the committee, my name is John Cartier, J-o-h-n C-a-r-t-i-e-r. I am the director of voting rights at Civic Nebraska. We are a nonpartisan, not-for-profit organization that specializes in election laws and administration. We are here today in support of Senator Crawford's bill. We appreciate her bringing this important topic forward. Any legislation that is aimed at preventing overnight redistricting by municipalities, a commonsense reform that can allow the public more time to react to actions by a local governing body. This simple change, which requires a city council to read ordinances that affect annexation of territories or redrawing of district boundaries on three separate occasions, can help avoid future conflicts and instill greater trust in local government. And with that, I would say that just about everyone before me has touched on all the important topics regarding this and I think just to add having a supermajority overrule matters of redistricting is probably not in the best interest of the public, and we support getting rid of that limitation. With that, I will take any questions if you have them. Thank you. [LB865]

SENATOR WAYNE: Any questions from the committee? Seeing none, thank you for coming today. [LB865]

JOHN CARTIER: Thank you, Senator. [LB865]

SENATOR WAYNE: Any other proponents? Proponents? Seeing none, any opponents? Anyone testifying in a neutral capacity? Any other...okay? Senator Crawford, your closing. [LB865]

SENATOR CRAWFORD: Well, I would like to thank the committee for your attention. And I would like to thank those who came to testify in support of the bill. And I think they raised some

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important points about the importance of making sure we have this transparency and avoid overnight redistricting or overnight annexation. But I would especially like to thank Autumn Sky Burns for taking time to come down and share her personal story so that you could see how this impacts an individual who has taken time to prepare to run for office and serve her community, and the ways in which the ability to waive the second and third reading made it difficult for her to be able to be involved in that situation and raise concerns and questions, or people who supported her campaign to be able to be involved in raising those questions and concerns. So having all three readings makes it possible for citizens to be fully engaged, and there are protections that allow cities to speed up those three readings, to get those three meetings in when there is a time pressure. So I look forward to working with the committee on this issue, and would be happy to answer any remaining questions that you might have. [LB865]

SENATOR WAYNE: Any more questions? Seeing none, thank you. [LB865]

SENATOR CRAWFORD: Thank you. [LB865]

SENATOR WAYNE: (Exhibit 2) We have one letter of support from the League of Women Voters, so make sure that's added to the record. And with that, we will close the hearing on LB865. Turning things over to Senator Hansen. [LB865]

SENATOR HANSEN: All right. Thank you, Senator Wayne. And we will move on to Senator Wayne's LB719. And there are less and less people in the room now. [LB719]

SENATOR WAYNE: Let the record reflect everybody has left now. [LB719]

SENATOR HANSEN: When you're ready. [LB719]

SENATOR WAYNE: Good afternoon, Vice Chairman Hansen and members of the Urban Affairs Committee. My name is Justin Wayne, J-u-s-t-i-n W-a-y-n-e, and I represent Legislative District 13 in north Omaha and northeast Douglas County. LB719 is a bill that stems from LR160, the Urban Affairs Committee interim study to examine the ability of municipalities in Nebraska to offer relocation incentives to attract new residents. Among the issues examined as part of LB160 interim study were provisions of the Nebraska State Constitution that could potentially limit the ability of municipalities to offer relocation incentives. LB719 would outright repeal Section 17-572, which authorizes cities of the second class and villages to provide loans to students or students' parent or guardians in consideration for the students' pledge to practice medicine or dentistry in the city or village following their graduation from medical or dental school. Now, I do like doctors, Doctor Riepe, Senator Riepe, and I do like the medical profession. However, the

