

Transcript Prepared by Clerk of the Legislature Transcribers Office
Appropriations Committee February 26, 2021

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STINNER: [RECORDER MALFUNCTION] --the Appropriations Committee hearing. My name is John Stinner, I'm from Gering, and I represent the 48th District, I serve as Chair of this committee. I'd like to start off by having members do self-introductions, starting with Senator Erdman.

ERDMAN: Thank you, Senator Stinner. Steve Erdman, District 47, 10 counties in the Panhandle.

CLEMENTS: Rob Clements, District 2, Cass County and parts of Sarpy and Otoe.

HILKEMANN: Robert Hilkemann, District 4, west Omaha.

STINNER: John Stinner, District 48, all of Scotts Bluff County.

WISHART: Anna Wishart, District 27, west Lincoln.

DORN: Myron Dorn, District 30, Gage County and southeastern Lancaster.

STINNER: Assisting the committee today is Brittany Sturek, our committee clerk. For the safety of our committee members, staff, pages and public, we ask that those attending our hearing to abide by the following. Submission of written testimony will only be accepted between 8:30 a.m. and 9:30 a.m. in the respective hearing room where the bill will be heard later that day. Individuals must present their written testimony in person during this time frame and sign the submitted written testimony record at the time of submission on the day of the hearing on the bill. Individual with disabilities as defined by the American Disabilities Act can designate a person to sign, sign the written testimony log. Due to social distancing requirements, seating in the hearing room is limited. We ask that, that you only enter the hearing room when it is necessary for you to attend the bill hearing in progress or agency in progress. The bills will be taken up in the order posted outside the hearing room. The list will be updated after each hearing to identify which bill is currently being heard. Committee will pause between each bill to allow time for the public to move in and out of the hearing room. We request that, we request that everyone utilize the identified entrance and exit doors in the hearing room. We request that you hear-- that you wear a face covering while in the hearing room. Testifiers may remove their face covering during testimony to assist committee members and

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transcribers in clearly hearing and understanding the testimony. Pages will sanitize the front table and chair between testifiers. Public hearings for which attendees-- attendance reaches seating capacity or near capacity, the entrance door will be monitored by the Sergeant at Arms who will allow people to enter the hearing room based upon seating availability. Persons waiting to enter a hearing room are asked to observe social distancing, wear a face covering while waiting in the hall, hallway or outside the building. To better facilitate today's proceedings, I ask that you abide by the following procedures. Please silence or turn off your cell phones. Move to the front row when you are ready to testify. The order of testimony will be introducer, proponents, opponents, neutral, closing. Testifiers, sign in, hand your green sign-in sheet to the committee clerk when you come up to testify. Spell your name for the record before you testify. Be concise. It is my request to limit your testimony to five minutes. 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 sheets at the entrance where you may leave your name and other pertinent information. The sign-in sheets will become exhibits in the permanent record at the end of today's hearings. We ask that you please limit or eliminate handouts. Written materials may be distributed to committee members as exhibits only while testimony is being offered. Hand them to the page for distributions of committee and staff when you come up to testify. We need 12 copies. If you have written testimony but do not have 12 copies, pre-- please raise your hand now so the page can make copies for you. With that, we will begin today's hearing with Agency 29, Department of Natural Resources.

[AGENCY HEARINGS]

STINNER: We will now open with our hearing on LB449, Senator Wishart.

WISHART: Well, good morning, Chairman Stinner, members of the Appropriations Committee. My name is Anna Wishart, A-n-n-a W-i-s-h-a-r-t, and I represent the 27th Legislative District in west Lincoln, and I'm here today to introduce LB449. LB449 seeks modest state funding for the Low-Income Weatherization Assistance Program at the Nebraska Department of Energy-- of Environment and Energy. Through appropriating \$100,000 from the General Fund in both fiscal years 2021 through 2022 and 2022 through 2023, Nebraska's Low-Income Weatherization Assistance Program will have the opportunity to assist households below 200 percent of the federal poverty level to achieve

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greater energy efficiency, resulting in permanently lower utility bills and increased economic empowerment from those savings. Low-income households that participate in the weatherization process routinely see a noticeable reduction of heat loss, more heat gain from the same amount of fuel used, and a reduction of cold air coming in from the home through cost-effective home improvements such as insulation, windows, air sealing, heating, ventilation, air conditioning systems, lighting and appliances, the large energy cost burden carried by lower-income households is remarkably diminished. As an example, between July 2019 and June 2020 alone, 356 homes were improved through this, excuse me-- were weatherized in Nebraska, and said improvements provided an estimated annual savings of \$134,568. This information comes through research conducted by an organization called Community Action of Nebraska. Through the Low-Income Weatherization Assistance Program at NDEE, locally based and professionally trained weatherization agencies like the Community Action Partnership in Lancaster and Saunders County and Habitat for Humanity in Omaha perform energy efficiency audits to determine the most appropriate, cost-effective measures and identify any health and safety concerns. Through training and technical assistance from the Department of Energy, agencies are responsible for establishing eligibility, performing energy audits on the residencies and scheduling the weatherization improvements. The work conducted by these weatherization agencies are top rate, as the energy audits are conducted by technicians who utilize advanced computer software and diagnostic equipment to identify the most cost-effective energy-saving measures for each weatherized home. Beyond energy savings, energy technicians are able to provide assistance in ensuring the safety of those living in the home, including through checking indoor air quality, combustion safety and carbon monoxide levels. In the aftermath of the recent cold snap, I would be remiss not to acknowledge the macro level significance that additional weatherization improvements can have on providing adequate energy to our communities moving forward, and energy saving weatherization improvement can assist our public power districts in keeping the lights and power on for their owner consumers when the grid is tested, like it was recently. Concluding my opening remarks, I want to express my appreciation for the several testifiers that will follow my testimony, including representatives from Omaha Public Power District, Community Action-- and Community Action of Nebraska. These stakeholders have a great understanding of the energy audit and

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weatherization process and are key resources to the committee in
better understanding this assistance program. Thank you, and I'll
answer any questions.

STINNER: Additional questions? Senator Hilkemann.

HILKEMANN: Senator Wishart, you said there, and you-- there were 356
homes that were included in the first?

WISHART: Yes, my understanding from a report from Community Action is
between July 2019 and June 2020 alone, 356 homes.

HILKEMANN: What was the total cost to do those 356 homes?

WISHART: I don't have that, but Community Action will.

HILKEMANN: OK.

STINNER: Senator Clements.

CLEMENTS: Thank you, Mr. Chairman. Thank you, Senator Wishart. Do you
know what the low-income eligibility cutoff is?

WISHART: Yes, I believe that this will assist households below 200
percent of the federal poverty level.

CLEMENTS: Two-hundred percent. OK, I missed that. Thank you.

STINNER: Senator Hilkemann.

HILKEMANN: Another question. Will this be for, used only for people
who own their own homes? This is not going to be utilized for-- what
I'm getting about is that slumlords can't use just to insulate their
houses, right?

WISHART: Community Action can, can talk to that. My, my goal is, is
obviously for this to go to low-income households and homes, but I'm
not aware whether this program is used for apartment complexes and
landlords. But they can, they will answer that.

HILKEMANN: OK.

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STINNER: Additional questions? Seeing none, thank you. Proponents. You probably ought to, you probably ought to give it to Brittany over here.

BRITTON GABEL: Sorry. I was used to the other hearing room somehow.

STINNER: OK. Morning.

BRITTON GABEL: All right, good morning. Good morning, Chairman Stinner and the members of the committee. My name is Britton Gabel, B-r-i-t-t-o-n G-a-b-e-l, and I'm a senior product specialist and I am testifying on behalf of Omaha Public Power District. Thank you for the opportunity to submit testimony to the Appropriations Committee on this important legislation. OPPD supports LB449, I'm also testifying in support on behalf of the Nebraska Power Association. The NPA is a voluntary association representing all Nebraska's approximately 165 consumer-owned power systems, including municipalities, public power districts, rural electric cooperatives engaged in the generation, transmission and distribution of electricity within Nebraska. I would like to thank Senator Wishart for sponsoring this worthwhile legislation that will truly help Nebraskans that are struggling with heavy energy burden. My comments are based on my unique professional experience of working for the Nebraska Department of Health and Human Services and being responsible for the administration of the Low-Income Home Energy Assistance Program, in managing the LIHEAP weatherization investment prior to joining OPPD in January of 2019, more recently being responsible for managing OPPD's customer advocacy programs and services. This viewpoint outlines the benefit of the weatherization program and identifies opportunities for impact that this Appropriations bill will address in the state of Nebraska. Low-income households carry a larger burden for energy costs and cannot afford investments in energy efficiency improvements to their homes. LB449 will hope, will help alleviate this energy burden through high-- pardon me, through cost-effective building shell improvements, such as insulation, air sealing heating, ventilation, air conditioning systems, lighting and appliance replacement. As federal, state, local governments, utility companies and local agencies offer utility assistance programs to help households reduce their energy burden, these programs do not address the long-term issue of living in a more energy-efficient dwelling. Per a recent national evaluation of weatherization programs in 50, in all 50 states, households served by weatherization programs save an average of \$283 per year. In 2020,

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OPPD received 27,546 utility assistance payments, with an average of \$340 per payment. Weatherization is a long-term solution to address utility bill affordability. Once a home is weatherized, these measures continue to save money and energy year after year, so income can go towards other living expenses. Weatherization can reduce low-income energy burdens by 25, up to 25 percent per a national study released in September 2020 by the American Council for an Energy-Efficient Economy. In order to ramp up investment in low-income energy efficiency and weatherization, it takes a strategic approach that includes the components of LB449. It takes a collaborative engagement of all resources in order to address the energy and security issues facing households across the state of Nebraska. OPPD is a utility leader investing in low-income energy efficiency and weatherization programing. Since December of 2019, OPPD has funded audits in weatherization of 62 homes through an income-qualified energy efficiency pilot program. These 62 homes have generated a projected annual savings of \$230 per home. Our program is administered by Habitat for Humanity of Omaha and Southeast Nebraska Community Action partnership. LB449 will enable more of these audits and improvements. LB449 is important and high-impact investment and solution to lowering energy burdens and improving health and safety of our citizens' homes here in Nebraska. This bill allows policymakers to work toward leveraging and allocating additional funding for state, for the state weatherization program and is an important step to accelerate weather-- weatherization of low-income housing. OPPD and NPA urge this committee and the Legislature to pass LB449. Appropriating state funds for home energy and efficiency improvements will help low-income households stay safe and have a long-term reduction in their utility costs. Thank you for your time and I will answer any questions you have.

STINNER: Questions? Senator Hilkemann.

HILKEMANN: So the Low-Income Home Energy Assistance Program, LIHEAP, how much, how much federal funding does that receive?

BRITTON GABEL: So I don't work for that program anymore, but it typically receives approximately \$31 to \$33 million per year. But that's based on federal appropriations.

HILKEMANN: So, so they get \$31 million federal?

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BRITTON GABEL: Yep.

HILKEMANN: OK, on your-- you said that OPPD did a study with 62 homes.
What was the average cost per home?

BRITTON GABEL: OPPD spent \$2,200 per home.

HILKEMANN: \$2,200 per home, OK. Is that on this, on the federal funds
of \$31 million then, how much are they allocating per home?

BRITTON GABEL: It's my understanding that this year there was \$2.6
million of LIHEAP funds allocated to weatherization.

HILKEMANN: \$2.1 million?

BRITTON GABEL: \$2.6 million.

HILKEMANN: \$2.6 million. That's \$2.6 million was spent in the state of
Nebraska on this program.

BRITTON GABEL: Was, was allocated to NDEE to spend on weatherization.

HILKEMANN: OK. So what we're-- so what we would be doing is adding
\$100,000 to this \$2.6-- let's say it stays the same. We would be
adding \$100,000 to the \$2.6 million?

BRITTON GABEL: That is correct.

HILKEMANN: OK, thank you.

STINNER: Additional questions? Senator Clements.

CLEMENTS: Thank you, Chairman Stinner. And thank you for being here. I
have-- I was wondering if this \$100,000 is the only money that will be
in the program of state dollars, or is it adding to an existing
program fund?

BRITTON GABEL: So currently in the state of Nebraska, there are no--
the weatherization program is only subsidized or funded through
federal funds. There are federal funds that come through the LIHEAP
Program, the Low-Income Home Energy Assistance Program, and also the
depart-- the federal Department of Energy, they also provide an
allocation to the program.

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CLEMENTS: OK, this is the only General Fund--

BRITTON GABEL: Correct.

CLEMENTS: --money then? Thank you.

STINNER: Senator Dorn.

DORN: Thank you, Chairman Stinner. Thank you for being here. I guess my question is more up here, paragraph on ours, anyway, towards the top where you said in 2020, OPPD received 27,456 utility assistance payments. That's not per household or what-- explain that a little more.

BRITTON GABEL: Yeah, so the-- so we received that number of payments for that many customers. So those are direct benefits received to a customer.

DORN: Is that inside this program?

BRITTON GABEL: No, so--

DORN: OK.

BRITTON GABEL: --my point to clarify, the point of having the, putting that number out there, in my testimony, what I'm sharing is that weatherization programs save an average of \$283 per year.

DORN: Right.

BRITTON GABEL: So here we have customers that are receiving utility assistance. The more homes we weatherize, we can, we can address the long-term issues that are facing low-income customers in Nebraska. Because if we can reduce some of these energy burden by \$283 per year, they might not have to have utility assistance or, first of all, we reduce their energy burden and their funds can go to more-- to other things that they're struggling with paying. So we're trying to demonstrate, hey, we're, we're receiving this much of utility assistance per household, but when somebody gets weatherized, weatherized, we reduce that by \$283.

DORN: OK.

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BRITTON GABEL: So that's, that's the point we're trying to show.

DORN: Thanks for that explanation.

BRITTON GABEL: Yeah.

DORN: Because I thought otherwise that number in this type of program
inside it was, that was-- it didn't coordinate.

BRITTON GABEL: Yeah. Thank, thank you for asking that.

STINNER: Senator Erdman.

ERDMAN: Thank you, Senator Stinner. Thanks for being here. So I
believe you told Senator Hilkemann that the average investment for
home was \$2,200, is that correct?

BRITTON GABEL: That is for OPPD's program.

ERDMAN: OK, so to save those \$283 a year, how much investment do you
make in those residences? Do you know what that is?

BRITTON GABEL: So that is the \$2,200 average.

ERDMAN: OK, so we spend \$2,200 and it saves \$283.

BRITTON GABEL: Yeah, that is with-- so that is just with OPPD funding
that we're utilizing. So that is not how much is being spent per home
by the state-administered program.

ERDMAN: OK.

BRITTON GABEL: So what we're showing are the results of what we're
doing in our partnerships in, in our service territory.

ERDMAN: Thank you.

HILKEMANN: Yeah, so that answer, that provides two more questions for
me. So you said, when you said \$2,200 a home, that was just the OPPD
part of it and then the federal is on top of that?

BRITTON GABEL: Correct, so--

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HILKEMANN: So what is the cost in total? When you put, when you put the, the-- what's the average for a total home for--

BRITTON GABEL: OK, so our program served customers that were not served by the Nebraska weatherization program. So at OPPD we are investing in low-income weatherization because we believe it makes a difference in our community and it's helping our customers. At the same time, we believe that the partnership with here today on this legislative bill and federal funding, as we maximize and we try to truly make a difference for our low-income residents in Nebraska and ramp up weatherization, because it truly is a long-term approach, that here today is adding additional \$100,000 that can be spent by NDEE to help weatherize more homes. What, what I shared about OPPD and our 62 homes, that's what we're spending and what we're doing separately.

HILKEMANN: And one more question about-- I had asked Senator Wishart, maybe you can give me the answer. Are these only for owner-occupied homes?

BRITTON GABEL: So OPPD's program is for owner-only occupied homes. For the NDEE program, the state that's administered by them, that's funded by whether the LIHEAP and the NDEE and the DOE funding, it can serve some renter-occupied homes, but there's some federal regulation around that that narrows that eligibility. Like, for example, if you have a multifamily dwelling, I believe it's 66.7 percent of the, of those tenants have to be low-income. And then there's other regulations about that. So we can, we can get more information on that for you and get answers to your questions.

HILKEMANN: Thank you.

STINNER: So do you know if the \$2.6 million that the department administers, is at all given out every year?

BRITTON GABEL: Yeah, I don't know what they've done over the last two years, so I can't speak to that. But we can work with NDEE to answer that question for you.

STINNER: Do you have any statistics statewide? I know that you're testifying for OPPD, but what would that need look like across the state?

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BRITTON GABEL: So that is a great question. So I know that there is 356 homes that were weatherized statewide, and then we can add our 62 that we've done in our service territory through our own program to that. But the demand is significant. There ends up being a waiting list for these programs because, you know, the one thing about weatherization, it's like home construction. They take time. You do an audit and then you have to ensure, you know, you have, have your contractors and everything lined up and your specialists to be able to do those home modifications. So that's not something that, you know, in a day it's done. It does take time. So that's why adding more resources would be, allow us to get more homes done.

STINNER: Well, I think the committee would be interested in seeing what that waiting list looks like and what the demand has been and--

BRITTON GABEL: Yeah.

STINNER: --so on and so forth. Any additional questions? Seeing none, thank you.

BRITTON GABEL: Yeah, thank you for your time.

STINNER: Good morning.

TRACIE MCPHERSON: Good morning. My name is Tracie McPherson, Tracie, T-r-a-c-i-e, McPherson, M-c-P-h-e-r-s-o-n. I'm the public affairs and advocacy director for Habitat for Humanity of Omaha, and today I'm here on behalf of the organization and the low-income homeowners in Douglas County in need of critical home repairs. And I also state that Habitat Omaha fully supports LB449. Last year, our organization completed 116 weatherization projects throughout Douglas County. The goal of the program is to reduce home energy consumption and costs for both heating and cooling and make sure families have a healthy and safe place to thrive. Those 116 weatherization projects help reduce the energy burden on families, the estimated is by about 18.7 percent. It comes out to be about that \$283 a year. But in addition to the energy savings, we've found that, especially in certain parts of town, some of these older homes deteriorate so much faster when they haven't been weatherized. You get windows with gaps, doors with gaps that are letting in water, air, not keeping out the cold very well. Those houses deteriorate rather quickly. So part of it is also to not only for the comfort of the family, but also to save some of these older

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homes. During our energy audits of older homes, we often find old furnaces that are leaking carbon monoxide. We have found homes that didn't have a furnace in them, and we all know how cold Nebraska can get in the winter. One such home we are currently working on this week belongs to Jackie [PHONETIC]. Jackie is in her late 60s and she lives alone. For years, she has been heating her entire house with a wood-burning stove. Let me say that again, she's been heating her entire house with a wood-burning stove. Now, imagine this, Jackie has her wood-burning stove and there's a duct that goes to a propane furnace that she's using as a blower to heat the rest of her house. So that means every day she has to cut blocks of wood throughout the winter to make sure she has heat. This is how Jackie was heating her home as of last week in the year 2021. This week, Jackie will have a new energy-efficient furnace. After last week's rolling blackouts, we now have a better understanding of the importance of everybody in the community having energy-efficient appliances and mechanics in their home. We all have a vested interest in it. Jackie is one of many reasons why Habitat Omaha fully supports LB449 and urge each of you to also support this bill. This funding will allow organizations like Habitat Omaha to be more nimble when looking to make these type of home repairs for homeowners like Jackie, and to be able to get the work done quickly. Our organization is prepared to continue our partnership and to do our part in support of the community. Thank you for your time and for allowing me this opportunity to share Habitat Omaha's goal of helping families to have a safe place to call home.

STINNER: Thank you for that. Questions?

TRACIE McPHERSON: All right.

STINNER: Senator Hilkemann.

HILKEMANN: So and thank you for being here, and I'm familiar, quite familiar with Habitat for Humanity. Now these, your clients also have to participate in this process?

TRACIE McPHERSON: So, no, this is a separate program from a homeownership program. A lot of these clients are elderly, not that we don't have elderly people who come out and help build houses. We do. Most of them are in better shape than I am. But this is a completely different program. This is part of our umbrella, our home repair program. Again, we recognize the importance of these critical home

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repairs and saving the housing stock, and especially north and south Omaha, where the homes are a lot older, the mechanics are not working or very inefficient. So our team, we have a small team, home repair team that will go out, do the evaluation, work with the homeowner, we'll help find the right contractor and make sure that the things get ordered and installed properly. So, no, the homeowner does not participate in these repairs.

HILKEMANN: Is this program that we're funding or-- we talk about weatherization and you're talking about replacing furnaces, replacing appliances, all of those things?

TRACIE MCPHERSON: Yeah, this is mostly, we mostly replace furnace, furnaces and air conditioning units is the problems that we have. So we don't necessarily replace appliances. We have a Habitat ReStore if somebody needs an appliance that they can go buy at a discount. So we're not looking to replace appliances, we just understand the importance of having energy-efficient appliances so that we're not-- they're not consuming as much energy.

HILKEMANN: So it's more than just weatherizing. It's more, you're talking about a total energy efficiency here.

TRACIE MCPHERSON: I'm here today to testify for the weatherization part of that. But we do do more home repairs than just weatherization at Habitat.

HILKEMANN: So in the weather-- in the weatherization process, will they be, will they be replacing entire, the entire windows?

TRACIE MCPHERSON: If that's needed, yes. If that is--

HILKEMANN: It's not a matter of insulation and things of that sort?

TRACIE MCPHERSON: Well, we, we will evaluate that. Sometimes it is caulking, insulation. If we can save those windows, we most certainly will, the crew will. But sometimes it does require windows to be replaced.

HILKEMANN: So in your program, this, in the weatherization program, you're not using volunteers in yours, you're use-- you're using contractors.

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TRACIE MCPHERSON: We're using contractors, because we want-- yeah.

HILKEMANN: So what-- so I, I know that this is probably-- what would
be a range that you're spending per home for weatherization?

TRACIE MCPHERSON: I sent an e-- when I heard you ask that question, I
sent a text message to the coordinator of the program, and she hasn't
gotten back with me yet. But I can get that information for you and--

HILKEMANN: I'd appreciate knowing that.

TRACIE MCPHERSON: --let you know that range. Yeah, absolutely.
Absolutely. Questions?

STINNER: Any additional questions?

TRACIE MCPHERSON: OK, thank you very much.

STINNER: Seeing none, thank you.

TRACIE MCPHERSON: I've got to get masked up.

ASHLEY FREVERT: OK. Chairperson Stinner and members of the
Appropriations Committee, my name is Ashley Frevert, that's
A-s-h-l-e-y F-r-e-v-e-r-t, and I serve as the executive director of
Community Action of Nebraska. I am testifying on behalf of Nebraska's
nine community action agencies in support of LB449. And I'd like to
thank Senator Wishart for bringing this important legislation to the
committee. Our agencies provide proven solutions to poverty's
challenges in all 93 counties in Nebraska. Those challenges have
dramatically increased since the 2019 floods, many even further since
the COVID-19 pandemic affected our state. More families have adults
working from home, and families are spending more time at home
together. This is quite the change from our largely socially connected
culture. As the face of poverty changes, the initiatives to protect
the health and safety of Nebraskans change as well. Accordingly, our
agencies maintain longstanding relationships with partners who aim to
positively impact the lives of those in need. The Nebraska Department
of Environment and Energy is one of those partners. They are a strong
government ally who supports the administration of the weatherization
assistance programs at the local level. Some of this information was
provided by Senator Wishart, so I don't want to restate it all. But
trained technicians do aim to reduce the total energy consumption in a

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home, and they use advanced computer software and diagnostic equipment to identify the most cost-effective energy-saving improvements for a particular home. And then, like Senator Wishart said, between July 2019 and June 2020, there were 356 homes weatherized, with an estimated annual savings in total of 134,568. Residents frequently see the reduction of heat loss, more heat gain from the same amount of fuel used, and then the reduction of cold air coming into the home. Clients also learn about their cost savings through client education, which is a vital component of WAPs' success. Weatherization enables low-income families in Nebraska to reduce their energy bills by making their homes more energy efficient and by improving the health and safety of the home and those who reside in it. Community Action asks for your support of LB449, as the NDE is an important piece of Nebraska's energy efficiency puzzle. Designating state funds is a step in starting to bring meaningful changes and new investments into the weatherization assistance program. I also wrote down plenty of notes. I'm glad I went last because there were a few questions that you all had. There's an average value of about \$7,500 for weatherization assistance. So when someone comes into a company, a contractor comes into a home, it's an average of, of that amount. That's across the state. Also want to address windows, which was another one of the, of the aspects brought up. That really does depend, and like our partner Habitat for Humanity said, the caulking, the sealing and whatnot is much more frequent than actual window replacements. And actually that is something that the Department of Energy with federal government is looking into, whether the windows are something that can be continued to be provided in the program. There's waiting lists between six and 12 months. So if you think about how many people out there are, their furnaces are something that they become a priority, but when you look at the rest of the home, they are put on a waiting list. Those who are 60 years of age and older are also moved up on the list. They become priority. And then those who have special needs kids and whatnot in the home or another that become more of a priority on those waiting lists. And then if we look at the average savings on utility bills annually, it's about \$146, and that's an average. So it can be more in Omaha, more in Lincoln, you know, less or more in rural. It really just kind of depends. So that's an average. And this is all coming from the Nebraska Energy Office's, NEO's website, so you can find all of this information on there. They have annual reports dating back a decade. So you're welcome to see how the program has changed. It was already mentioned, but 200 percent is the income guideline. And if you

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would like more information about the weatherization assistance program per state, I can get that information for you. There's the National Association for State Community Services Programs that has weatherization factsheets on their website, so I can grab one of those from you that is pertaining to Nebraska, which will probably be fiscal year 2018 or 2019. So I can get that for you. Weatherization in Nebraska, the funding can be between \$3 and \$4 million. But if you add the LIHEAP, which because LIHEAP and weatherization, those assistance dollars put together are what help weatherize homes. And yes. So I'm glad I wrote this down, so 66.7 percent and an apartment need to be low income. But I also want to mention that mobile homes are something, too, that can be addressed. And as you all know that, those are spread all throughout the state. So with that, I am happy to answer any other questions you might have. Thank you.

STINNER: Senator Hilkemann.

HILKEMANN: Few questions then that came up from your testimony, you didn't answer the question about do they have to be owner-occupied?

ASHLEY FREVERT: So like I said, it has to be-- so for apartments, it has to be-- no, no, that's not.

HILKEMANN: All right.

ASHLEY FREVERT: No, the owner does not have to live in the apartment with the individuals that are renting the apartment.

HILKEMANN: Right.

ASHLEY FREVERT: But 66.7 percent have to qualify.

HILKEMANN: But home-- individual homes have to be owner-occupied?

ASHLEY FREVERT: I believe that is the regulations right now. I can get that information more specifically for you.

HILKEMANN: You said that the annual savings is \$146 a year.

ASHLEY FREVERT: That's, that's an average across the state.

HILKEMANN: So it's an average of \$7,500 to do the process, saves \$146, so it's about a 50-year payback.

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ASHLEY FREVERT: Yeah, and it will-- when, when you receive weatherization on your home, you can't receive it again. I think there's like a 20-year limit. So you can say for sure that for 20 years at least, that home is going to be a much more energy efficient.

HILKEMANN: OK.

STINNER: Additional questions? Seeing none, thank you.

ASHLEY FREVERT: You're welcome.

STINNER: Any additional proponents? Any opponents? Anyone in the neutral capacity? Seeing none, Senator, would you like to close?

WISHART: Well, thank you, committee, for hearing this. My understanding is that all of the federal funds and all of the funds we get in our state have been encumbered. They have been spent. There are waiting lists of people looking to get their homes weatherized. And, you know, I recognize that this is an investment. It's a lot of money to put in a new furnace, to deal with windows. So I recognize it's an invest-- an investment and that the cost savings on average are \$150 a year. That's a lot, first of all, for somebody who's on a fixed income, especially seniors and people with disabilities. But on top of that, when I campaigned and, and I'm sure you all experienced this, too, when I went door to door, I met a lot of people, especially seniors in my district, who are very low income. And when I entered their homes, these are people where they're living in conditions that are tough to live in. Their homes are too hot, their homes are too cold, their homes are falling apart. So this is an investment in low-income people too. It's not going to give us a significant return in the short term, but it's a long-term investment in, in, in the lives of people. And so I think the state should have some skin in the game, especially since there are people waiting to have this happen. So with that, I'll take any other questions.

STINNER: Any questions? Seeing none, thank you. There are three letters of support: Nebraska Interfaith Power and Light, Sierra Club, Audubon Nebraska. There's also new testimony from Shirley Niemeyer. That concludes our hearing on eight-- on LB449. We'll now open with our hearing on Agency 33, Game and Parks.

[AGENCY HEARING]

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STINNER: We will now open on LB469, Senator Erdman. Whenever you're ready, Senator.

ERDMAN: Thank you, Senator Stinner, appreciate it. My name is Steve Erdman, S-t-e-v-e E-r-d-m-a-n, I represent District 47, which is 10 counties in the Panhandle. Gonna pass out a couple of documents that I want to go over with you. The bill is pretty simple and straightforward. The bill intends to take \$10 million from the cash fund in LB336 and distribute that on a pro rata basis of \$10 million for the next two years. As you heard when we were having a discussion with the director earlier when the agency came in, that this issue has been going on for a number of years. It doesn't seem to be getting any better. And consequently, this year I have introduced several bills that dealt with Game and Parks, there were seven of them all together. One was to have the Governor appoint the director. Another was to elect the commissioners so they would be elected by the people. And one was to make them pay property tax on all the land they own, not just on what they procured after '77. They have a restriction on one carrying a firearm when you're bow hunting. I don't know that they have authority to administrate Second Amendment rights and others. And then the most important one was one to pay damages for wildlife, and that bill was heard in the Natural Resources Committee a couple of weeks ago. So this bill is a companion bill. This is the appropriation bill to follow up with the bill that I introduced in natural resources. So over a period of years, 20 or more, Game and Parks has had significant issues with management of wildlife. And as you heard the director testify, they're not real sure how many they actually have. And I would tell you that in my past experience as a farmer and being on the boards that I served on, unless we could measure something, we could never manage it. And so what they will tell you, and they'll get a chance to be in opposition and they will tell you that we are going to fix this problem, that we need more tools to fix this problem. And so trust us, we're going to do this. Well, in the last 20 years, they've done absolutely squat, OK? So here we are now. So I believe the only way we're going to get their attention is to take some of their funding and actually force them to pay for damages. One of the things that I think we need to make sure that we understand completely is the U.S. Constitution and the Nebraska Constitution says that you cannot take someone's private property without compensation. And so what they've been doing is they've been doing just exactly that. And so let me find that, so I make sure I read it correctly.

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Here's what he says, this is Article I, Section 21 of the Nebraska Constitution. "The property of no person shall be taken or damaged for public use without just compensation therefore." Think about that. No property shall be taken or damaged for public use without just compensation therefore. And it goes on and it talked about the cases that were held, settled on this issue, and I thought some that made a lot of sense. And I'll read you a couple of those at this time. Here's what it said about a case that was settled back in 1990. When private property has been damaged for public use, the owner is entitled to seek compensation and direct action under this constitutional provision, regardless of whether the plaintiff could have sued in a tort and under Political Subdivision Tort Claims Act. It goes on to say, there's another case happened in 1988 where cropland, no part of which is taken temporarily suffers compensable damage. The measure of the compensation is not the market value, but the value of the use of the period damaged, the value of the crops which could have been growing on that land. I don't know how much more plain I can make it. They can't continue to take these people's property and not compensate them. I don't know how, I don't know how much more plain it can be. And I have visited with Game of Parks, I have talked to Game and Parks. When my son was a senator, he visited with Game and Parks. He tried to encourage them to do the right thing. That's 20 years, 20 years. And so I'm here today to say that we have to make those people listen to what we have to say and make them take some action on solving the issue. The document that I gave you, I'd like you to pay attention to that front page. And Senator Stinner will recognize these people. And in fact, Senator Stinner may very well have done business with these people on that front page. So I asked, I asked these landowners, and this is not the whole list, this is just a few. All right? There are more than this. And I asked them, so how much damage do you sustain on an annual basis from wildlife? And so Rol Rushman lives in Gurley, Nebraska, which is in Cheyenne County. His estimate is \$35,000 annually. Lane Darnall lives in Harrisburg. He estimates his damage to be \$42,875. Darrell Blackstone lives in Morrill County, \$50,850. Terry Jessen, land in Oshkosh, which is Garden County, \$97,500. Butch Schuler, Bridgeport, \$130,000 every year. Every year. Mr. Schuler has records from his combine that records the yield. He has proof. He has verifiable proof how much he loses to the elk, \$130,000. When Mr. Schuler first arrived as a protester of his valuation while I was a county commissioner, Senator Dorn, he sat across the table from me in 2005 and he said, I lose more annually to

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wildlife than I pay in property tax. And I said, not a chance. Not a chance. So time went by. Finally, one time when he came in to protest, I said, can you prove that? He said, I can. And he did. He spends \$130,000 a year. He loses \$130,000 to the elk and the deer every year. Every year. That would be like Senator Kolterman, you owe \$10,000 on your property tax on your house or your farm, whatever you have, but you're going to spend another \$10,000 for the animals you've got to feed every year. No compensation. That's ridiculous. At some point in time, and I don't know when that will be, because people are getting fired up, at some point in time they're going to do like Senator Hughes said, the three Ss: shoot, shovel and shut up. And that's exactly what's going to happen. Because when Mr. Darnall gets ready to put his cattle out on the pasture this spring and there's no grass there and he's got to make a decision whether he keeps him in the feedlot and it costs him three dollars a day to feed them or put him out on his grass, but he can't because the antelope, the deer and the elk have eaten his grass. Those animals belong to the state of Nebraska and they taking his crops and his produce to feed the animals of the state. That's absolutely wrong. And so when I introduced that bill last week, two weeks ago on the depredation, there was a fiscal note. And sometimes one needs to read those fiscal notes because sometimes they reveal things to you that you didn't think about. So on the second page of this handout is, is the fiscal note from a couple of weeks ago. But I want to draw your attention to one sentence, and the person who did the fiscal note works for Game and Parks. All right? And here here's what they said. They said the total acres inspected figure is arrived at by taking the total number of acres of corn, beans and wheat harvested in Nebraska, 19 multiplied by 75 percent. Why do they do it by 75 percent? Here's the answer. Seventy-five percent factor was used at this, as this was the percentage of the landowners who indicated that they had crop damage due to wildlife during the recent landowner survey completed by Nebraska Game and Parks. Seventy-five percent of the p-- of the farmers in Nebraska are suffering damage from wildlife, 75 percent. This isn't my district's issue. This is a statewide issue. We entrust these people at Game and Parks to manage the animals of the state. And their goal, and you will see by the board members or the commissioners that serve on there, the majority of those are big game hunters or they're part of the American elk foundation or they belong to American sheep foundation or Turkeys Forever [SIC] or Pheasants Forever, whatever they are. Their goal is not to manage the wildlife, their