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reason for this repeal of this section has nothing to do with the policy providing or not providing these loans. I introduced the bill, LB719, because after review of statutory languages in the case law with committee counsel we believe Section 17-572 is unconstitutional. In 1976, the Nebraska Supreme Court decided Chase v. County of Douglas, which held that a program allowing cities and counties to use public funds to purchase real estate for industrial development violated Article XIII, Section 3, of the Nebraska State Constitution, which prohibits states and local governments from giving or loaning the credit of the state. Again, it's about the credit of the state. Section 17-572 appears to violate the holding of Chase that local governments cannot give loans or grants to private entities, as such loans would violated Article XIII, Section 3, of our Nebraska Constitution. Section 17-572 was passed in 1971 prior to the Chase decision, and committee counsel and I first became aware of the existence of the...last session during the committee's work on a cleanup bill for the cities of the second class and villages. Prior to the bill being drafted we shared with the League of Municipalities for feedback. The committee was also unaware that a handful of cities and villages were actually offering loans under this section. Fortunately, there is a potential solution that I believe for those cities who are currently offering such loans or at least this section. They can use what we discussed today on the floor, the Local Option Municipal Economic Development Act, commonly referred to as the LB840. As committee members are aware, language in Article XIII, Section 2, was added in 1990 to specifically authorize municipalities to collect and appropriate local tax dollars for economic development purposes if approved by the voters. This new language became the basis of the Local Option Municipal Economic Development Act, commonly referred to as LB840. Since 2013, LB840 statutes have included relocation incentives for new residents as eligible activities that our municipalities could fund using LB840 dollars. Unlike Section 17-572, relocation incentives under LB840 must be provided in the form of a grant or a loan to a qualifying business and cannot be given directly to private individuals. Using the LB840 statutes, smaller cities and villages could provide grants or loans to medical and dental practices, which could then be used by the business to provide relocation incentives in the form of loans to medical students or dental students. A number of people are here behind me to testify. I'll be happy to answer any questions, but it's a nuance in the law that we believe clearly is in violation of our Nebraska State Constitution. And it's something we can clear up and provide a solution for under LB840 statutes. With that, I'll answer any questions. [LB719]

SENATOR HANSEN: Great, thank you. Senator Riepe. [LB719]

SENATOR RIEPE: Thank you, Vice Chairman. Senator Wayne, thank you. And thank you for this presentation. The question that I have, in the introductory remarks there's a note that's...having spent time around attorneys I'm real careful of little words now. It says "similar loans." Now, does "similar" mean the same, less, more? [LB719]

SENATOR WAYNE: The functionality, same; source, different. [LB719]

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SENATOR RIEPE: Not significantly different, though? [LB719]

SENATOR WAYNE: Yes, because... [LB719]

SENATOR RIEPE: Yes, significantly different? [LB719]

SENATOR WAYNE: The source is significantly different. Right now, if the city loans a private individual...pays for their dental school to come there, that's in violation underneath this statute. But they can use sales tax to offer grants to a business, and if that business decides to offer a grant or provide something regarding dental school to help encourage dental or medical schools to come...or students to come there, the source is different from when the end user will probably look that same. That's what's similar about it. [LB719]

SENATOR RIEPE: Okay. Okay, thank you. [LB719]

SENATOR HANSEN: Thank you, Senator Riepe. Any other questions? Senator Crawford. [LB719]

SENATOR CRAWFORD: Thank you, Vice Chair Hansen. And thank you, Chairman Wayne. I just want to clarify for the record, if we pass this bill, that there would be no need to pass an additional bill to add language to our LB840 statute, but the existing language would already allow for the city to provide funds to a medical qualifying business that could then in turn provide the loans to an individual. [LB719]

SENATOR WAYNE: Correct, there will be no additional bill needed to do that. It's already on the statute. [LB719]

SENATOR CRAWFORD: And also just for the record, that also means we have some other relocation incentives that could function in that same way. [LB719]

SENATOR WAYNE: Correct. [LB719]

SENATOR CRAWFORD: Could be any kind of qualifying business that could then turn around and turn, and could use relocation incentives as a tool if they're a qualifying business under their city's LB840 plan. [LB719]

SENATOR WAYNE: Correct. [LB719]

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SENATOR CRAWFORD: Good, thank you. [LB719]

SENATOR HANSEN: Thank you, Senator. Any other questions? All right, seeing none, we'll let you off the hook. [LB719]

SENATOR WAYNE: Sounds like a plan. [LB719]

SENATOR HANSEN: All right, we will take proponents for LB719. Are there any proponents? Seeing none, we'll move to opponents of LB719. [LB719]