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goal is to increase the number of wildlife. Consequently, that's why they keep buying more land. They do a poor job of managing what they got. There's no reason for us to give them any more. And so today, after you receive this information, then you need to make a decision. Are these farmers and ranchers telling us the truth or are they not? If they are telling us the truth, then we need to do something about it. Game and Parks understands that these issues are out there. In '19, we had a hearing in Scottsbluff, 14 landowners showed up. Natural Resources Committee had a hearing and they heard from these people, they came in and testified about the damages that they suffered. And in September of that year, Game and Parks had made a decision, made a decision to issue 50-- a permit for kill 50 elk, depredation permit for 50 elk. But in their infinite wisdom, once they found out that the hunters were all fired up about that, what they did is they released it to the public that Erdman sent us an email and forced us to do the depredation permits. When I produced the email to director, Deputy Director McCoy, showing him what I had sent only to him on a Thursday, only to him, on Friday had a comment on my Facebook page they wanted to see my email that I sent to Game and Parks. I call the guy. I said, how do you know I sent an email to Game of Parks? And he said, they told me. I said, oh, really? Yeah. Said I called in there, so what are you doing? And he said, well, we were forced by Erdman to do this. So in '20, Mr. Schuler wanted to get depredation permits again. Guess what? No way. Why? It's because we got such pressure from the hunters last year, we sure can't do that again. While knowing that this issue is going to go on again in '20 that happened '19, they turned a blind eye to it and kept on doing what they've always done. We'll get it next year. We're working on this. We're going to issue more permits. And you heard how concise and precise that Director Douglas was when I asked him how to reduce the population. He didn't agree with my numbers. But if they issue 510 permits and only 70 percent or 60 percent kill an elk, the herd is growing. And so I'm asking for this committee to appropriate \$10 million out of the cash fund. Now, here's the good news. Here's the good news. You know how they can stop doing that? Start managing the wildlife. It's pretty simple. You don't want us to appropriate \$10 million out of your fund, how do you do that? Do your job, do your job once. That's how you do it. Pretty simple. OK? So we're going to keep taking \$10 million until you decide to do your job. You decide what you want to do. The ball is in your court. You deal with it however you want. But until we force these people to make a decision, we're going to continue to get what we've got. And there's

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a saying about that. If you continue to do what you've always done, expect different results. So I think I've fairly described to you what the issue is. I have also described to you what the quick solution will be. You take \$10 million once, I bet you next year Game and Parks has a solution. And they had the wherewithal, they had the authority. They have the options to fix this problem. They did. And there is no solution coming for the spring for these ranchers that when they're going to turn their cows out, that the elk and the antelope and the deer are going to eat their grass. No solution. None. So another year for Mr. Schuler to spend another \$130,000 feeding their elk. Senator Hughes estimated, estimates that to feed the deer in the state of Nebraska, just to feed the deer is \$60 million a year. The agricultural people, those landowners in the state of Nebraska spend \$60 million a year feeding the deer. And when you ask the director how many mountain lions we got, we got 60. Oh, yeah? And when you talk about Terry Brown losing yearlings to the mountain lions, well, we can't verify that. There have been times when there's snow on the ground, the calf is dead, half eaten, there's mountain lion tracks in the snow. But it was a coyote. Half the carcass of the animal is in the tree. Coyotes must have done that. No, no, it's mountain lions. And so what I'm trying to say is we need to make sure we manage our wildlife so everybody can enjoy it. And I'm not against the hunters, those hunters ought to be on my side. Because when the Game and Parks issues a one-time lifetime permit to shoot a bull elk and then never get another chance, they should side up with a guy that wants them to shoot more elk. And that's me. That is the solution that they should have used, because I believe hunting is the best way to control the population. But Game and Parks does not believe that, because if they did, they would be issued more than 400 permits-- or 510 or whatever it was. So, so you can't-- you got to put your money where your mouth is. I haven't seen any of that from this organization, this agency. And unless we hold them accountable, and the only way I know to do that is with appropriating some money from their cash fund to do that. Because I don't know whether the depredation permit is going to get out of Natural Resources, I'm working with them to do some adjustments to it to get it out. Because I'll tell you right now, if that bill gets out, all of a sudden Game and Parks becomes very aware of what the management decisions they need to make. And currently right now, what they say, and they will tell you this, they're a very powerful organization. They have a very good lobbyist. All right? And we've done what we've always been doing for 20 years. And who do you think

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you are, you're going to come here and tell us how to do this? I may not succeed this year, but I'll tell you what, Lord willing, I'll be back next year. And if they didn't like coming to testify seven or eight hearings this year, wait till next year. I'm serious about this. I think that came through. So I'd like to answer any questions you may have.

STINNER: Thank you for that introduction. Additional questions?
Senator Hilkemann.

HILKEMANN: Senator Erdman, so this bill we're looking at is \$10 million and \$10 million.

ERDMAN: That's correct.

HILKEMANN: And, and but you said, you said-- who's going to make the decision as to whether the property damage has been-- or the, the damage to crops has been determined enough that we can stop, continue to transfer?

ERDMAN: Fair question, and I appreciate it. So in their fiscal note, and as you've seen that it was \$117 million to do this. So their fiscal analyst must not be able to read the agenda because this bill was in-- it was delivered the same day to the front or introduced the same day. \$10 million is what it said, so \$117 million. And here's what they're saying. They're saying that you have to hire crop specialist adjusters, and that's going to cost \$29 million to do that. And had all these numbers, and it was one of those, you may have heard this term, CYA. That's what that fiscal note was. So here's how I think it works. All right? So Mr. Schuler has damage to his corn. He calls a crop adjuster that does crop insurance, and my son happens to be one of those. There's many. And they can come out and do an analysis of what the yield loss was. And that crop adjuster may charge them 150 bucks, 200 bucks, whatever it is. Then just they, they'll say this is how much damage you suffered to this, this field. And if it's some that damage to their fences or whatever we have, I used to do appraisals, real estate appraisals, what fences were worth and what equipment was worth. We did that for a small fee, and we drive out and check out how many miles and how many feet of fence you lost, what it cost to replace it. So finding out what the damages are is not going to be as difficult as they perceive it to be in their fiscal note. So it will be a third independent party that comes out and says, yes, it

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is. So when the mountain lion kills your calf, there will be somebody out there to say, yeah, hey, look, that is a mountain lion kill. Not the game warden who says no, looks like a coyote. And I don't fault those people out there in a country working for Game and Parks because they can only do what their management tells them to do. So I don't think it's a big deal figuring out what the damages are.

HILKEMANN: OK, you've already-- my second question was, how are we going to, how are we going to make these claims? I mean, maybe you have a hailstorm. You have adjusters come through and you make it. With this, it's going to be a different story because those damages occur over the entire season, not just that one specific time.

ERDMAN: Well, in that case, Senator, like in, for example, this corn situation, if it was a cornfield, he would call that adjuster before you harvest the corn. One time. And then it would be paid-- this bill says we're going to pay him the 1st of February. They'll be on a pro rata, pro rata basis. If we have \$10 million and we have claims for \$20 million, we pay out \$10 million, you get 50 percent.

HILKEMANN: OK.

ERDMAN: That's, that's my thought.

STINNER: I will tell you, this is one of the longest fiscal notes I've seen, so just I haven't had a chance to really dig into it. But the contention of the department is, is that if we do this, it will render-- participate and receive federal funding through the Wildlife and Sport Fish Restoration Programs. And that's about a \$14.5 million revenue figure, apparently, on an annual basis. So is this the appropriate fund to take it out and has you, have you discussed the legality of this thing?

ERDMAN: Senator Stinner, turn to that fiscal note and--

STINNER: I got it right here.

ERDMAN: On the bottom on the bottom half, there be the paragraph which starts says as: All funding sources as identified as a cash fund. See that?

STINNER: I got: As the funding sources identified as a cash fund--

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ERDMAN: And then it goes on to say that passage of this bill could, all right, could render, could render Game and Parks ineligible to participate. Could. So then they also commented about the, the statutes that would be violated, right? All right, and they said a federal statute, 50 CFR 80.20. I have looked up 50 CFR 80.20, I have a copy of that. Doesn't say anything about they will restrict it. It said they may. All right? It says, the state must control lands of waters on which capital improvements are made with federal aid funds. Controls may-- controls may be exercised through the fee title lease easement and agreement. May. Doesn't say they will, says may. All right? And then they also highlighted 80.10. 80.10 says the following. It states, acting through these their fish and wildlife agencies eligible for benefits from the acts only if they pass and maintain legislation that assists in the provision of this act; (b) Ensures the conservation of fish and wildlife; (c) Requires the revenue from hunting and fishing licenses. And then it goes on to say, controlled only by the state fish and wildlife agency. And it goes on to say, used only for administration of state fish and wildlife agencies. Is that what Game and Parks is? Yeah. So they're going to tell you, they're going to set up here and they're going to tell you that because of all these federal restrictions, you can't use this money and we're going to lose the money from the federal government. There are a lot like the Department of Transportation. Here's what the Department of Transportation will tell you when you want to change the speed limit in Oshkosh. Oh, that's a federal thing and we can't do that because we'll lose federal money. Same thing they told me when they wanted us to pick stuff up off the sidewalk in Bridgeport. Road Department said we're going to lose federal funding, you can't do that. We left the stuff there, they got federal funding. So they're going to come up here and whine that we can't use this money because it's earmarked by the feds to use for specific things. That's exactly what it says. So we can use it for whatever they need to use it for for management. The problem is they don't want to. And so they put it in the fiscal mode. You got to remember these people, Game and Parks wrote this. There wasn't somebody from the analyst department, it was from Game and Parks. I've talked to the guy that wrote the fiscal notes. All right? And he's not interested in putting the correct information in there and saying, hey, we're going to be OK, we're going to figure this out. So whatever they need to do to transfer funds, that's their job. What I'm trying to ask you is we need to appropriate \$10 million to solve a problem.

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STINNER: Senator Dorn, did you have your hand up?

DORN: Thank you. Thank you. What-- any idea what some other states are doing or how are other states handling, I call it some damages. Are they paying their funds or are they paying things out or what-- what are other states looking?

ERDMAN: Yeah. You know, a lot of other states have different proposal. Like in New Mexico, for example, they give permits to the landowner and they sell them. OK? They give permits to sell when they have an issue with a lot of wildlife. Wyoming does make contributions to people when, when they have wildlife damage. And some of those people do the same thing, Senator Hilkemann, they have a crop adjuster comes out and adjusts what happened to their property and, and they make adjustments that way. So it's a, it's a whole gamut of things that they do. But the thing is, it appears as other states take one thing into consideration that we don't, and that's the landowner. That's the difference. And what we're focused here and Game and Parks is focused on, and you can see by their commission and, and by the board of directors that they have, is that management of wildlife means increasing the population. That's what it means. It doesn't mean find out how many you have, how many can be sustained and get to that number and stay there. That's not what it means. It means increasing the population. That's why they keep buying more land. Last year, they bought 1,520 acres up by Crawford, and I was on-- I'm on the building and maintenance committee. It came to our committee and we didn't vote to approve them to take \$640,000 contribution from the American elk foundation to buy the land. Why did they buy the land? They want to make more habitat for elk. It doesn't make sense. I mean, if you're going to control the population, all right, don't increase the habitat. All right? Or if you're going to increase the habitat, make sure you increase the number of permits to control them. But they don't do that. It's so, you know, they'll come up here and say, well, other states do this or whatever, but when they come up to testify, listen closely to see what their solution is going to be in the spring when the grass greens up and those animals start eating their grass, in the fall when they start eating their corn. Listen real close to see what they're going to do to accomplish that purpose, to reduce those numbers. And you will not hear him say anything that makes any sense. They'll say a lot of stuff, but none of it will makes sense. And you got to judge it by this, what have they done in the past? Absolutely nothing.

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STINNER: I have a question. Just one more.

ERDMAN: Yes.

STINNER: How many? I know they issue X amount of permits, as you testified. Is, is it over sub-- how many elk hunters are there out there? If we issue a thousand permits, would there be a thousand elk hunters or--

ERDMAN: Senator Stinner, they, they could answer that question, but it's a cash cow for them. They would, they put out a, you know, an opportunity to draw for an elk permit--

STINNER: They'll make money on the extra. Yeah.

ERDMAN: --and you send him 100 bucks or whatever it is. And they only issue 400 permits, but you send in 2,000 applications, it's a pretty good deal. So you'll have to ask them that question.

STINNER: Do they get 2,000 applications?

ERDMAN: I don't know what it is, you have to ask them.

STINNER: I didn't know either.

ERDMAN: Hopefully they'll know the answer to that.

STINNER: There's only so much you can eat.

ERDMAN: Huh?

STINNER: I'm just kidding you. Any additional questions? Seeing none, thank you.

ERDMAN: Thank you.

STINNER: Any proponents. Any opponents? Good afternoon.

JAMES DOUGLAS: Is it afternoon? Good afternoon. Thank you, Chairman Stinner, members of the Appropriations Committee. Again, my name is James Douglas, J-a-m-e-s D-o-u-g-l-a-s, and I serve as the Director of the Nebraska Game and Parks Commission. I'm here representing the Nebraska Game and Parks Commission in opposition to LB469 for three primary reasons. No, no existing agency cash funds that we utilize can

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be legally used to expend funds to reimburse landowners for wildlife damage. All of our cash funds are pretty explicit, explicitly restricted to what their uses can be, and that is not a use for our cash funds. Such actions would render the agency ineligible for federal funds. And there's a couple of different ways that that, that that comes into play. If, if the agency loses control of the funds, then that's one way. And for example, if there's any intermediaries on determining what the payment should be, we would certainly have to first identify, identify that the, that the cause of the payment-- first off, we can't use the funds that we have, but, but from the federal aid standpoint, if, if we, if we don't confirm that, you know, the activity that we're paying for, then we would have loss of control is what it's called. So that's another way. And then the, CFR is taken in total context, which we've checked with the Fish and Wildlife Service about that have to do with the use of those funds. They need to be for the wildlife management and not for crop loss. So that's, that's a distinction. Now, there are some states, a few that try to get some money in the hands of landowners in different ways. For example, Wyoming puts a coupon on a, on a permit that somebody takes. And if they, they take an animal off of that property, for example, especially an antlerless animal, a female, then they can turn that coupon in for some dollars. And the reason that's allowed is because the state is then, they're managing the population. They're trying to kill more female animals. And so they're incentivizing the kill of those female animals, but they're not paying for the crop damage. Also, I think Colorado has a program where they combine access payments to landowners that allow hunters that also have crop damage, but they're they're dependent upon the payment being for access. And access is really one of the major issues and is a complicated issue with wildlife damage in the state of Nebraska. Because no matter how many hunters you have, they need access to the property, and it's private property and the, and the private property owners control the access. There's places where landowners, for example, landowners are eligible for permits under a formula. There's landowners that have a bull permit, may not want anybody coming in and shooting any cows or anything until they fill their permit. Or if they have a friend who has a permit or somebody who pays them money, which happens in many cases, to hunt on their property with a bull permit, they don't want anybody else there at the time. So anyway, I'm getting a little off course there. But the other, the third, the third item, the reason that this is not doable is the proposed level of expenditure would not

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be sustainable by any of our cash funds that exist at that level. So if this appropriation required the agency to shift the use of cash funds from license or stamp fees paid by sportsmen and sportswomen to pay for crop losses, as I said, it would cause ineligibility problems with federal aid. The other, the other part of that equation is that it may make sense to look towards the funds that sportsmen produce, but the wildlife of the state of Nebraska actually belongs to all citizens of the state and it does not belong to the Nebraska Game and Parks Commission. So there's never been a tort claim that's been made for wildlife damages in this state that's been paid or approved by the Attorney General's Office. I recently conferred again with the Attorney General's Office about the legality of using our cash funds to pay for wildlife damages. Under the premise, under the premises that I mentioned earlier, where under statutes, it's not allowed. He also pointed out some case law that exists where damages have not been allowed to be paid because the state as a whole owns the wildlife and doesn't have total control on where they go and how often they go where they go. So it is true that we have responsibility as the Game and Parks Commission to manage the wildlife, and it's a complicated program. We're going to work on more incentivizing for landowners to allow hunters. And as I mentioned earlier, one of the bills that's, that's I think will move out of Natural Resources Committee gives us a lot of other tools as well. We do realize that we need to reduce the elk population. One of the things that's happened, and please take this in the spirit that it's given, I'm not trying to make any excuses, but the reality is that in some parts of the state, we have row crops where we never had row crops before. And we may have had elk before, but there wasn't the interaction between elk and corn. Elk and corn do not go well together. The corn acres in the state and the planted row acres, row crop acres in the state continue to expand. There's more than a million more row crop acres today than there was 15 years ago. Some of these are in places in the western Platte Valley up in the northwest part of the state where they didn't exist before, and now we have to try to balance, you know, the elk population and deer population with that fact of life. We're an agricultural state, we recognize that, and we're likely going to be able to have less of certain kinds of wildlife in places where we had them before. Our commission recognizes that. And we're going to use the tools that we have to try to correct that problem. Part of it is going to be a combination of working with landowners individually and having focused seasons within a larger unit where we can, we can laser focus on the

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problems where they exist. We met with seven different groups of landowners last year in what we call hot spots where elk and corn are interacting in a negative way. And we, we told them we're going to seek these other tools. We asked them what tools would be helpful. We had a list of things. All of those tools are included in this bill that we have been talking about. The landowners that we talked to, we said we will come back to you. We get these tools, we're going to, we're going to create individual plans for landowners in that region. And those plans will then use the tools we have. The depredation, the depredation permitting that we can do now is designed under statute to be used when the damage is occurring. They're not designed to be used to try to reduce the population per se, but to try to get the animals off of the area as quickly as we can. So we'll still use those tools, but we need more tools to have seasons that we can stretch out in an instant. If we see we're not meeting quotas, we need tools to let the landowners participate more, incentivize them to allow hunters go. So that's, that's the, that's the program.

STINNER: I let you go past your red light so.

JAMES DOUGLAS: I'm sorry.

STINNER: No, that's fine. I just want to make sure you had enough time to explain your side of things. Additional questions? Senator Clements.

CLEMENTS: Yes, you started off by saying no cash funds can be used for damages. Whose, whose opinion is that?

JAMES DOUGLAS: That's a, that's just an attorney general that serves our agency.

CLEMENTS: And you said you do need to reduce the elk population--

JAMES DOUGLAS: Yes.

CLEMENTS: --and you are taking steps this coming year to do that?

JAMES DOUGLAS: Yes.

CLEMENTS: And what are those steps?

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JAMES DOUGLAS: We're going to, we're going to significantly increase the, the, the total number of permits for, for elk, but also we're going to significantly increase that portion of those that are antlerless. We're going to start the antlerless season, we're going to halve the, the elk season into two-- so parts of the state into two time frames, and so that we can concentrate some antlerless harvest in some of the hot spots. We're going to use depredation permits early when, when crop damage is occurring, like in August. But we're also hopeful that we get these, these new tools that we, can so that we can reduce the population at any time with special seasons in the hot spots.

CLEMENTS: And how many permit applications do you have when you get about 500-- have you had more than 500 applicants?

JAMES DOUGLAS: Yeah, I think 1,700 or something like that.

CLEMENTS: All right. So you do have demand.

JAMES DOUGLAS: We have demand. We do need access for the hunters that might like to have a permit.

CLEMENTS: In the, it was mentioned that a bull elk permit is a once-in-a-lifetime permit.

JAMES DOUGLAS: It is for the general public, but not for, not for a landowner.

CLEMENTS: Landowners.

JAMES DOUGLAS: Right.

CLEMENTS: Could get multiple years?

JAMES DOUGLAS: We also have a, if you-- if I might. We also have a proposal that would be allowed under the new legislation that I talked about, where we could incentivize landowners to either themselves or whoever they allowed to hunt to shoot antlerless elk on their property by after they reach a certain number of antlerless elk on their property, they would get a free bull elk permit that they could use or their tenants or their family could use. And that's an incentive, that's one way to incentivize. There's other ways to incentivize too.

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CLEMENTS: You mentioned incentivizing by access. How does that work?

JAMES DOUGLAS: Access, we can do that through access payments. We could do it through a program like I talked about, where you actually make a payment for each antlerless animal that's killed. And also, like I said, through tallying up your antlerless kill and earning bull permits from it.

CLEMENTS: All right, thank you.

JAMES DOUGLAS: Yeah.

STINNER: Additional questions? Seeing none, thank you.

SCOTT SMATHERS: Good afternoon, Chairman and committee members. My name is Scott Smathers, S-c-o-t-t S-m-a-t-h-e-r-s, I'm the executive director of the Nebraska Sportsmen's Foundation, a statewide nonprofit organization that works as the pointy end of the spear, if you will, on educational issues to and from this body of the Game and Parks and to the users in the state. I'm also here today representing several of our member groups that are sponsors of the NSF, RAKS, the Big Red Outdoors, Nebraska Deer Expo, Big Game Conservation Association, Nebraska Bow Hunters Association. In an effort and to save time, I know you have a full agenda coming up shortly with a little lunch period, a lot of questions have been asked and answered from our testimony. We are in opposition to LB469. As you've heard, LB469 in regards to Pittman-Robertson funds and other federal funds, it is not a question of whether they can. They cannot. To answer a question of why are the hunters not on board with any particular legislation that Senator Erdman has brought, if you take \$10 million a year from the continuing and the additional cash funds illegally, you leave zero money left in those accounts to manage the wildlife and produce wildlife efforts for the hunters. That's why we're not on board. Secondly, I want to clear up is that the depredation tag that's been referred to so many times was not 50, was up to 50 for that particular landowner. Hunters were not upset with the issue of the depredation tag. What they were upset with was a portion of outfitters that are having problems getting access for their \$10,000 per animal clients coming into the state. It was not 50, it was up to 50. And I'd have to double check with Game and Parks, but I believe the number that was ultimately harvested was eight animals. So the other thing I want to point out is the simple fact is that what sportsmen mean-- or the

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question I was asked by Senator Dorn, I wish he was here, but I looked at 10 states around us for Senator Erdman's other bill in the Natural Resources Committee. Five pay for damages. Those are Colorado, Wisconsin, Idaho, South Dakota and Wyoming. Budget ranges from a million to \$3.2 million paid through surcharges to sportsmen in various formats. However, all five of those states require landowners to receive supplemental cash damages access to hunting in a variety of formats. The other five I looked at that they do not pay for damages are Iowa, Kansas, Michigan, Minnesota, North Dakota, Ohio. It's five in total. Again, they pay zero for cap-- for crop damage in any capacity, but they also require access for any kind of additional work. Interesting thing about all 10 of those programs in those states, they require landowners to take preventative and/or ongoing measures to work with local game authorities and also work with local hunters in order to reduce the cow and or doe populations to reduce the breeding cycles on. The other thing I want to point out is that the state of Nebraska, we have 294,000 hunters and hunteresses in our state. I'm talking just hunters. They spend roughly \$780 million, generating \$81.7 million in tax revenue for the state of Nebraska. If you decimate the Game and Parks' ability financially to manage the wildlife, you decimate that number. Also, we don't argue the fact that ag is the number one producer in our state. We agree. Most of us are, most hunters are ag producers and/or ag-related family members. We understand the correlation, but the two need to exist in harmony. There's avenues to solve depredation issues on an ongoing basis. Senator-- or Director Douglas spoke of LB395, Senator Gragert's bill, it's currently, that has already come out of the Natural Resources Committee in LB507, it's a Christmas tree bill. It's on the floor in General File. That would greatly enhance the ability for the Game and Parks to react in a quicker, swifter time frame for all depredational issues. We're asking you to keep LB489 [SIC] in committee. Let them continue a process that started last year with Senator Hughes's LB126, with the Game and Parks, the hunters and several senators working on the issue to continue to put forth an effort. We don't care as an organization whether we're here ten times or 400 times, we will be here. We represent sportsmen. We represent an economic value in the state, we represent a portion of man. But I wanted to correct some of the statements that are being made that are incorrect. I appreciate that, and I'll answer any questions. Thank you.

STINNER: Additional questions? Senator Hilkemann.

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HILKEMANN: Scott, thank you for being here. I, just a couple, couple of things that entered my mind. So what you're saying is that this would have a detrimental effect on tourism in Nebraska?

SCOTT SMATHERS: Correct.

HILKEMANN: And about-- and, and the whole hunting industry, as far as you talked about people bringing in ten thousand dollar clients for, for-- that would be gone with this, well, could be.

SCOTT SMATHERS: I don't know that it's going to be gone, but you're going to greatly reduce the number of individuals going to field and spending the said money to do so. I know when I go to Deer Camp in Stockville, it's, this is on the record, so my wife will be able to see this, but it's a rather expensive week. If that is not allowed the count-- Frontier County and Stockville will lose that opportunity for revenue, and Curtis, the city of Curtis. That's going to happen. If Game and Parks do not have the funding which you stripped from Pittman-Robertson funds and Dingell funds and licensing and tag fees, they don't have the ability to manage that wildlife and it becomes even a bigger, worse situation than we have presently.

HILKEMANN: Now, this is just going to show my ignorance on this thing. You were talking about, you mentioned Colorado, South Dakota. So what is, does Iowa have a real problem with this or do they not have that much hunting? I never think about that that much.

SCOTT SMATHERS: I think the increase in depredational issues, as Director Douglas said, is the increasing number of crops in all the states around us that are producing states. In addition, we've had some pretty devastating natural occurrences of wildfires in the west that have destroyed habitat, that have forced four-legged friends of ours to join us in our state. And once they coming down the Platte Valley where corn has never been before in limited numbers, suddenly there's a large number of corn, elk are not going to leave. They found the, they found the honey hole, compared to rough high terrain with no corn. Where do you think they're going to stay? We've had that issue. It's happening in Iowa. Depredation is not, it's not not occurring. It is occurring. It's how you go about managing and working preventively, and access is a key issue of letting individuals on to shoot cows or does to reduce those numbers.

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HILKEMANN: OK. Thanks.

STINNER: Additional questions? Senator Clements.

CLEMENTS: Thank you, Mr. Chairman. Thank you, Mr. Smathers.

SCOTT SMATHERS: Thank you, Senator.

CLEMENTS: I'm wondering, are the sportsmen supporting the issuing of more elk permits?

SCOTT SMATHERS: Absolutely. But it has to be done within a science of what we have. And again, I keep hearing the question of we don't-- can't match what we don't know. Well, those of you who grew up on a farm or know a farmer, lived as I did as a child in substandard housing growing up, how many mice do you have? You don't know. It's a hard number to calculate because wildlife is wildlife. They move in regions. I manage and own two separate properties, 1,500 acres total in two different locations in the state, strictly for, for a sportsman's paradise for myself and my family, friends and family. As best I do with over 60 trail camps on these two properties, I don't have an accurate number of what's on my property and how long they stay. Young bulls, young bucks will be pushed off in bachelor groups by senior-- and it was hard to count the numbers. So with that said, we will support that. But again, in 2012, as was brought up earlier, EHD occurred in our state. On my property alone, I lost 70 percent of my deer to EHD in 2012. And we manage our herds. We have, we have no, no-hits list. We have qual-- take deer out because of lack of quality and size and, and medical issues. I lost 70 percent of my deer. Last year was the first year we've had some of those numbers back again. So we have to be conscious of what's going to come down. Those diseases occur. And with the larger numbers of herds, those diseases opportunities increase.

CLEMENTS: Do the neighbors to your property have crop damage they've talked about?

SCOTT SMATHERS: They have crop damage from deer, from raccoons, from crows, from coyotes, from feral cats, from dogs, from everything. And yes, but I work with my neighbors on a frequent basis. I'm a nonproducer. I produce-- other than cattle, cattle and grain and hay. We work with our neighbors, and they, they allow me to take some youth

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that I mentor onto their property off of my property to take out some
does. And it's been a successful relationship for 10-plus years. I'm
one person, that doesn't mean that everybody does or does not do that.

CLEMENTS: There was a lot of discussion about whether the elk herd is
growing. Do you think it has been growing?

SCOTT SMATHERS: Oh, I think it has naturally occurred. Again, I speak
of-- if you look at the west and what's occurred in our neighboring
states from an, from fires and our own national forest fire here in
Nebraska, it's moved populations out of standard operating
territories. They've moved further down to find food. In addition, the
apex predators in Nebraska have grown, obviously, with the statement
of mountain lions. They're not, they're-- they survive and grow for a
reason. When apex predators moving in the harsh start of winter, they
move from the higher regions down to the lower Platte valleys. They do
it in every state around us, and that's just science and that's fact.
So when they move down, guess what they find? They find the honey
hole. They have the bedroom, the kitchen and a wonderful place to live
without apex predators jumping on them. So, yes, they've grown.

CLEMENTS: Is there now a good reason why you get a elk permit once in
a lifetime? You think it should be more?

SCOTT SMATHERS: Well, I think that number, I think stat-- that, that
rule is going to be constantly reviewed. Keep in mind, the elk have
not been in large numbers over 20 years in the state. I mean, the last
ten years where we've seen an increase in our elk populations, and I
think you'll start to see that as they continue to grow, we'll need
more opportunities to draw. I've been waiting five years to draw my
elk tag. I go, I go to Wyoming, Colorado to help on my elk. I have
never drawn an elk tag in the state. I file every year. You talk about
the elk permits, well, it's the sportsmen make up 82 percent of the
budget of the Game and Parks from our expenditures. We're well-taxed.
We know that. We understand that. It's a voluntary tax. If I send \$20
in for the opportunity to be put in the drawing for a bull elk tag and
then pay the rest of the permit fee if I'm awarded it, that \$20 is
\$20. We have that mentality and we do that. So that money is not a
generated pyramid scheme by the Game and Parks to generate revenue.

CLEMENTS: Is it a lot easier to get a permit in Colorado for a bull
elk?

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SCOTT SMATHERS: There has been, yes. But you also pay significantly larger amounts because now you're including a guide, including an outfitter, including time in the hills. I have two of my best friends that have gone the last two years set up camp, and I went two years ago. We set up camp and four hours after setting camp, we were told by park service we had to leave because of the approaching fires. Basically, I flushed \$7,000 to stay in a hotel in Colorado Springs.

CLEMENTS: Thank you.

SCOTT SMATHERS: Yes, sir.

STINNER: OK, it's 25 after 12:00, that's, uh-- thank you very much for your testimony.

SCOTT SMATHERS: Thank you, Senator.

STINNER: Not allow anybody else to ask a question. Anyhow, anybody else in opposition? Seeing none, anyone in the neutral capacity? Seeing none, Senator, would you like to close? And while there's being preparation for Senator Erdman, we have one letter in support from Ronald [SIC] Rushman. In opposition on LB469, we have the Nebraska Chapter of the Wildlife Society, Sierra Club, Nebraska Pheasants Forever and Quail Forever.

ERDMAN: Thank you, Senator Stinner. As, as expected, they shared with you exactly what I thought they would. I need to get Mr. Smathers' email so I can send him when my next hearing is going to be so he can be there. He follows me around. Mr. Smathers testified last year on a bill I introduced to let landowners shoot animals on their property, and he stated some things that weren't exactly true. He stated that, that depredation killed eight bulls, eight bull elk and no cows. That's a false statement. There were three bulls and five cows. And he also said if this, if this bill is adopted, there's going to be 30 or 40 animals harvested and dropped in the drain ditch somewhere. And then they whine about people not letting them on their property, and those letters that I just passed out to you were from those constituents that I didn't include, as well as the ones I did. And I talked to Mr. Darnall about hunting and he said, I'm trying to make a living, paying my high taxes and continue to farm. I don't have time to take off a day or two or three or a week to tell somebody where my property is or show them where the elk are. And then they get on my

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property and they go out to look at them and they jump over the fence on somebody else and they don't have permission. He said, I don't have time to do that. And then the comment was made that Mr. Schuler charges exorbitant amounts to hunt there. And in that letter that I gave you, I'm going to read one little paragraph. I think it's important. Here's what he said. He said, we have shared wildlife on a ranch with countless hunters through the years. Our family has accommodated elk hunters since the first season started in 1986. Only a handful have ever paid a fee for that privilege. The amount we could have reasonably collected is overwhelmed by the damages increased liability associated with fee hunting. Our over, over 40 head of deer harvested on our ranch annually without a fee. We became a Catch-a-Dream partner recently and accommodated a mule deer hunter who was terminally ill, a youth who was terminally ill, and he was especially grateful. And we also accommodate as facilitators. It would be difficult to estimate the number of deer, waterfowl, turkeys that have been hunted and the hunters successful in the lifetime of our property. These people aren't opposed to having people hunt. All right? Mr. Schuler has \$5,000, \$6,000, \$7,000 cows. They are not run-of-the-mill average cows. These are seedstock cows, all right? These people are concerned about the wildlife and they want the hunters to shoot them, but they don't have the time because they're trying to pay their high taxes. They don't have time to show them where they are. And then they comment about the elk. Well, under the first letter that I gave you came from Mr. Rushman. He lives in Cheyenne County, as I said. His damage is from antelope and it's on his peas and his dry edible beans, has nothing to do with elk. And we have thousands upon thousands of those antelope. This issue is everywhere and it's all species, not just elk. And you listened closely, I could tell you we're listening. He never said one thing that's going to solve this, solve this problem soon. Maybe sometime in the future we're going to do this. And if they got to take funds from something else to make this work, so be it. But they're going to whine here that they went to the Attorney General and he said, oh, that's, that's probably not going to work. You know? How does he know? Has some court decided that? It's like Ernie Chambers used to say: We can't vote for that, it's unconstitutional. We voted for a lot of things that's unconstitutional here. We passed Initiative 300. It was law for 20-some years until finally some courts said, hey, that's unconstitutional. Then it became unconstitutional. But not until some court says it is. And how do we know the federal government won't pay

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up? Oh, because they ask them and they said they wouldn't. How do you know? Same thing with the road department. They said we're not going to pay any more funds for your highway if you don't take that stuff off the street. Never stopped. So don't listen to what they have to say. What they're saying is, we don't want to be told what to do. We want to manage this wildlife like we've always managed it. All right? And Mr. Smathers ought to be an associate or an ex officio board member for Game and Parks. That's exactly where that falls. So don't sit here and say I represent 12 or 13,000 hunters. I hear from hunters all the time that would like to shoot more elk, would like to shoot more, more antelope. They don't get a chance. So what I'm saying is, pass this out. Let's force them to make a decision and let's for once listen to the people who pay the taxes instead of those people who collect and spend the taxes. Thank you.

STINNER: Any questions? Seeing none, thank you.

ERDMAN: Thank you.

STINNER: Thank you, committee, for being patient.

[AGENCY HEARINGS]

STINNER: We'll now open the hearing on LB27, Senator Wayne.

WAYNE: Good afternoon, Chairman Stinner and members of the Appropriations Committee. My name is Justin Wayne, J-u-s-t-i-n W-a-y-n-e, and I represent Legislative District 13, which is north Omaha and northeast Douglas County. Today, I'm here to introduce LB27, which is an appropriation of a million dollars. But actually there's an amendment that was passed out, I believe, just a second ago regarding this bill, which basically will allow grants for historic and preservations based upon nonprofit organizations around the state. Now, this is my only bill before this committee, so I will lobby you on a couple of other bills as we go through this process. But we'll talk about that later. There are historic markers throughout this state from Omaha to Scottsbluff, and they are all actually showing their age. They're worn out. They're faded over the years by weather. And in some places, the markers we can't even find. As it stands, all resources that go into these markers' restoration and expansion come from private donation. I think as a state, we should be proud of our heritage and proud of our markers, and we should be able to put some

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skin in the game when it comes to making sure our markers are seen by tourists and people who just drive throughout the state. There are historical societies, nonprofits, and preservation groups trying to preserve our state's history. And I believe the Nebraska State Historical Society is best suited as an organization to help this objective and to identify the ones that need help the most and make sure we provide citizens the opportunity to participate. So my district in particular, we have the Florence Mill, we have Minne Lusa, the Mormon Winter Quarters, which is where the Florence Mill is. There's the old Fort Omaha, that's just to name a few. In District 11, which is Senator McKinney's district, we have the last standing of the black firefighters. When we were segregated in Omaha, there's still one building off about 20th and Lake that is still standing. It needs a lot of renovation. And that's what the amendment is about, is to help address some of those issues. There's also a cemetery. There is a cemetery in District 11, dates back to 1800s. And it is where some soldiers fall. It is where some ex-slaves are buried. And there really isn't markers establishing that type of historical significance in the Omaha area. And while private donations are welcomed, I do think it's important that we also embrace our own-- our own history. So with that, it's a simple bill. I'm open to any questions. But I will tell you from my community, from Senator McKinney's community, south Omaha community, there isn't a lot of private donations as it relates to these historic markers. And I know that's no different than part of rural Nebraska. And so it's important that we, as a state, out of our significant budget, spend a little bit to make sure we take pride in our state and what we've been through and where we've come from. And that's what this bill is about.