EMMA SCHULTZ: Hello and good afternoon, members of the committee. I'm Emma Schultz, E-m-m-a S-c-h-u-l-t-z. I'm here representing the University of Nebraska Medical Center Student Delegates, which is a student advocacy group comprised of students studying to become health care professionals, as well as representing myself. I am here to oppose LB719, which would eliminate the authority of second-class cities and villages to make loans to students studying medicine and dentistry. Second-class cities and villages make up more than 90 percent of Nebraska's municipalities. Under current statute second-class cities and villages have the chance to directly offer financial assistance to future dentists and doctors in return for service to the community. Financial aid is a very powerful tool of local control for communities that may otherwise have few options for recruiting dentists and doctors. Most of the cities in Nebraska currently feel the pressure of not having enough health care providers. In 2016, the Nebraska Rural Health Advisory Commission found that an overwhelming majority of our counties are designated shortage areas for medical and dental practice. Addressing the changing landscape of rural health care and avoiding provider shortages will require a strong, statewide approach that includes improving medical...or student loan opportunities. As a future health care professional, this funding option is available to me. I'm certain that my pursuit of medicine will require loans and to help me pay for tuition. And I hope that when the time comes I have options and a community that wants me. Local loan programs not only benefit communities but they also can lift the financial pressure felt by almost all medical and dental students. The effect of having large amounts of debt from undergraduate and professional school is one of the many factors that drive students away from primary care. The elimination of the student funding option by cities without a replacement could stunt the delivery of rural health care as well as the autonomy of second-class cities and villages. In order to ensure that health care access is available to all Nebraskans, we need to make it easier for cities and villages to invest in their future providers and not introduce complexity by eliminating this ability to recruit. And so I essentially understand that it may be unconstitutional or we may think that it's unconstitutional, but it seems to me that cities and villages are using this option right now. And kind of, "if it ain't broke, don't fix it" is our feeling. Thank you very much. [LB719]

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SENATOR HANSEN: Thank you. Are there questions for Ms. Schultz? [LB719]

SENATOR HANSEN: Senator Riepe. [LB719]

SENATOR RIEPE: Thank you, Chairman Hansen. First of all, thank you for being here, taking the time. Obviously you have a vested interest. Now, are you a medical student or a dental student? [LB719]

EMMA SCHULTZ: I'm currently a public health student. [LB719]

SENATOR RIEPE: A public health student, okay. Is it your intent, then, to...I mean, would public health students be entitled to this? Because it talks about medical and dental. [LB719]

EMMA SCHULTZ: Currently, no. I'm applying for medical school right now. I won't hear back for a while, but...and I also represent this student delegates student organization, which is composed of medical and dental students, as well as students from all colleges at UNMC. [LB719]

SENATOR RIEPE: With this in place at this time do you see more or less migration towards rural Nebraska for practices of let's say medicine? [LB719]

EMMA SCHULTZ: I don't know if I personally see it, but I...and I have heard the sentiment from peers and fellow students that the more funding options the better. And I think that this is a recruitment tool that students have and would take advantage of. [LB719]

SENATOR RIEPE: Is the back side of this then the forgiveness side of the loan? [LB719]

EMMA SCHULTZ: I think it can be. I think the statute states that the terms are kind of up to the city or the village. And so if they pay the tuition I think it's understood that the student will return to the community and provide service and then loans would be forgiven. But I think the terms can be variable. [LB719]

SENATOR RIEPE: Okay. Well, thank you for your persistence. [LB719]

EMMA SCHULTZ: Thank you. [LB719]

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SENATOR HANSEN: All right. Thank you, Senator Riepe. Any other questions? Seeing none, thank you for coming down to testify. [LB719]

EMMA SCHULTZ: Thank you very much. [LB719]

SENATOR HANSEN: All right, we will take any other opponents to the bill. All right, seeing none, we will move on to neutral testifiers on LB719. [LB719]