STINNER: Any questions? Senator McDonnell.

McDONNELL: Thank you, Senator Stinner. Senator Wayne, thank you for bringing this legislation. Do you feel without LB27 talking about some of these historic places in-- throughout the state and in your district, is it going to be possible for them to continue?

WAYNE: No, actually, and particularly in district McKinney's with the Black Firefighters Association that's ran off of literally fish fries and things like that, where they're trying to preserve the building. In my district with the Florence Mill, they have sometimes-- what am I thinking-- where they sell food?

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WISHART: Bake sale.

STINNER: Farmers market.

WAYNE: No, a farmers market, we have farmers markets set out there, just drew a blank, and those things bring in some dollars. But the upkeep from the wear and tear of just the buildings getting older, it won't happen. And my fear is we're going to lose some of the significant historical pieces throughout just-- not just Omaha, but throughout-- throughout the state.

McDONNELL: Thank you.

STINNER: Senator Hilkemann.

HILKEMANN: Are you talking about-- are you talking just basically? I mean, you talk about acknowledging these. Are you talking about the plaques that we see at some of these, or are you talking about-- I'm familiar with the mill that you're referring to. I've been out to art shows there. Are you talking about putting money in to upgrade?

WAYNE: Upgrade. So I'm going to give you an example. And actually, Senator McDonnell was part of this conversation before I was. But the black firefighters approached me because Metro actually wanted to do outreach in this area at the old firefighter hall. They couldn't-- they cannot allow kids in because their electrical code and their building code is so out of date. The city won't allow them to hold classes there. So we're talking about educational opportunities, historic opportunities within certain parts of not just Omaha, again, across the state, but those are two areas that I'm familiar with. So it could be simply just keeping it maintained or it could be to update. For like that particular institution, it would have to be update so we could actually bring people in, because it's been since 1967, the city of Omaha hasn't put any dollars in it because it was no longer segregated.

HILKEMANN: So it's not just acknowledging that they're there and explaining it there. It's actually putting them up, using some of the dollars to improve the facilities themselves--

WAYNE: Correct.

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HILKEMANN: --or work with those gravestones and so forth that you're talking about in that cemetery.

WAYNE: Correct. And so just-- and Senator Vargas will remember this, that when we were on the board, there was this thing called making-- making Omaha history, making invisible history visible. And it was going through the historic South Omaha and North Omaha. And actually it was students who will go out and record videos and talk to people and do these type of educational experiences. But what they were finding out when they would go do this, they would look around and say, there's nothing, there's nothing here. This building is-- is almost destroyed. And so for four years, we've been talking about this idea. And I think for four years I've introduced this bill. But now it's starting to gain, I think, a little more traction because there's a lot more other pieces of community colleges and OPS, people who are saying we can capitalize on this type of pride in the community to get students engaged.

HILKEMANN: So if-- if we-- a million dollars just not going to go very far for all the projects that could be done. Am I correct?

WAYNE: Yeah. I mean, I would like 10, but Senator Stinner wouldn't let me in the door with that.

HILKEMANN: Oh, is that right?

WAYNE: No, but-- but the other part of it is, is one thing I know about private foundation is when-- when there's a public entity putting skin in the game, there's oftentimes a match. So I believe \$1 million or \$2 million turns into \$2 million or \$4 million very quickly.

HILKEMANN: OK.

STINNER: Questions? Senator Erdman.

ERDMAN: Thank you, Senator Stinner. Thank you, Senator Wayne. Senator Wayne, do you want to speak to the amendment?

WAYNE: Yeah. I don't have a copy in front of me, but I just because I asked my staff, oh, I do have one. I usually lose it on the way here. But the amendment is just to add about, just besides historical aspects, the cultural significance in the communities and

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neighborhoods. And what we're trying to do on the amendment is actually limit it to some of these poverty areas that's in Omaha. So the idea behind it was District 11, District 13, District 7, District 9, where we're in east Omaha. And part of this goes back to what we talk about in education, where when you got alumni associations, it's people with disposable income, it's usually a little easier to keep those markers up or those buildings up. In some of our poverty areas, it's a lot harder. So we're looking at the state to try to balance that out a little bit. And that's no different than in your area or in Senator Stinner's area, where there are some significant areas that are in poverty but have significant historical markers or historical meaning, the state should be able to offset a little bit of that. That was the theory behind it.

ERDMAN: OK. Just an observation, when you came here with me four years ago, you didn't have any gray in your beard.

WAYNE: That's from-- that's from dealing with you for the last four years. [LAUGHTER]

STINNER: Did you have a question over here? Senator Clements.

CLEMENTS: Thank you, Mr. Chairman. I see that this has four years' worth of appropriation mentioned. I generally thought we were working with a two-year budget. Why is it four years?

WAYNE: So typically in all my bills that you'll see, I have either a ten-year or eight-year or four-year cap on it. Primary is I want to see if it works. So when we passed the tax credit two years ago, it takes two years to get things moving. And so I just don't want to do two years. And then you have private donors out there who would say, well, you didn't use our money yet. And that's primarily because maybe they didn't know or they're starting the process of. Plus, it may take the Historical Society a year just to come up with the proper grant application and the-- and the waiting of that grant. So that was the thought process behind it.

CLEMENTS: OK. Thank you.

STINNER: Additional questions? Seeing none, thank you.

WAYNE: Thank you. Do we close in Appropriations?

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STINNER: Yes.

WAYNE: OK, I'll come back and close.

STINNER: You will have a chance to close, yes.

WAYNE: I will-- I will waive closing. But I do have a couple other
bills that will be on the floor we can talk about later. Thank you.

STINNER: OK. Any additional proponents? Seeing none, any opponents?
Seeing none, anyone in the neutral capacity? Seeing none, Senator
Wayne has waived his closing and that closes the hearing for LB27.
We'll now hear LB279, Senator Bostar. Good afternoon.

BOSTAR: Good afternoon. Good afternoon, Chairman Stinner, members of
the Appropriations Committee. I'm Senator Eliot Bostar, E-l-i-o-t
B-o-a-s-t-a-r, and I represent Legislative District 29. I'm here today
to introduce LB279, a bill that adds weatherization and solar or other
energy improvements to make utilities for housing more affordable as
an eligible use of the Affordable Housing Trust Fund. The Nebraska
Affordable Housing Trust Fund was created to address the need for
affordable housing, provide a flexible housing resource, to enhance
economic development, to serve the lowest income individuals for the
longest period of time, and to provide matching funds for federal
resources. Adding weatherization and solar or other energy
improvements as an eligible activity provides greater flexibility for
the Department of Economic Development to address affordable housing.
In the 2020 round of Nebraska Affordable Housing Trust Fund grant
applications, 75 preliminary applications were submitted. There were
51 full applications received, requesting a total of \$15,360,398. The
department awarded 31 grantees a total of \$10,251,498. These numbers
demonstrate a clear demand for resources from the Affordable Housing
Trust Fund and the substantial work being done by the Department of
Economic Development. Energy and utility payments are a cost burden
for homeowners and renters. According to U.S. Energy Information
Administration survey conducted in 2015, nearly one in three U.S.
households reported facing a challenge in paying energy bills or
sustaining adequate heating and cooling in their homes. In Nebraska,
more than 137,000 households pay more than 30 percent of their income
on housing costs, such as rent, mortgage, insurance and utilities,
including energy; 110,000 households spend greater than 50 percent of
their income on these housing costs. LB279 provides additional means

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for the Department of Economic Development to combat the rising cost
of living. Thank you for your time this afternoon. I'd encourage you
to support LB279. I'd be happy to answer any questions you might have.

STINNER: Any questions? Seeing none, thank you.

BOSTAR: Thank you.

STINNER: Good afternoon.

ERIC GERRARD: Afternoon. Chairman Stinner, members of the
Appropriations Committee, thanks for having me today. My name is Eric
Gerrard. That's spelled E-r-i-c, last name G-e-r-r-a-r-d. I'm here on
behalf of the city of Lincoln in support of this bill. We appreciate
and thank Senator Bostar for introducing this bill. As he outlined in
his opening, LB279 adds to the eligible uses of the Affordable Housing
Trust Fund to include funding for weatherization, energy efficiency,
solar installations on residential properties. This bill aligns with
two key initiatives that we have going in the city of Lincoln, our
Affordable Housing Coordinated Action Plan, as well as the Lincoln
Climate Action Plan. We-- we've learned that members of our community
who are most exposed to certain barriers and risks are also
disproportionately affected in the housing area. According to a 2019
Lincoln Vital Signs report, approximately 30 percent of households in
Lincoln live in or near poverty. Seven census tracts in our community
are categorized as being in extreme poverty. And poverty rates are not
evenly distributed across racial categories. The black population has
a proper-- poverty rate more than twice as high as the white
population, followed by the Latino population and Hispanic residents
and also Asian residents. Six of the seven neighborhoods in extreme
poverty have a higher percentage of racial-- racial and ethnic
minorities compared to Lincoln overall. Those neighborhoods, not
surprisingly, are located in older parts of our city, where homes are
lacking in robust weatherization, insulation, or energy efficiency.
These are areas where people struggle to pay their utility bills. It
is important to consider that the lived experience of our neighbors
and neighborhoods who would like to take advantage of additional
funding that this-- this bill may support. Neighborhoods in the core
areas of our city would benefit from additional support to weatherize
or insulate their homes, switch out inefficient appliances, or even
invest in renewable sources of low-cost energy to reduce their monthly
utility bills. The city intends to continue incentive-based programs

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promoting the installation of renew-- renewable energy systems, as well as address energy efficiency and low-income and multifamily housing stock. I see that my yellow light's on. I know you have a long afternoon. Thanks again to Senator Bostar and thank you to the committee for hearing this bill.

STINNER: Thank you. Questions? Seeing none, thank you.

ERIC GERRARD: Thanks.

***JUSTIN BRADY:** My name is Justin Brady, I am testifying as the registered lobbyist for the Homebuilders Association of Lincoln and Metro Omaha Homebuilders Association in support of LB279 and would ask that this testimony and support be made part of the committee statement. LB279 adds weatherization, solar, or other energy improvements to make these activities eligible for assistance under the Affordable Housing Trust Fund. By allowing these items to be eligible will aid in lowering utility cost to homeowners. We would respectfully ask for this committee to advance LB279. If you have any questions, please do not hesitate to reach out to the Homebuilders Association of Lincoln, The Metro Omaha Homebuilders Association or myself. Thank you.

STINNER: Any additional proponents? Are there any opponents? Seeing none, anyone in the neutral capacity? Seeing none, Senator, would you like to close?

BOSTAR: Thank you, Chairman Stinner and members of the Appropriations Committee. LB279 provides the Nebraska Affordable Housing Trust Fund with additional means to address affordable housing demands, including the financial burden that energy payments can create. With that, I would just thank you for your time and answer any questions you might have.

STINNER: Any questions?

HILKEMANN: One quick question. So this--

STINNER: Senator Hilkemann.

HILKEMANN: --we talked about weatherization earlier this morning. So this is just using an additional fund to provide weathera-- weatherization, is that correct?

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BOSTAR: So it would just-- it-- it doesn't change any-- any funding anywhere. It allows solar and weatherization to be utilized by the Department of Economic Development within the-- the-- the programming and administration of grants through the Nebraska Affordable Housing Trust Fund.

HILKEMANN: OK.

BOSTAR: So it just--

STINNER: It broadens the definition--

HILKEMANN: What's that?

STINNER: --of what you can use so.

HILKEMANN: Yeah.

STINNER: Thank you.

HILKEMANN: Yeah.

STINNER: Any additional questions? Seeing none, thank you. There are-- there is submitted written testimony, LB279, a proponent, Justin Brady. Letters for the record in support: Nebraska Housing Developers Association; Audubon, Nebraska; Nebraska Interfaith Power and Light; Social Justice Committee of the Unitarian Church of Lincoln; and the Sierra Club. With that, we will now close on LB, the hearing on LB279 and open with the hearing on LB391, Senator Bostar. Great to see you again.

BOSTAR: Long time no see. Good afternoon, Chairman Stinner, members of the Appropriations Committee. I'm Senator Eliot Bostar, that's E-l-i-o-t B-o-s-t-a-r. I represent Legislative District 29. I'm here to present LB391, a bill to transfer \$10 million from the General Fund to the Customized Job Training Cash Fund. The funding supports the mission of the Department of Economic Development as it stimulates economic recovery here in Nebraska, following the once in a lifetime pandemic that has stymied business growth across our nation. According to the Greater Omaha Chamber of Commerce, workforce development and retention is a top priority for businesses in our state. Unfortunately, the underavailability of applicants with specific occupational skills is a substantial barrier to economic growth here

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in Nebraska. The National Skills Coalition says that middle skill jobs account for 56 percent of the Nebraska labor market, but only 47 percent of the state's workforce is trained for these jobs. The Department of Labor Hiring and Training Needs Report outlines that major barriers to finding human capital for vacant jobs include a lack of job experience and a lack of occupation-specific skills among job seekers. LB391 will help catalyze economic growth across our state. This funding is used by the Department of Economic Development to assist Nebraska's employers with the creation of new and better paying jobs. Customized job training offers new opportunities for workers seeking employment, as well as training and staff development for organizations in search of specific occupational skill sets like welding, information technology, and healthcare. According to the Brookings Institution, in the United States, return on investment from customized job training incentives is approximately 10 times greater than that of traditional incentives when measured by job creation. I applaud the efforts of the One Hundred Sixth Nebraska Legislature when it incorporated Senator Bolz's Customized Job Training Act into the broader package of LB1107. That legislation established that entities receiving funding from the Customized Job Training Cash Fund must create a net increase in new jobs or a net increase in wages per employee. The Customized Job Training Act also stipulates that the compensation for the new jobs in question must meet or exceed the Nebraska average annual wage. To ensure a quality return on investment, the act required that the training must be provided by a qualified and trusted source. The Customized Job Training Act established in LB1107 did not provide funding, but only a set of guidelines and clear criteria for the distribution of funds. As we look for ways to continue our economic recovery following the pandemic, it's time to take the next step and make a meaningful investment in occupational skill development. I encourage you to support LB391 and to invest in Nebraska's workforce and job creators. With that, I'd be happy to answer any questions you might have.

STINNER: Any questions? Senator Dorn.

DORN: Thank you, Chairman Stinner. I guess just for clarification, you talk something about LB1107 that this fund was created, this customized job training. I don't know if the fund was, but the part of the bill was created. What you're trying to do here now is fund that? Did I understand that part right?

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BOSTAR: So LB1107 changed an existing fund and created new criteria around what the funds could be utilized for. And yes, I'm-- I'm simply trying to ask the committee to appropriate funds into the Customized Job Training Cash Fund for the-- for the-- the utilization of the Department of Economic Development. And currently and to speak to that, I have some-- currently sitting in the fund is \$4,686,906.02. However, the vast majority of that is obligated and the unobligated amount in the fund is \$20,000-- \$20,084, which the Department of Economic Development made clear that it should be thought of as fully spent.

DORN: So this is really an ask, I call it, to put more funds into that, more-- more funds from the General Fund into that fund.

BOSTAR: Yes, sir.

DORN: This isn't-- LB1107, I'm trying to clarify that whether or not we created this new fund that we didn't-- this new entity that we didn't fund, I guess.

BOSTAR: So it-- it wasn't. No, sir. You-- in LB1107, you simply changed the criteria for the distribution of funds.

DORN: OK, thank you.

BOSTAR: But the fund existed.

DORN: Yep.

STINNER: Well, we've always had a lot of fun discussing what that fund really-- if it is fully encumbered or not. But just for your information, it is fully encumbered with applicant jobs, but they only fill about 40 percent of the applications. That's what historically has happened. And we continue to battle what fully encumbered is. That's number one. Number two is you're asking us to take General Funds, which-- which aren't there today. So we got to-- we got to take \$10 million out of General Funds and put it into this cash fund. This negative, you know, fund in the fiscal note is misleading because we don't have General Funds allocated for it right now. So fiscal note needs to be corrected as it relates here, just for the committee's benefit, not yours. But in any event, any additional questions? Seeing none, thank you.

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BOSTAR: Thank you.

STINNER: Any proponents? Good afternoon again, and we ask that you, before you testify, to spell your name.

KRISTEN HASSEBROOK: Yes, thank you, Senator Stinner. My name is Kristen Hassebrook, K-r-i-s-t-e-n H-a-s-s-e-b-r-o-o-k. I'm the registered lobbyist for the Nebraska Chamber. And I'm here today on behalf of our members as well as the Greater Omaha Chamber and the Lincoln Chamber of Commerce in support of LB391. As I mentioned in my previous testimony, flexible and discretionary job training program funds are essential. Existing and new to market companies make decisions to grow in our state because they can use these types of funds to equip the workforce they need with the skills and knowledge to be successful. For the committee, I thought it might be helpful to lay out kind of the parallel tracks, as we understand, of the original CJT and the new more formal CJT Cash Fund that was adopted in LB1107. The way my understanding of it is, is that we have the original CJT, which includes a subaccount for InternNE, and that is a flexible discretionary job training program. It offers a certain amount of money per job, depending on the financial investment, the number of jobs created, type of jobs, etcetera. A company designs its own training or it works with an approved trainer to sort of provide that job training to those-- those employees. The original CJT has been fully encumbered for some time and resources that are returned to the fund that are unencumbered have most recently been redeployed through the InternNE program. Historically, when this fund has kind of been drawn down after a term of years, they've returned to this-- this committee into-- for an additional appropriations to kind of allow them to spend more money. Again, the way we understand the formal Customized Job Training Cash Fund that was created in LB1107 was seen as an updated version to this workforce training incentive program. And eventually it may sort of, you know, the original CJT, depending on how we structure or anyone wants to structure InternNE, this more formal CJT would become sort of the-- the pot of money because we made those-- those improvements to the program. The formal CJT harmonized a number of the job training components within ImagiNE as well so that those two programs could better complement each other moving forward. Like you heard from Senator Bostar, it put in place requirements on those eligible jobs. But when it was adopted, that formal CGT fund did not receive an appropriation. We feel that the support the Department of Economic Development provides to customized job training is

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important to attract and retain our businesses. It's also instrumental in our ability to upscale, reskill, and attract new workforce. And right now, as we come out of this pandemic, you know, the race to recovery has really begun. And the prize is that sort of treasured boost of talent attraction and population workforce growth are essential to that. And so we would appreciate working with Senator Bostar and yourself to provide any amount of appropriation that we can to CJT so that we can continue to fund this important program. With that, I'd be happy to answer any questions.

STINNER: Thank you. Questions? Seeing none, thank you very much.

***CRAIG BECK:** Good afternoon, Chairperson Stinner, members of the Appropriations Committee. I'm Craig Beck and I'm the fiscal analyst at OpenSky Policy Institute, here to testify in support of LB391 because we believe increasing funding to job training programs would help stabilize the state's workforce and help grow the economy. Economic development reports dating back to 2010 have universally called for increased state investments in order to achieve economic growth, including a 2010 report by Batelle, a 2015 report from SRI International, a 2018 report from the Center for Regional Economic Competitiveness and, most recently, a 2019 report from Blueprint Nebraska. While the reports' specific recommendations varied, there were common themes, including a deep emphasis on the skilled workforce shortage Nebraska continues to experience. Customized job training has been shown more cost-effective than tax incentives, which means it has a better return on the state's investment, according to Timothy Bartik with the Upjohn Institute. For example, studies suggest such customized services can increase state earnings per capita by \$10 per \$1 of costs because they target specific barriers of information, expertise, and financing in small and medium sized businesses -- as do the programs funded by the Job Training Cash Fund. Because LB391 supports Nebraska's ability to upskill its workforce, we support the bill and urge the committee to advance it. Thank you and I'm happy to answer any questions the committee has.

STINNER: Any additional proponents? Seeing none, any opponents? Seeing none, anyone in the neutral capacity? Seeing none, would you like to close, Senator Bostar?

BOSTAR: Thank you, Chairman Stinner and members of the committee. It's important that we provide the Department of Economic Development the

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resources they need to help Nebraska's business owners and entrepreneurs create new and better paying jobs for our residents. The Customized Job Training Act, established within LB1107, provides us with a set of guidelines and clear criteria for the distribution of these funds. Our economic recovery efforts will benefit if we invest in our workforce and our job creators. I would urge you to support LB391. And thank you again for your time. I'm happy to answer any final questions.

STINNER: Questions? Seeing none, thank you.

BOSTAR: Thank you.

STINNER: We have submitted written testimony as a proponent of LB391 Craig Beck. Letters for the record in support: city of Lincoln, Nebraska; Nebraska Economic Development Association; Nebraska State AFL-CIO. And with that, that concludes our hearing on LB391. We will now open the hearing on LB42 and our Hall of Fame Senator Dorn will give us this presentation. Good afternoon, Senator.

DORN: Good afternoon. Thank you. Good afternoon, members of Appropriations Committee. My name is Myron Dorn, M-y-r-o-n D-o-r-n, and I represent District 30, which is Gage County and southern Lancaster County. I am here today to present LB42. The bill would provide a yearly appropriation of \$10,000 to the Hall of Fame Trust Fund, which will be used to help pay for the Hall of Fame designer, bust, and pedestal. The bust of the Hall of Fame recipients line the great halls and the other hallways in our Capitol. A nominee for the Hall of Fame must be deceased for 35 years prior to their nomination. If the person is selected, the cost of the bust and the pedestal are the responsibility of a family or maybe the organization the person was involved with, I think an example would be useful to put this into perspective. Senator Jerome Warner represented District 25 in the Legislature for 35 years. He died in office in April of 1997. He would not be eligible to be nominated until 2032. At this time-- at that time, if he was selected as an inductee into the Hall of Fame, the cost would fall to his family. Some members or organizations can afford the cost. Others may not be able to and will have to turn down the honor. We do not want the Hall of Fame to be only for those who can afford it. If the person is truly noteworthy and deserving of the honor, let the state provide the bust and the pedestal to honor our great Nebraskans. A representative or other people from-- will be here

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to explain this probably a little bit better. So did bring this last
year, bringing it back again this year. So we'll take questions.
Otherwise we'll sure--

STINNER: Thank you for that. Any questions? What's the amount in the
fund right now?

DORN: That I could not tell you. I don't know. I know this would put
in \$10,000 a year.

STINNER: I think there's a balance in it right now, but I don't know
what it is so.

DORN: I don't know either.

STINNER: I could find out.

DORN: I did not look that up. Thank you.

STINNER: Proponents.

RON HULL: Chairman Stinner and Senators, thank you very much. My name
is Ron Hull, R-o-n H-u-l-l. Today I serve as the chair of the Hall of
Fame Commission. And what Senator Dorn has said really is the basic--
are the basic facts. I've been on the commission the last three
appointments, Samuel [SIC] Bessey, the great botanist from the
University of Nebraska, Alvin Johnson, who started the New School in
New York, and he saved over 100,000 Jews. In 1932, he saw what was
happening in Germany and brought them to the United States, scholars'
families. Most recent inductee is Thomas Kimball. And every one of you
all have-- he supervised the building of this magnificent Capitol
building that we enjoy in Nebraska. And in each of these instances, we
have a good democratic process to choose. We do this every five years.
And I think the bronze bust that goes into this Nebraska Capitol
honoring a daughter or a son of the people of this state outside of
elective office, I think that is the highest honor our state can
bestow on anybody. And the commission, to the best of our ability,
does this in a democratic way. And then we have to go to the people
and say, can you help us pay for the bust? The costs for the bust keep
going up. It's at least, well, a bust is now, depends, but \$30,000,
\$35,000. And that's why we're asking for some support. So we don't
have-- with the Alvin Johnson family, there are some family members in
this state, in New York that we went to and they worked their heads

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off to raise the money to honor their relative. It doesn't seem to me
that that gives us a level playing field because it inhibits people
nominating people because they don't have those resources or they
don't have the time. And we want it to be as level, as fair the
American way, it seems to me, as possible. I do thank you for your
time. And I do hope you'll consider this and move this process along.
But I thank you.

STINNER: Thank you. Any questions?

CLEMENTS: Just one.

STINNER: Just a moment, sir. Mr. Hull, we got a question.

RON HULL: I beg your pardon. Oh, I forgot to ask. I'll tell you
anything. What?

CLEMENTS: Would this require a match? Are you wanting to have a match
on this or just a--

RON HULL: I have heard that as an alternative.

CLEMENTS: The bill does not require [INAUDIBLE]

RON HULL: I'm sorry, I didn't hear that last.

CLEMENTS: Does the bill require matching funds? I'll ask the
introducer.

RON HULL: It doesn't. I think at present it asks for \$10,000--

CLEMENTS: Yeah.

RON HULL: --a year. We do this every five years. That give us the
corpus to be able to go out and hire the sculptor and do it without
penalizing the person we're honoring.

CLEMENTS: OK, thank you.

RON HULL: OK. No, thank you, Senator.

CLEMENTS: That makes sense.

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STINNER: Did you say you every five years that you nominate people or
is it every year?

RON HULL: Every five years. It's a five-year process. For example,
January 1 of this year, we started taking nominations. We have four
nominations so far. I hope we have 35 or 40. We won't, but it's
usually around 12, 15. You'll be interested to know that Grover
Cleveland Alexander, the great sportsman, is back. People come back
year after year. Sometimes it takes three years or more or three
times. Howard Hansen, great musician from Nebraska, international,
he's one of the people we'll be considering. That's this year. For a
year, people can submit nominations. Next year, we will meet in the
three congressional districts of Nebraska and-- and let people come
and testify. And then the next year, we'll select somebody, 2023, I
believe. And then the next year the bust will be created and it will
be dedicated upstairs. And that will be the end of that cycle.

STINNER: And it's only--

RON HULL: Sir.

STINNER: --it's only one person you elect each five years.

RON HULL: One person.

STINNER: OK, so--

RON HULL: The standard is very high. You have to be-- I can't nominate
you, but you have to be 30-- you have to be gone 35 years, which I
think is good and one every five years ensures that we choose people
who significantly contributed to the culture of our state.

STINNER: Thank you.

RON HULL: Thank you.

STINNER: Any additional questions?

RON HULL: OK, thank you

STINNER: Seeing none, thank you.

TIM HELLER: Good afternoon, Mr. Chairman, members of the commission--

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STINNER: Good afternoon.

TIM HELLER: --committee. My name is Tim Heller, T-i-m H-e-l-l-e-r. I serve with Ron on the Nebraska Hall of Fame Commission, was appointed a few years ago. I keep this brief. I know you guys want to get out of here. It's Friday. I feel kind of silly talking about \$10,000 after hearing all these millions and billions being thrown around. But it's a simple request. The Hall of Fame Commiss-- Commission was established in 1963, but it was never funded. The funding mechanism was included in the original legislation, but there was never any money allocated for this. That's why we're asking for this. It states at the time of an honoree's induction, if no suitable bust exists for an individual, then the Hall of Fame Commission authorizes the commission of one by a professional sculptor. So we're told to go out and get that done. So far, thus far, we've relied on public support from the individuals and families who put that together. But this last go-round when Kimball got in, we had two young high school students that were nominating a person. These two high school kids wouldn't have the \$35,000, \$40,000 or \$50,000 needed to create a bust. It's just not there. We've seen qualified nominees drop out when they find that they must pay for the cost of the bust and the pedestal, which then become property of the state. So since it's a state property, the state should probably pay for it. This also serves to open it up, as Ron mentioned, to all Nebraskans and just not those who are able to buy their way in. OK? You asked about the balance in the fund. Currently, it's \$6,240.58, and there is no matching required in the bill. And the cost of the bust for Thomas Kimball [PHONETIC] when we installed him about a year or two ago was \$40,000 and the cost of bronze continues to increase. That's the methodology we're thinking about here. Any questions?

STINNER: Questions? Seeing none, thank you. Any additional proponents? Seeing none, any opponents? Seeing none, anybody in a neutral capacity? Senator, would you like to close? Senator Dorn waives closing. We do have letters of support. Sarah Kuruc, AIA Nebraska, our support letters for the record. And that concludes our hearing on LB42. We will now open with LB208. Senator McDonnell. We're moving along pretty well, Senator, so.

McDONNELL: I'm going to keep it going, Boss.

STINNER: Don't mess it up.

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McDONNELL: I'm going to keep it going. Brevity.

STINNER: We might want to wait a minute. There's people leaving.

KOLTERMAN: When did that ever happen?

McDONNELL: Thank you.

STINNER: Just a second.

McDONNELL: Thank you, Chairperson Stinner,--

STINNER: Just a second.

McDONNELL: --members of the Appropriations Committee.

STINNER: Hey, Mike, just a second.

McDONNELL: OK.

STINNER: Go ahead.

McDONNELL: Mike McDonnell, M-i-k-e M-c-D-o-n-n-e-l-l. I represent Legislative District 5, south Omaha. I'm here to introduce LB208. Currently \$700,000 is appropriated in each year of the preliminary biennial budget to the Department of Economic Development for aid to economic development districts. The appropriation requested in LB208 would increase this funding by an additional \$300,000, thereby providing a total appropriations of \$1 million of General Funds in both fiscal years 2021-22 and fiscal year '22-23 to the Department of Economic Development for the purposes of funding these development districts. The bill was brought to me by the Nebraska Regional Officials Council, which was established in 2009. The state's eight economic development district structure this professional network as a mechanism for peer exchange and learning and to assure a unified voice-- voice at the state and regional levels when advocating for their regions, programs, and services. Each of the economic development districts is dues paying member, and the board is comprised of the executive directors from each district. The goal of the Nebraska Regional Officials Council is to assist cities, businesses, and other community members in growth and development. The Nebraska Regional Officials Council impacts lives and reinforces community wellness through the work of these districts. The funds

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appropriated in LB208 will assist development districts in bringing about positive advancements within the districts statewide to include workforce development, housing, infrastructure improvements, business expansion and tourism, among several others. I would note that the dollars flow to the individual districts through the Department of Economic Development and that the vast majority of the dollars appropriated would flow not to Omaha and Lincoln, but rather to rural communities throughout Nebraska. Tom Bliss, who is the executive director of the Southeast Nebraska Economic Development District and vice chair of the Nebraska Regional Office-- Officials Council, will be providing testimony before you today to further elaborate on the distribution of the funds. Funding result-- resulting from LB208 will ensure the expansion and the continued growth through the partnership between the development districts and the Department of Economic Development. Additionally, the funding from LB208 will continue to serve as a partnership and link between the federal and state programs at the local level. Communities across Nebraska have benefited from these programs, which I feel are critical to the growth, sustainability, and success of our state. The current funding, which includes a preliminary appropriation of \$700,000 in each year of the biennium-- biennium coupled with an additional funds provided by LB208 will allow development districts to leverage additional funds and further maximize the investment back into our communities, the citizens who live in them, and ultimately our state as a whole. This-- these following-- these people following me will provide testimony as to how this impact to our state: east, west, and north, south. Thank you. Here to answer your questions, and I'll be here for closing. Yes.

STINNER: Senator Erdman.

ERDMAN: Thank you, Senator Stinner. Thank you, Senator McDonnell, for coming. Explain this. So if we don't pass this, there will still be \$700,000 appropriated?

McDONNELL: Correct. I mean--

ERDMAN: So I--

McDONNELL: I'm sorry. That's in the preliminary budget, if on the floor the budget is successful. Yes.

ERDMAN: OK, so preliminary. OK, OK, I get it. OK, thanks.

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STINNER: Additional questions? Seeing none, thank you.

McDONNELL: Thank you.

TOM BLISS: Good afternoon--

STINNER: Good afternoon.

TOM BLISS: --Chairman Stinner and members of the Appropriations Committee. My name is Tom Bliss, T-o-m B-l-i-s-s, and I am the executive director for the Southeast Nebraska Development District or SENDD. I appear before you today on behalf of both SENDD and as vice president of the Nebraska Regional Officials Council or NROC. SENDD is one of the eight development districts in the state serving 15 counties in southeast-- in the southeast corner of Nebraska, including rural Lancaster County. And NROC is the statewide association that represents all eight of Nebraska's economic development districts. The districts are grateful to you and the Legislature for providing \$700,000 in funding to the districts in the current year. Today, we offer our support and appreciation to Senator McDonnell for his introduction of LB208 to increase General Funds in the upcoming year. Between the pandemic and natural disasters, I think Nebraska has experienced too many challenges over the last two years and the districts have worked hand in hand with community leaders to address these. Examples include assisting Fremont, Inglewood, Peru, Rulo and Wood River, among many others, with rebuilding critical infrastructure damaged during the 2019 flooding. The analogy I use is whenever disaster occurs, it seems everyone wants to be the fire department putting out the fire. But no one wants to help clean up the burned down building or assist the family get-- get back into a home. That's what districts do. That's part of our job. We fuel and facilitate the projects that help communities pick themselves up, then build momentum again. Beyond the 2019 flooding, the districts have stepped up and played key roles with local, regional, and statewide COVID-19 planning and recovery. Specific illustrations are assisting the city of York with a \$280,000 COVID grant program for Main Street businesses, the creation of a \$2 million revolving loan fund that in its first six months funded nine applications, leveraged \$1.5 million in private funds, and created 61 jobs. We've offered virtual trainings, work with regional health departments on improving their facilities, and built LB840 funded gift card programs to support the service sector. Additionally, NROC partnered with the Southeast Nebraska Affordable

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Housing Council, or SENAHC, and the Department of Health and Human Services or DHHS to provide \$1.2 million statewide through the local assistance-- Landlord Assistance Program. This program helped over 250 small landlords directly affected by COVID-19 and the loss of revenue. NROC is also focused on the need for broadband, which has never been more apparent as employees continue working and students take part in classes virtually. Our statewide mapping initiative will arm you, as elected officials, with quality data to make better decisions on how to address unserved and underserved areas of our state. If the committee to move forward-- were to move forward on granting this request, the districts would continue these activities and build on our success. From my perspective or SENDD's perspective, we will explore ways to improve opportunities for quality, affordable, early childcare, find means to expand access to healthy foods while supporting grocers in rural areas across the state, and continue broadband conversations through specific planning efforts. Thank you, Chairman Stinner and members, for your consideration for the increasing funds for the development districts as proposed in LB208. And I would be glad to answer any questions you may have.

STINNER: Thank you. Questions? This is kind of like a speed reading contest.

TOM BLISS: It is, yeah.

STINNER: Seeing none, thank you.

TOM BLISS: Thank you very much.

STINNER: Good afternoon.