CHRISTY ABRAHAM: Hello, Senator Hansen, members of the Urban Affairs Committee. My name is Christy Abraham, C-h-r-i-s-t-y A-b-r-a-h-a-m, here representing the League of Nebraska Municipalities. So here's our awkward position with you today. We certainly don't want to support a bill that may be unconstitutional. And as you know, you have excellent legal counsel, and I try not to second-guess his excellent opinion. But here is our concern: There are cities out there that are in the middle of this program. They have contracts with students who are currently going through medical school and dental school. Our concern is if this statute is outright repealed we're unsure about where that leaves those students. The statute does talk about a contractual situation, and we don't...cities don't want to break that contract with that student. So the legal counsel and I had several conversations about this, we have talked about the possibility of a grandfathering situation where perhaps the students that are in the middle of this situation could finish their contract, but the cities promise not to make any new contracts. We also had a discussion about, okay, but what about if they came back and worked at a health facility that was owned by the city, is that a different situation? We don't have great answers for this but we do want to raise as concern that when we talked about it at our League legislative committee hearing meeting, I'm sorry, a lot of cities indicated that they're using this program. More than I think the League realized. When Trevor and I looked at this statute I think we sort of thought it was an oldy-moldy, oh, who knew this was here? Well, apparently cities of the second class and villages knew it was there, they're using it. So the League just wants to express those concerns to you. We certainly appreciate Senator Wayne's argument about using the LB840 programs and getting these grants through a qualifying business, and we certainly appreciate that as part of the solution. Again, we just want to raise the issue that there are folks who are in the middle of their contractual obligations that are going through medical and dental school. So with that, I'm happy to answer any questions you might have. [LB719]

SENATOR HANSEN: Great, are there questions? Senator Crawford. [LB719]

SENATOR CRAWFORD: Thank you, Vice Chair Hansen. And thank you, Ms. Abraham. Your point about the qualifying business I guess raises a bit of a red flag for me, if in these second-class cities the employer would be a county hospital... [LB719]

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CHRISTY ABRAHAM: Yes. [LB719]

SENATOR CRAWFORD: Or a...because it seems to me that we, the LB840, the qualifying business must be a private sector business. [LB719]

CHRISTY ABRAHAM: That's our understanding also. So to be eligible for LB840 programs it would have to be a private medical or a dental facility that would be eligible for those. I guess the philosophical argument I'm trying to have with your legal counsel is under this program that we're trying to eliminate we understand that it raises that issue of extending the credit to the state. But what if it was a situation where you weren't extending it to a private entity, you were doing it for the public purpose of your own municipal health facility? That you were saying okay, we want you to come and work at this facility, we're going to give you your student loans to do that. You come back and work at a city facility. Does that take away the constitutional problems? I don't know that it does, and certainly the statute doesn't say that, it doesn't say that you come back and work for a municipal-owned facility. We were just trying to brainstorm ways to maybe rescue this program, and so that's what we were considering. But you're right, with the LB840 programs it has to be a private entity that receives those funds. [LB719]

SENATOR CRAWFORD: And do you have any sense of, from your conversations with these second-class cities where these health professionals are working, to know if they may be in private entities or not? [LB719]

CHRISTY ABRAHAM: Our indications seemed to be that they were in private. [LB719]

SENATOR CRAWFORD: Private? Okay. [LB719]

CHRISTY ABRAHAM: Yes. Yes, they were. [LB719]

SENATOR CRAWFORD: Thank you. [LB719]

CHRISTY ABRAHAM: Yes. [LB719]

SENATOR HANSEN: All right, thank you, Senator. Any other questions? Seeing none, thanks for coming down. [LB719]

CHRISTY ABRAHAM: Thank you so much, Senator. [LB719]

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SEANTOR HANSEN: All right, is there any other neutral testimony? Seeing none, we'll invite Senator Wayne back up to close. All right, and Senator Wayne waives closing. We do not have any letters to read into the record, so that will close the hearing on LB719. And I will give it back to Chair Wayne. [LB719]

SENATOR WAYNE: We will be opening the hearing on LB748, Senator Hansen. [LB748]