DAN MAUK: Good afternoon, Chairman Stinner, members of the Appropriations Committee. My name is Dan Mauk, D-a-n M-a-u-k. I'm here to testify in support of LB208. I serve as the executive director of the Nebraska City Area Economic Development Corporation. I also serve as the treasurer of the Board of Directors for the Southeast Nebraska Development District. I'm testifying today on behalf also of NROC, the Nebraska Regional Officials Council and the Nebraska Economic Development Association. During my 20-year career in economic development, I've been fortunate to work to promote the growth and success of communities throughout Nebraska. Every city and village has its own assets and has its own challenges as it pursues the

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development of the community. One of these resources that each of us can access is the toolbox that's supported by the development districts. Each district is able to provide a variety of services specifically tailored to the needs of their local communities, that local area represent-- representation. These services include community development, economic development, housing, planning, disaster recovery. Nebraska City, served by the Southeast District, as SENDD has assisted our city with projects ranging from economic development, tourism development, public works, housing rehabilitation, downtown, our down payment assistance, new construction, and disaster recovery. Our city was strongly impacted, as many were, by the 2019 flooding events. The results affected our economy, our workforce, area business and industry, and infrastructure. SENDD was a critical resource throughout the process. Working with the local elected officials and stakeholders, SENDD was able to secure a \$500,000 grant through the Nebraska Department of Economic Development's 2019 Nebraska Affordable Housing Trust Fund Disaster Relief Program. Resources from that-- this grant will see revolving loan funds, which will help to grow from the initial construction of four single homes, two additional ones beyond that. Additionally, SENDD prepared a grant with the Economic Development Administration of \$530,000 to repair access to a critical road that accesses our city's largest employers, which include Honeywell and Cargill. Other notable projects achieved through the partnership with SENDD includes accessibility improvements at the Lied Center, the rehabilitation of the Veterans Memorial Building in historic downtown Nebraska City. SENDD also assists with small business loans and also the revolving loan funds. Each development district has a similar list of products and services that they can provide to local communities from cities of the first class to very small villages. These communities depend on this support and the expertise that the districts provide. As a member of-- a board member of SENDD, I see firsthand the volume of projects that we do and that the development districts throughout the state process. The funding proposed by LB208 ensures that these resources will remain intact for us to use. I make myself available for questions if you have any.

STINNER: Questions? Senator Hilkemann.

HILKEMANN: One quick question. I forget, how many econom-- how many economic development districts do we have?

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DAN MAUK: There's eight. Eight.

HILKEMANN: Eight. OK, thank you.

DAN MAUK: We serve the entire state.

HILKEMANN: All right.

STINNER: Any additional questions? Seeing none, thank you very much.

DAN MAUK: Thank you.

STINNER: Any additional proponents? Seeing none, any opponents? Seeing none, anyone in the neutral capacity? Seeing none, Senator McDonnell for closing.

McDONNELL: Thank you, Chairperson Stinner and members of the Appropriations Committee. Just-- just briefly. You talk about a program that went into effect in 2009. And as Senator Hilkemann just asked, you got eight districts around the state and they really are doing the downfield blocking and tackling that we need to help our economy. And I'm just-- I've been impressed with them since I was lucky-- lucky to be put on this committee and them coming in and the information they've given me and the work they've done around our-- our state. Thank you.

STINNER: Thank you. Questions? Seeing none, thank you. We do have letters of support for LB208: McCook Chamber of Commerce, Nebraska Chamber, Great Omaha-- Greater Omaha Chamber, Lincoln Chamber of Commerce, the Omaha-Council Bluffs Metropolitan Area Planning Agency, Panhandle Area Development District, Central Nebraska Economic Development District, Siouxland Interstate Metropolitan Planning Council. And with that, that concludes our hearing on LB208. We will now open with LB566. Senator McDonnell.

McDONNELL: My name is Mike McDonnell, M-i-k-e M-c-D-o-n-n-e-l-l. I represent Legislative District 5, south Omaha. Today I bring before you LB566 to establish the Shovel-Ready Capital Recovery and Investment Act in Nebraska. This bill will provide a much-needed investment to stabilize, grow, and in many instances, save the nonprofit hospitality industries so that-- is so crucial in Nebraska's-- to Nebraska's economy. Last year, the world was devastated by the ongoing onslaught of the COVID-19 pandemic and one

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of the segments of our economy that was among the hardest hit was our not-for-profit industry. Not for profit-- nonprofits rely on donations from their patrons, found-- foundations, and supporters to fund their activities. During this ongoing pandemic, the majority of donors have shifted their funding priorities to support people and families who have been struggling during this pandemic and rightfully so. However, one of the consequences of this immediate funding shift is the impact it had on capital campaigns that were happening, that were happening in communities throughout our state. When a nonprofit organization is planning on building something to benefit their community, they do this through fundraising campaigns. Since donor priorities have shifted to support individuals during this pandemic, many of these organizations will have to make some very hard decisions soon. Many will have to decide on whether to reopen or cancel their planned construction. This bill is to prevent that decision from having to be made by injecting immediate support to many of these projects, provided they have already raised 50 percent of their funding goals and were planning to break ground or resume construction in 2021 or by June 30, 2022. There are a number of key reasons to make this investment into our nonprofit sector. Nonprofits employ over 90,000 Nebraskans and they pay over \$4 billion in annual wages. That does not include the construction jobs that would be provided by the projects funded as part of this act. It also does not include the \$3.5 billion in annual tourism sales in our state or the 40,000 jobs provided through our tourism and hospitality industry. This bill requires a minimum of a dollar-to-dollar match by private sector donors. Encouraging donations to nonprofits is a great way to keep Nebraska money in the state of Nebraska and unlike many of the other bills we pass for economic development, we are, we are in no danger of any of our nonprofits, cultural or artistic, artistic organizations, from picking up and leaving our state. They are part of Nebraska and serving Nebraskans is the core of all of their missions. As we begin to see signs of hope that there may be an end to this pandemic in sight, we have the opportunity to not only save and jumpstart some of the investments these nonprofits want to make in our state, but also ensure that when the pandemic is over, we have new and improved amenities that will increase visitors to our state, strengthen communities around their cultural facilities, and give both our nonprofit and hospitality industries a much-needed boost. As you will hear from supporters and read in letters of support to this bill, there are projects throughout our state that will benefit from the

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passage of LB566. This bill is designed to support projects large and small throughout our state. Right now, many of these organizations are being forced to look through their budget, meet with their donors, and decide between their capital plans, rehiring staff, or cutting their programming. Some of these capital campaigns could be set back years or never happen at all as organizations make these difficult decisions. Nebraska is lucky to have so many generous, generous people who have donated for years to support these organizations and create these beloved assets to our state. We're also lucky to have so much private wealth that has stepped up to support people during this pandemic and will continue to support the people of this state. I ask you for your support today so that we may continue our tradition of supporting nonprofit organizations and help make this investment into the in-- institutions of this state that not only create great pride to our citizens, but also serve as a critical source of jobs, wages, and revenue. Thank you and I will be here to-- I'm here to answer your questions and I'll also be here to close.

WISHART: Thanks, Senator McDonnell. Any questions from the committee? Senator Clements.

CLEMENTS: I'm looking at the bill. Section 7 says this is intended to appropriate \$25 million?

McDONNELL: Twenty-five million from the General Fund and 10 percent of any COVID money that might be coming into the state. Now currently right now-- I believe today-- in Washington, D.C., they're talking about \$1.9 trillion, potentially that 10 percent and, and if you look at it, could we get \$1 billion in the state of Nebraska? Possibly. That would be \$100 million for this bill and for construction. This is brick and mortar. This is a, this is a shot in the arm for the economy in the state of Nebraska.

CLEMENTS: Yeah, but 10 percent of coronavirus relief funds, hard for me to really justify just putting it to this use. There might be a lot of other--

McDONNELL: Well, and we're talking about 10 percent of possibly \$1 billion that could be coming in. If it's half a billion, that'll be 10 percent of a half a billion.

CLEMENTS: OK.

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WISHART: Any other questions? Senator Vargas.

VARGAS: Thank you for bringing this, Senator McDonnell. I, I can understand why this would be beneficial to the nonprofit sector, specifically capital construction. The question I have is, is on intent. You know, you and I know we have nonprofits in our communities that are very small nonprofits all the way to really large nonprofit 501(c)(3)s that are, you know, have really big facilities. Did you-- do you have any-- I, I noticed at least in the bill-- maybe I might have missed something-- is there any intent on creating some mechanism for equity? You know, as, as you can imagine, you know, one entity could be-- I know there's a cap on specific projects, but to make sure that smaller nonprofits have access to this and can be competitive still?

McDONNELL: Yes and, and, and just something to add to when you mention this is a benefit to the nonprofits, this is a benefit to our community. This is a benefit to our state because what's going to happen with the idea of these projects and, and the construction and those jobs and then finally, when those jobs are done and all the other effects, positive effects it will have. But going back to your question, if you look at breakdown, zero to \$5 million, \$5 million to \$25 million, \$25 million to \$50 million, over \$50 million, and looking at those, of course, less than \$5 million could be a small project of \$100,000. But looking at that highest end, you could look above \$50 million, it would have to be \$15-- above \$50 million, it could be \$15 million, but that's also got to be a match. That's a private-public partnership.

VARGAS: Do you have any thoughts on setting aside certain amounts for smaller entities or organizations?

McDONNELL: And that was the thought about the-- breaking it down into those--

VARGAS: OK.

McDONNELL: --those sections of--

VARGAS: OK.

McDONNELL: --\$5 million, \$25 (million), then, then up to \$25 (million) to \$50 (million), then over \$50 (million) to make sure that east,

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west, north, south in the state of Nebraska, that the small projects
that were, were on the table and then the, the pandemic hits and they
had a shelf them, from large to, to small, would actually have an
opportunity to benefit off this, this grant.

VARGAS: Thank you.

WISHART: Any other questions? Senator Erdman.

ERDMAN: Thank you, Senator Wishart. Thank you, Senator McDonnell. On
your amendment, on top of the page, it says "or restoration work on
facilities designated as the National Historic Landmark." Is this
similar-- doing the same thing Senator Wayne wanted to do?

McDONNELL: Yes, potentially with-- I, I believe when, when Senator
Wayne was testifying about Prospect Hill on 32nd and Parker, one of
the oldest cemeteries in the state of Nebraska, I, I believe they
would qualify because I believe-- and I, I would have to check on
this-- also the fire station on 22nd and Lake, the last segregated
fire station in the state of Nebraska, if they have that, that
designation, they would qualify for this and I, I shouldn't, I
shouldn't say this until I, I know for sure they have that, that
designation.

ERDMAN: So if we had this, this bill with this amendment, would we
need Senator Wayne's bill?

McDONNELL: If, if those locations-- now also I think Senator Wayne
brought up some other locations that he was talking about that I don't
know if they have that, that designation.

ERDMAN: OK.

WISHART: Senator Hilkemann. Oh, did you--

HILKEMANN: This is-- from, from my reading of this, this would not
include religious institutions or would they be considered in the
nonprofit?

McDONNELL: Well, if you're a, a, a nonprofit, according to the IRS--

HILKEMANN: Right.

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McDONNELL: --you are eligible. If you're a nonprofit, a 501(c)(3) according to the IRS-- now remember, these are projects that people were fundraising for, capital projects, prior to COVID hitting. And now we're trying to make sure we move quickly to where we have the application process, but that we have actually shovels in the ground moving dirt by June 30, 2022. So people had to be in the process of, of a capital campaign and actually qualify as a 501(c)(3), but they had to be prior to, to COVID and show that they had people that were stepping up to donate, that had donated or were in the process of donating, but these plans had existed prior to, to COVID.

HILKEMANN: OK, so it-- they didn't have to be-- they could have raised the funds for that or a portion--

McDONNELL: Or it could have been pledged. Yeah, it could have been in the-- their capital campaign could have been going on and they could have had people that gave \$1 or pledged \$1 and said, OK, we're moving ahead and in that year, sometime in 2020 before COVID, they were going to get started. And then now we've moved it up to basically wanting to make sure that they have-- the project starts with breaking ground no later than June 30, 2022.

HILKEMANN: And how are we going to establish the priorities for these?

McDONNELL: Through the economic development. They'll-- it will go through them. There will be a grant process and so that's how the, the grants would be awarded.

HILKEMANN: So there would be-- everybody can apply and then they will-- they may do a portion?

McDONNELL: --and then as I was trying to answer Senator, Senator Vargas' question about the breakdown of the levels, so \$5 million and less, \$5 (million) to \$25 million, \$25 million to \$50 (million), and then over \$50 million, the max would be a total of \$15 million matched. Below \$5 million, it could be, you know, \$1 million. It could be \$100,000.

HILKEMANN: OK.

WISHART: Senator Dorn and then Senator--

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DORN: Thank you, Senator Wishart. Thank you for being here and, and discussing this, I guess. And, and you, you might have answered some of the questions there with Senator Hilkemann because my-- how, how do we know we're-- I think part of this is you're talking about maybe these future CARES funding that we're going to get. How--

McDONNELL: Yeah, just to clarify, we're talking about \$25 million out of the General Fund--

DORN: Right, \$25 million and then--

McDONNELL: And then potentially 10 percent annually.

DORN: --potentially 10 percent of--

McDONNELL: Yes.

DORN: --X--

McDONNELL: Yep.

DORN: --X or whatever--

McDONNELL: Yep.

DORN: --how-- and I guess we're not-- we're, we're, we're thinking that or assuming that these projects will qualify for that, I guess. How do we-- if we don't-- if, if whatever the guidelines come down and none of these would qualify, then that part just wouldn't apply?

McDONNELL: Well, yeah, in the, in the bill, we, we made sure we put that there had to be funds available.

DORN: OK.

McDONNELL: So if there was something that happened in-- at the federal level and said, oh, this is how you have to spend this money and this didn't fall within that, then there's not those funds--

DORN: That--

McDONNELL: Now potentially, we'd, we would have \$25 million from the General Fund--

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DORN: Yeah.

McDONNELL: --but not that 10 percent.

DORN: Thank you.

WISHART: Senator Vargas--

VARGAS: OK--

WISHART: --and then Senator--

VARGAS: --and then you, yeah.

WISHART: OK, Senator Erdman.

ERDMAN: Thank you, Senator Wishart. Senator McDonnell, do you have, do you have a clue how many projects might have been put on hold by COVID-19?

McDONNELL: Well, I'm getting-- there-- I know there's, there's projects in Kearney that people have come and talked to me about, La Vista. So I've had people talk from different parts of the state about their projects, but to have a total number, no, I do not.

ERDMAN: What happens if we get \$100 billion, \$150 million plus this \$25 (million) and we don't have enough projects in the shovel-ready program? What happens to that money then?

McDONNELL: Well, based on the people I've talked to with large and small projects, I guess that would be a nice problem to have. But if we don't spend the money, it stays, it stays here. The money is earmarked for this. Now as the Appropriations Committee, we, we gave a very small window on applications. We gave a two-week window. It's going to be moving fast. We'll know by, by June and also there's an emergency clause on this if we have the people that were interested, had the projects ready and can find the private money to match us. But I really, I-- with talking to people that, that brought this to me, there was so many projects, not having an exact number, that were put on hold. I, I don't think that's going to be an issue of, of people coming in at possibly the \$25 million then going up to, who knows, X, possibly \$100 million based on 10 percent of the COVID money.

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VARGAS: So, so I-- I'd look-- I was looking at the bill. One of the things that you, you referenced was the-- for any capital project with an estimated cost of at least \$25 million to less than \$50 million, the grant shall not exceed \$10 million. That, that's what you're referencing, right? Like, those different--

McDONNELL: Well, yeah, so you got, you got your areas of, of dollars. So--

VARGAS: Yeah.

McDONNELL: --you've got projects that are \$5 million and less, projects that are \$5 million to \$25 million, then \$25 (million) to \$50 (million), then over \$50 (million). But then it goes X, less than \$5 million, it could be \$100,000 or \$1 million, but then it'll go \$5 (million)-- \$15 (million)-- \$5 (million), \$10 (million), \$15 (million), up to the max of \$15 (million) over \$50 million.

VARGAS: Well, the way I read it -- and maybe this is my-- maybe misunderstanding-- is that that just means that an individual project can't exceed \$10 million if it's between \$25 (million) and \$50 (million), but that there could be multiple projects awarded that are \$10 million. My concern or question is how-- if there's any way or mechanism to then designate funds for smaller or things below that so it's not just utilized by two or three large projects.

McDONNELL: So when the grant come in, yeah, basically they'd put-- it would be put in those categories. And I think you're saying, well, shouldn't we say hey, a minimum of X in each one of the categories then.

VARGAS: Or, or provide-- I mean, some of our other grant programs-- and I don't know if it's something you want to put in, that the Department of Economic Development-- like, even the Affordable Housing Trust Fund has a ranking and they, they create some sort of prioritization system to make it more equitable, right? And it-- maybe it's something you put in. The Department of Economic Development has to create some sort of, you know, prioritization system so it's equitable funding in some way, shape, or form. It's a thought because, you know, we don't-- at least I wouldn't want all the funds to go to just two big projects--

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McDONNELL: No, I understand.

VARGAS: --and, you know, I--

McDONNELL: The, the intent of the language and why we broke it that way-- down was exactly what you were saying. We want small to large projects, east, west, north, south. That's why it's \$5 million and less, \$5 million to \$25 million, \$25 (million) to \$50 (million), and then \$50 (million) above. So what you're, you're saying is the intent and if there's a way to clarify that to give more direction for the grant process, I'm, I'm definitely open to that idea.

VARGAS: That's great. Last question here. So the only difference in this, in this amendment, just for clarity, clarity, is the, the addition of the sports complex and below because before it would seem to be just arts, cultures, and humanities, but it's expanding to sports complexes. Do you want to talk about that sort of--

McDONNELL: Yeah and if you look above it, also the national-- the historical--

VARGAS: And the National Historic Landmark.