SENATOR HANSEN: All right. Thank you, Chair Wayne. Good afternoon, Senator Wayne and fellow members of the Urban Affairs Committee. My name is Matt Hansen, M-a-t-t H-a-n-s-e-n, and I represent Legislative District 26 in northeast Lincoln. I am here today to introduce LB748, a bill that simply aims to update sections we missed last year when we passed LB113, in addition to a couple other cleanup items. So for a bit of backstory, in 2016 I introduced LR526, which was an interim study to examine municipal classifications. Following the LR526 interim study, last year in 2017 we worked on LB113, which clarified references to municipal population thresholds in a number of different statutes. While working on LB113, during the enrollment and review process of the bill, the Revisor of Statutes Office identified several additional sections which also contains references to municipal population thresholds not included in that bill. Ultimately we decided that they were enough to result in a new bill which we are bringing this year, LB748. This bill is designed to clarify those municipal population thresholds, just like LB113, applied at the federal decennial census. While most current statutes reference the federal decennial census at the point at which a municipal population threshold is legally met, a handful of such sections do not currently include that reference and are generally unclear as to when the threshold is met. This bill provides that any remaining thresholds are legally met based on official census data, either the federal decennial census or most recent revised certified account. This bill would also correct a change from LB113 which inadvertently excluded a couple population sizes from certain exact populations under the Civic and Community Center Financing Act. I would like to thank legal counsel and committee staff for all of their work on this bill, and Bill Drafters for helping us find these items. With that, I am welcome to close my opening and take any questions. [LB748]

SENATOR WAYNE: Any questions from the committee? Seeing none, thank you. [LB748]

SENATOR HANSEN: Thank you. [LB748]

SENATOR WAYNE: Any proponents? [LB748]

CHRISTY ABRAHAM: Good afternoon. I'm Christy Abraham, C-h-r-i-s-t-y A-b-r-a-h-a-m, representing the League of Nebraska Municipalities. And we just want to say thank you to Senator Hansen. We so appreciate his cleanup bill to make all these statutes consistent when it

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comes to determining population thresholds in cities. So happy to answer any questions. Thank you, Senator Hansen. [LB748]

SENATOR WAYNE: Any questions from the committee? Seeing none, thank you for coming. Any other proponents? Any opponents? Any neutral testifiers? Seeing none, Senator Hansen, are you closing? Senator Hansen waives closing. I am going to turn this back over to Senator Hansen. [LB748]

SENATOR HANSEN: Thank you, Senator Wayne. We are going to move on to LB765. This is an Urban Affairs committee bill, and as our tradition, we will have our legal counsel, Trevor Fitzgerald, introduce it on behalf of the committee. Trevor. [LB765]

TREVOR FITZGERALD: Thank you. Good afternoon, Vice Chairman Hansen and members of the Urban Affairs Committee. For the record, my name is Trevor Fitzgerald, T-r-e-v-o-r F-i-t-z-g-e-r-a-l-d, and I'm introducing LB765 on behalf of the committee. As committee members are no doubt aware, in 2015 the Urban Affairs Committee began a multi-year effort to update and modernize statutes governing the various classes of municipalities. As the first stage of that effort, in 2016 the committee introduced LB705, which served as a cleanup bill for statutes governing cities of the first class. LB705 was ultimately incorporated into one of the committee's two priority bills that year and became law. In 2017, the committee continued the multi-year modernization effort with the introduction of LB133, a cleanup bill for statutes governing cities of the second class and villages. During the committee's work on LB133 it became apparent that a number of sections governing cities of the first class had not been amended as part of LB705 in 2016 to clarify that those sections of statute only applied to cities of the first class. LB765 would amend a number of sections of statute in Chapter 16, which governs cities of the first class, to clarify that those sections only apply to cities of the first class. There are several individuals here to testify behind me, including the League of Municipalities, but I would be happy to answer any questions the committee may have at this time. [LB765]

SENATOR HANSEN: All right, thank you. Are there questions? Great, thank you. Seeing none, we will move on to proponents of LB765. [LB765]

CHRISTY ABRAHAM: Good afternoon, Senator Hansen, members of the Urban Affairs Committee. My name is Christy Abraham, C-h-r-i-s-t-y A-b-r-a-h-a-m, I promise only one more time in addition to this one. And I just want to say again, thanks so much for this committee. I know you're on this multi-year effort of updating and modernizing all of municipal statutes, and we're so grateful for that. Just adding the "he or she," I love that part. And Trevor goes deeper than that and does a lot of great work, so we just want to thank the committee for their

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continuing work on these sections. We know that they can be a bit dense at times, so we're just grateful for all your work, and thank you for this cleanup this year. [LB765]

SENATOR HANSEN: Thank you. Are there any questions? Seeing none, thank you. All right, we'll take any other proponents for the bill. Seeing none, we'll take any opponents to LB765. Seeing none, is there anybody who wishes to testify in a neutral capacity? Seeing none, all right, Trevor waives closing on behalf of the committee. And we do not have any letters for the record, so that will close the hearing on LB765. We will move on to the hearing for LB873, which is also an Urban Affairs committee bill. [LB765]

TREVOR FITZGERALD: And I apologize, this one will be a little bit longer. Both the bill and my testimony. Good afternoon, Vice Chairman Hansen and members of the Urban Affairs Committee. Again, for the record, my name is Trevor Fitzgerald, that's T-r-e-v-o-r F-i-t-z-g-e-r-a-l-d, and I'm introducing LB873 on behalf of the committee. As I mentioned in my testimony for the previous bill, in 2015 the Urban Affairs Committee began a multi-year effort to update and modernize statutes governing the various classes of municipalities. Over the past few years the committee has introduced bills to update statutes governing cities of the first class in Chapter 16, and cities of the second class and villages in Chapter 17. Last year, the committee introduced LR84, an interim study to examine statutes in Chapter 19 that govern some, but not all, classes of municipalities. Municipalities in Nebraska, as committee members know, are classified into five different categories based upon population, which are listed in your committee memo. LB873 is the product of LR84 and would amend sections of statute in Chapter 19 to make a variety of cleanup changes. Because LB873 amends more than 200 separate sections, I will not review each individual change contained in the bill. A section by section summary is contained in your materials and the changes can largely be grouped into 13 categories. First, the bill alphabetizes terms in several areas. Unlike the previous chapters that the committee has done cleanup work on, Chapter 19 contains a number of named acts, which include defined terms. So in those places where the terms were not previously alphabetized, the bill would do so. The bill also outright repeals Section 19-924, which contained a list of defined terms for municipal planning commissions. Upon review, these terms didn't actually match their usage in the relevant statutes, so the outdated terms were repealed instead. Second, the bill changes and corrects terminology, for example, changing "governing body" to "city council," "municipality" to "city," "first-class city" to "city of the first class," etcetera. Third, the bill changes subject-verb agreement in a number of places, i.e. singular to plural and vice versa. Fourth, the bill clarifies provision related to the commission plan or city manager plan of government. Nearly all cities in the state of Nebraska have a mayor-council form of government, with the city council holding legislative power and the mayor holding executive and administrative powers. Ten cities have a city manager form of government, where the city council appoints a professional city manager to carry out the day-to-day administrative functions and a mayor is selected from among the council members. And one city, the city of Nebraska City, is the only city in Nebraska which has

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a commissioner form of government, where an elected board of commissioners holds both legislative and executive powers with one commissioner designated as mayor and each commissioner responsible for one aspect of municipal government, such as parks, public works, finance, etcetera. While Chapter 19 as a whole is more up to date than either Chapter 16 or 17 were, much of the statutes governing cities that have adopted either the commission plan or city manager plan of government have not been amended since Nebraska statutes were recodified in 1943 and some language may even date back to the late 1800s. So LB873 basically gives those statutes a complete overhaul, naming the two sets of statutes the Municipal Commission Plan of Government Act and the City Manager Plan of Government Act respectively. Fifth, the bill clarifies references to cities and villages' extraterritorial zoning jurisdiction, or ETJ. As the committee may recall, past cleanup bills have defined the default ETJ of cities of the first class, cities of the second class, and villages. LB873 clarifies a small number of references in Chapter 19 so that they align with those existing statutory definitions. Sixth, the bill updates references to business improvement districts and off-street parking districts. Both the Business Improvement District Act and the Off-street Parking District Act are contained in Chapter 19 and needed significant work to update and modernize, particularly the off-street parking statutes. Seventh, the bill clarifies references to legal newspapers. As the committee has found with previous cleanup bills, various sections of statute refer to newspapers used for legal notices in different ways. Some use "located in the city," "published in the city," "of general circulation of the city." Additionally, some statutes specify that notice must be published in a legal newspaper while others just specify a newspaper. LB873, as with past cleanup bills, would use the same phrasing in all cases, "published for period x in a legal newspaper in or of general circulation in the city." The bill uses the term "legal newspaper" since there is an existing statutory definition of "legal newspaper" and every newspaper in the state of Nebraska currently meets that definition. Eighth, the bill corrects references to various city or village officials, clearing identifying the city council, city clerk, village board of trustees, etcetera. Ninth, as Christy Abraham mentioned, the bill corrects gender references, typically replacing "his" with "his or her." Tenth, eleventh, and twelfth, the bill corrects internal statutory references and eliminates a number of run-on sentences, and harmonizes references to other statutory sections with Chapter 19. And then finally, LB873 repeals...or sorry, replaces or eliminates antiquated or obsolete language in a number of places. While Chapter 19 as a whole contains less antiquated language than previous cleanup bills, the bill does repeal a number of references to something called an "excise board" in cities of the primary class. Apparently at one point in the early 1900s there was an elected excise board in the city of Lincoln whose purpose was to set tax rates within the city. But no such board exists currently, and the statutes which reference the excise board predate the statutory recodification in 1943, so those are repealed. The bill also outright repeals several sections of statute which established the City of the Primary Class development fund and the City of the Metropolitan Class development funds. Both of these funds terminated on July 8, 2017. Prior to introduction, a draft of LB873 was reviewed by the League of Municipalities and was submitted to city attorneys and other city officials around the state. In particular, the bill was

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brought to the attention of those cities which have adopted either the commission plan or city manager plan of government. A number of suggested changes from city officials were brought forward as part of that review and have been incorporated into the green copy. There are several individuals here to testify behind me, including the League of Municipalities, but I would be happy to answer any questions the committee may have at this time. [LB873]

SENATOR HANSEN: Thank you for the introduction. Are there questions from the committee? Senator Crawford. [LB873]

SENATOR CRAWFORD: Thank you, Vice Chair Hansen. I just want to thank legal counsel. This is an incredible task, and so I thank you for your work in going through all those details of the law and bringing it to our attention as committee members. I appreciate that work on behalf of the committee. [LB873]

TREVOR FITZGERALD: Thank you, Senator. It always gives me a good answer when somebody asks me what I did with my summer vacation. [LB873]

SENATOR HANSEN: Thank you, Senator. Any other questions? All right, thank you. We will move on to proponent testimony, so we'll take the first proponent to LB873. Welcome. [LB873]

ALLEN BEERMANN: Senator Hansen, acting Chair, members of this committee, my name is Allen Beerman, A-l-l-e-n B-e-e-r-m-a-n-n. I represent the Nebraska Press Association, and I am here to testify in favor of this bill generally, and specifically the section that relates to the definition of "legal newspapers" and papers of legal standing in the cities. Also need to, for the record, I would like to compliment Senator Crawford for your early efforts in this whole process we've taken three years to do. And also Trevor, who did a lot of work for your committee. This is an awesome task. And this bill represents, really, a great value for the citizens, because it cleans up a lot of sections, a lot of sections of the law that go back into the last century, which is my era. Or even maybe two centuries, I'm not sure. So I think it's a great public service to the cities, and especially the citizens and the governing units of those cities. So I would speak highly in favor of this bill. I think it would be of great value for this committee to expedite this bill to the floor so that it does get handled this year, if at all possible. Because it will be of great benefit to the people. That's my statement, I'd be happy to answer questions. [LB873]

SENATOR HANSEN: All right, thank you. Are there any questions from the committee? Seeing none, thanks for coming down. [LB873]

ALLEN BEERMANN: Thanks for your courtesy. [LB873]

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SENATOR HANSEN: Absolutely. Welcome again. [LB873]

CHRISTY ABRAHAM: Thank you, Senator Hansen. I promise the last time. My name is Christy Abraham, C-h-r-i-s-t-y A-b-r-a-h-a-m, and I also just want to say thank you so much for the Urban Affairs Committee for all of the work that they do to update these statutes. Chapter 19, as Trevor mentioned, and as all of you know, it's not specific to, you know, a first-class city or a second-class city. It has a really broad range of topics. Like it deals with the commission form of government, the city manager plan of government, zoning, funds, civil service act. And unfortunately, when you deal with all of these issues, you make League staff incredibly nervous. We are nervous about any change that has to deal with any sort of financial institution. Did I mention the bond council calls me? I get very nervous about bond councils. And so we just wanted to make sure that everything that was changed was okay to any financial instruments that may have already been issued. And as Trevor mentioned, we did send out this draft to a wide range of people. We did try to focus on those cities that do have a commissioner form of government or a city manager form of government. And they all came back and said they were completely fine with all of the changes. So thanks again, for the concerns that we did bring you, thank you for implementing those into the bill. We are very grateful. So I'm sorry to raise one issue, and that is, unfortunately, about the legal newspaper issue. Section 19-1102 is a very important section for municipalities. This is a section that deals with the publication of our official notices and proceedings. And currently the language is, as Trevor stated, it's "a newspaper in and of general circulation" in the village or city. The bill changes that to "legal newspaper," and I certainly appreciate the assurances that have been made both by Mr. Beermann and by your legal counsel that really all papers in the state of Nebraska are legal newspapers. There is a legal definition of legal newspaper, and sometimes we worry that these little newspapers are meeting that definition. And I'll just read it, I apologize I don't have it memorized. It says you have to have "a bona fide circulation of at least 300 payed subscriptions weekly and shall have been published within the county for 52 consecutive weeks prior to the publication of such notice." And again, you know, we appreciate that possibly all newspapers do meet that definition in the state of Nebraska. We did have an issue, it's been several years ago now, there was a little start-up newspaper in Hickman, Nebraska, and it didn't meet that definition. But I think everyone in the city of Hickman read it. So the city was publishing some of their legal notices in that, and I don't know that it met the definition of "legal newspaper." So I just want to bring that to your attention that that is a significant change. And we just don't want any of our cities to get caught up in violating state law unintentionally. So I'm happy to answer any questions you might have. [LB873]

SENATOR HANSEN: Great, thank you. Are there questions from the committee? Senator Crawford. [LB873]

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SENATOR CRAWFORD: Thank you, Vice Chair Hansen. And thank you, Ms. Abraham. So in the sense of a newspaper that didn't meet the definition, but you were still sending the notices to them, that's not a concern. Or is that a concern? [LB873]

CHRISTY ABRAHAM: Well, I think if that's the only place that you're doing it you may not be technically adhering to this change that says "legal newspaper." You know, if you only had 200 paid subscriptions...I'm making these numbers up, obviously. That wouldn't meet the definition of legal newspaper. And again, I just want to mention I think it was...was it last year that we did second-class cities and villages? It was an added section that said, you know, if you don't have a legal newspaper in your city or your county you can post in three places. 19-1102 doesn't have that similar backup, you can't post in three places and call it goo. It does have to be published in the newspaper. And so, again, we don't mean to be overly sensitive, but we do just want to bring that to your attention, just so some of our little smaller communities aren't caught up in violating the state law that they didn't intend to do. [LB873]

SENATOR CRAWFORD: Thank you. [LB873]

SENATOR HANSEN: Thank you, Senator. Any other questions? Seeing none, thank you. [LB873]

CHRISTY ABRAHAM: Thank you. [LB873]

SENATOR HANSEN: All right, are there any other proponents for LB873? Seeing none, are there any opponents for LB873? Seeing none, is there anybody who wishes to testify in a neutral capacity for LB873? All right, seeing none, we also do not have any letters for the record. And so I will close the hearing on LB873 and the hearings for the day. [LB873]