McDONNELL: Yeah, so we're trying to-- when people were coming and they were, they were talking about this and, and asking, yeah, the amendment is to, to try to make sure that we, we clarified. And, and two of the things that we thought we should try to clarify is that national historical and the, the idea of the sports complexes--

VARGAS: OK.

McDONNELL: --and it breaks down the sports complexes if you look at the amendment.

VARGAS: OK.

STINNER: Senator Hilkemann.

HILKEMANN: Real quick question: is this just, is this just a program that will go away within a year period of time after this is disbursed?

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McDONNELL: Oh, this-- yeah, this is, this is supposed-- the, the goal of this is to try to give us a shot in the arm for the economy, that, hey, there was projects that were ready to go, they were raising money, they were moving forward, then boom, they get hit with the COVID-19 and they have to stop. And, and again, we know in the state of Nebraska that we have people that are very generous, that will give \$1 to \$1 million, and then they started looking at that and giving some of their money in a different way and then some of the organizations had to lay people off. Some of the, the not, not-for-profit organizations had to lay people off. So things just stopped. This is to say we want to move fast. We want to make sure that those projects get up and running and get our economy rolling as fast as possible based on a short window to apply and then make sure that you're breaking ground by June 30, 2022. This is a one-time deal. This is-- once that window shuts in that two-week window, where there's, there's one person that walks through that door or 10,000 501(c)(3)s walk through that door, that door is going to close and it's not going to open again.

HILKEMANN: OK.

STINNER: Any additional questions? Things fell--

McDONNELL: I'll be here.

STINNER: Things fell apart when I was gone.

McDONNELL: I know, my brevity went, went bad. I'll be here to close. Thank you.

STINNER: Thank you. Proponents. Good afternoon.

JOAN SQUIRES: Good afternoon, Chairman Stinner and members of the Appropriations Committee. I'm Joan Squires, J-o-a-n S-q-u-i-r-e-s, and I'm president of Omaha Performing Arts in Omaha. I'm here today to speak in support of LB566. Each year, Omaha Performing Arts reaches over 500,000 people through our 500 performances at the Holland Performing Arts Center and the Orpheum Theater and beyond. We present shows such as Hamilton, The Lion King, and more, and our extensive education programs include the Nebraska High School Theater Academy and that program reaches 80 schools and over 8,000 students across the entire state from Omaha to Scottsbluff. We generate 75 percent of our

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revenue from ticket sales and before COVID had a staff of 100 in addition to the others we employed that included stagehands, food service personnel, housekeeping, and security that totaled nearly 600 workers. Through all these activities, our organization alone generates over \$48 million of annual economic impact. The performances and shows we present contribute significantly to the economic vitality of Omaha, Douglas County, and the state of Nebraska. Our patrons not only buy tickets, they dine out before shows, they use parking facilities, they stay in hotels, and they benefit our economy and generate jobs. Almost 49 percent of our patrons are outside of Douglas County from all across Nebraska, with 18 percent from outside our state. And while we are dedicated to creating vibrant arts and entertainment experiences for Nebraska and the region, I think it's also important to recognize the financial impact that we have. Our arts colleagues also generate significant economic impact. The Joslyn Art Museum, for example, serves visitors from all across Nebraska and from all 50 states and international audiences from around the globe, reaching over 200,000 people. When the COVID-19 pandemic occurred, the performing arts industry was among the first to close and as a gathering space, we will be among the last to reopen. And during the past year, Omaha Performing Arts has canceled over five-- excuse me-- 500 performances and had to make the difficult decision to lay off 45 percent of our staff. Our closure affected not only our organization, but all of those around us who depend upon our activities and our shows. And although we started to have some limited shows, we're now focusing on fully reopening, we hope, by the fall. So before the COVID pandemic, Omaha Performing Arts had embarked on a campaign to build a flexible live music venue across from the Holland Center that would host national and local artists with a capacity of 1,500 to 3,000 and targeting young audiences ages 21 to 45. The new venue would add an additional economic impact of \$13 million, but the pandemic caused our entire arts and culture sector to pause in our capital efforts as we necessarily focused on our operations. As we begin to reopen and turn our efforts to the future, these new capital projects, not just in Omaha, but projects across the state, will both aid in our recovery and, most importantly, will generate economic impact and increase visitors. I, I know, for example, our live music venue will be a regional attraction as we present artists who have bypassed the community and will help us attract and retain young people. We're grateful to all of you in the state--

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STINNER: Your red light is on, ma'am.

JOAN SQUIRES: --of Nebraska for your support--

STINNER: --if you could--

JOAN SQUIRES: --and we now ask for your help with LB566. I'm happy to
answer your questions.

STINNER: Thank you. Questions? Seeing none, thank you very much. Good
afternoon.

SKYLER DYKES: Good afternoon, Chairman Stinner and members of the
Appropriations Committee. My name is Skyler Dykes, spelled for the
public record, S-k-y-l-e-r D-y-k-e-s. I serve as interim executive
director of Nebraskans for the Arts, an organization committed to
advancing policies and programs that strengthen our state's \$2.9
billion arts and culture sector. I would like to begin by quickly
sharing data that reiterates the impact the COVID-19 pandemic has had
on the sector my organization serves and follow by highlighting a few
of the rural businesses that would benefit from the shovel-ready dot,
dot, dot grant program. Research released by Americans for the Arts
earlier this week indicated that 59 percent of businesses in the
cultural sector have remained closed during the COVID-19 pandemic and
10 percent are not confident it will be fiscally possible for them to
ever reopen. A report released by the University of Nebraska-Omaha in
May of 2020 ranked Nebraska businesses in the arts, entertainment, and
recreation sector as being those most negatively impacted by the
COVID-19 pandemic, with 62.5 percent of respondents in that sector
reporting a 50 to 100 percent reduction in current revenue. And since
a majority of these businesses, as Joan Squires shared, earned revenue
from bringing together masses of people to share in common
experiences, they're likely to be the last to reopen. Businesses in
the culture and recreation sector have been forced to focus solely on
their most immediate necessities and for many, that has meant halting
capital projects designed to expand their facilities and increase
cultural activity in their communities. For these businesses, the
grant program proposed by LB566 would serve as a much-needed light at
the end of the tunnel. In the few weeks since this bill was introduced
by Senator McDonnell, my organization has heard from dozens of
businesses that would benefit from LB566 passing. Many of these
organizations have written position letters offering details about

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their capital projects and I would highly encourage you to explore the contents of those letters. But to allude to two quickly, one of the organizations represented by those letters is the Nebraska Community Playhouse, which has embarked on approximately \$3 million capital project to expand their venue. Another organization is the Willa Cather Foundation, which is serving as a contribute-- which is contributing financially to the restoration of a historic building in Downtown Red Cloud. These are just two businesses of the dozens of-- that the grant program created by LB566 would benefit. From the Post Playhouse in Crawford, the Legion Hall in Potter, the Trails and Rails Museum in Kearney, the Union for Contemporary Art in north Omaha, this bill would allow a diverse collection of Nebraska businesses to revamp projects that will create jobs, increase economic activity, and draw tourists to our state. And to answer Senator Erdman's earlier question about the total-- a comprehensive list of organizations, my organization has been compiling one and we'd be happy to share that with Senator McDonnell, along with the estimated costs of their projects.

STINNER: Very good, thank you. Questions? Seeing none, thank you very much.

SKYLER DYKES: Thank you.

SHAYLENE SMITH: Thank you. My name is Shaylene Smith. I will spell it, S-h-a-y-l-e-n-e, Smith, S-m-i-t-h. I am the president of the Blue River Arts Council in Crete, Nebraska, and I'm here today in support of LB566 to show you what it looks like from a small town perspective. Crete-- we had started renovating the Isis movie theater. It was built in 1926. It was actually one of the first buildings in the Midwest that had both air conditioning and was built for talkies before they were even released to the public. So we have a historic connotation and 6,000 square foot footprint in the middle of our downtown that closed in 2018. A group of volunteers took over operations, formed the arts council, and started looking at ways to renovate that building. We came together with a plan that's about an \$825,000 project. We're cooperating with our city who purchased the building while we raised the funds for the renovation. We announced the scope of the project and our capital campaign on Leap Day, February 29, 2020, and three weeks later, Saline County was one of the national hot spots for COVID-19. At that point, our organization had to pause anything related to fundraising and focus our attention on community building.

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We spent the summer bringing in outdoor movie theaters and doing cruise nights and bringing Santa to city parks so the kids could drive by. So we've adjusted our mission to meet COVID-19, but we need to get back in that theater and the only way that we can do that right now is with a bill like this that would help us. We are more than halfway there. We've-- are handing out our fundraising status, but this is exactly the type of small-town project that this shovel-ready program would provide the funding for. You will see our plan attached so you can see the footprint and what the project looks like, but the other thing I want to point out to you is this map of Crete. You'll see where the theater is, right on our main corridor off Highway 33. You'll also see the main two blocks of our Crete downtown. Right now, 50 percent of our main two blocks are empty. We've lost businesses and we've lost industry and we've lost money as a result of COVID-19. We need the shot in the arm and we need the shot of enthusiasm that this project can bring to our small town. Questions?

STINNER: Questions? Senator Erdman.

ERDMAN: Thank you, Senator Stinner, and thank you for coming. So do you have the private funds to match the state funds?

SHAYLENE SMITH: We do. We have been successful. We restarted our capital campaign in November and at this point, we have about \$480,000 of the project paid for.

ERDMAN: And you said the project is about \$800,000 and a quarter?

SHAYLENE SMITH: Yes.

ERDMAN: Thank you.

STINNER: Additional questions? Seeing none, thank you very much.

SHAYLENE SMITH: Thank you.

***JENNIFER CREAGER:** Chairman Stinner and members of the Committee, I am Jennifer Creager, Senior Director of Public Policy for the Greater Omaha Chamber. I am offering our support for LB566, the Shovel-Ready Capital Recovery and Investment Act. We thank Senator McDonnell for bringing this to the Committee. The business community and our broader communities have been hit hard by COVID-19. This has slowed or even threatened planned projects that will further develop Nebraska's noted

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arts, humanities, entertainment, sports, and recreation assets and attractions. The Greater Omaha Chamber aims its efforts at being a catalyst—a change agent for championing prosperity. LB566 can help provide that catalyst for communities across the state. We have long promoted public/private partnerships. They provide a return on investment that continues to pay off for years, providing Nebraskans and visitors to our state and communities with the attractions, amenities, and quality of life that makes our hometowns even better places to live and work. This is more than a matter of community development effort. This is certainly a workforce recruitment and retention effort. For every high-quality arts or performance venue, for every state-of-the-art sports complex, for every neighborhood or riverfront redevelopment that combines these, there are hometown crowds to cheer them on, and there are visitors who realize that this is the place to be. Businesses and the nonprofit organizations that support community development and quality of life projects have faced challenges as we all get through the trials of COVID. Economic development and community quality of life go hand in hand, as do these organizations and our public partners as we get through these challenges. We ask for your support of LB566. Thank you for your time and consideration.

STINNER: Additional proponents? Any opponents? Seeing none, any one in the neutral capacity? Seeing none, Senator McDonnell.

McDONNELL: Thank you, Chairperson Stinner. Talk about the pandemic and, and the tragedy of it and what's-- you know, we've, we've had family we've lost, we've had friends, neighbors we've lost, and so when I talk about the economy and the, the pandemic, I'm not, I'm not forgetting about all those, those people that have been lost. But we are here and we have an opportunity and I think after we hit that percent, as-- with the vaccinations, that people are going to be excited and you talk about is it going to be the same as it was before? And I think it's going to be better than it was before. I think we're going to be-- as a people, I think we, we took each other for granted for a number of years and, and I think it's going to be an opportunity for us to appreciate each other and what we have. And you talk about these, these nonprofits and what they do for our state, east, west, north, south, from small to, to large, and the kind of impact they have on our lives. And now we have an opportunity where they had these projects going, they were fundraising, they were excited about it, it was for their communities, and then the pandemic

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hits and they put it on the shelf. Here's an opportunity for us to say we will partner with you. This is a true private-public partnership and it's going to be east, west, north, south in this state and it's going to make a difference in our economy. But it's going to make a bigger difference in those, those small, little communities where these projects are going to get up and running and the excitement and having that sense of accomplishment and also that the future looks very bright for us in the state of Nebraska.

STINNER: Questions? Seeing none, thank you very much.

McDONNELL: Thank you.

STINNER: We do have submitted written testimony from Jennifer Creager as a proponent. We also have letters of support from Post Playhouse Theater, Omaha Henry Doorly Zoo and Aquarium, Lincoln Children's Zoo, Lee G. Simmons Wildlife Safari Park and Riverside Discovery Center, MECA Omaha, Willa Cather Center, the Union of Contemporary Art, AIA Nebraska, Nebraska Community Playhouse, the Durham Museum, Nebraska Landmark Country, and the Legacy of the Plains in Gering, Nebraska. And that concludes our hearing on LB566. We will now open with LB526. Senator Wishart, you are up and you're--

WISHART: I'm-- I'm all that exists--

STINNER: You are the last--

WISHART: --between you and the door.

STINNER: --the last to be, to be heard.

WISHART: No pressure. Well, good afternoon, almost evening, Senator Stinner and members of the Appropriations Committee. My name is Anna Wishart, A-n-n-a W-i-s-h-a-r-t, and I represent the 27th Legislative District in west Lincoln. I'm here today to introduce LB526. So just really quickly going into the bill, this bill would increase the cap in the-- this is about the Business Innovation Act in that fund. This bill would increase the cap from \$4 million per year to \$10 million per year for the following selections: phase one and two planning grants subject to the federal grant program, R&D product prototyping at a business in the state or a public or private college or university.,Tte Innovation in Value-Added Agriculture Program, financial assistance to prototyping a product or process for the

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purpose of commercialization, and financial assistance to business using facilities or facilities at a college or university in the state for applied research projects. And for the Small Business Investment Program, the cap is increased from \$2 million per year to \$5 million per year. And then I also look at appropriating about \$40 million to this fund overall. And I can go a little bit more into my reasoning for that. But-- so those are the details of what we're doing with the bill technically. But let me back up a little bit and tell you a little bit about the Nebraska Business Innovation Act. Most of you know about this fund. We, as an Appropriations Committee, have prioritized funding this in the past. And it's because it's a way for us to grow our entrepreneurship community and our small businesses in the state. And this is an incredibly high-performing fund. I have included for you and was passed out by the page a report that shows sort of the economic benefits of-- it's up-to-date report that shows the economic benefits of this fund. I won't read through the entire executive summary, but I will highlight. You know, there are five different programs in this fund. Some of you may be more familiar with like the Microenterprise Loan and Technical Assistance Program. So this was a study done by the university at the overall performance. And what they found was that for programs that provided data and had received a total of \$30.4 million in funding from this fund, it equals about \$5.75 in capital for every \$1 of state funding, all of which has been raised after the required initial match of \$89.6 million. The investments take the form of equity loans, grants, and other sources of capital and help businesses throughout the product development process. So the reason I want to increase the caps is that-- and increase funding, is that currently we are not funding all of the projects that we could. The Department of Economic Development, if you look at their fiscal note, their estimation is that we could at least do \$15 million in talking with Invest Nebraska as well, who runs the program, but approximately \$15 million per year. So we have more demand from startup businesses and entrepreneurs for this program that we're not funding. And I mean, this is funds that is leveraged by private venture capitals and goes in to help businesses get on their feet. And I think a lot of us have small businesses in our community that are products of-- of these funds. The reason I want to do \$40 million and the reason I structured it one time is that, similar to Senator McDonnell, I have been following what's going on in the federal level. I anticipate that this state is going to receive significant dollars in stimulus funding and some of those dollars will

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go towards programs like this. And I think it behooves us as a committee to ensure that we are clear and that we prioritize a fund like this, which has long-term economic development capacity for the state. And so that would be my goal is that we're looking at if we receive those stimulus dollars, also prioritizing funding at least \$40 million to go towards this program. I recognize the issue of it being one-time spending. They think they only have the capacity of about \$15 million per year. So it would be great if we put it in the fund. And this is-- we have a sustainable funding and we allow them to draw this down moving forward. I will close by just alerting you, I really encourage you to read this annual economic impact study. I, especially the executive summary, page 1 and then page 9 will kind of show you the, you know, how the dollars are working for us with the investments. And then page 18 is important-- important, too. Because while this is a really important fund for my district, I represent the Haymarket area, a growing technology and startup hub, you can see here that a lot of the businesses on page 18 that are being invested in are in the agriculture, bioscience, and manufacturing sectors. So we have young-- we have young companies that are up and coming that are innovating products and creating businesses that are benefiting our agriculture and bioscience and manufacturing sectors. So with that, I'll take any questions.

STINNER: Questions? Senator Dorn.

DORN: Thank you, Chairman Stinner. Thank you for bringing this bill, Senator Wishart. I guess and maybe I didn't-- where I'm coming from, I call it the CARES funding that we all are receiving right now that-- this next round or whatever coming, I guess. Part of what's happened with I call it the earlier funding that we've had, most of it has been appropriated by the Governor or that's the channels what we've gone through. And I guess my question, as I sit here, and I didn't-- I don't think I asked Senator McDonnell right, these programs or what these bills here are proposing, are we now, as I call it, as an Appropriations Committee or Legislature, are we looking at now we are going to line item some of that funding and allocate that funding, and then do we need to specify that? I guess that's-- that's a question I have. I don't know if that's a correct question or not.

WISHART: Well, I will say that the chairman and myself have set up a briefing on Tuesday to kind of go through how the stimulus dollars-- I call these stimulus dollars, as opposed to the CARES funding rounds

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that we got-- to kind of go through the process and procedures of this. There will definitely be conversations and working with-- with the Governor on this. But I do think it's important as an Appropriations Committee especially, that we elevate the one-time the-- the-- the funding goals that we have that would fit into that category of sort of one-time funding opportunity, since this is going to be one-time funding. And I think a program like this, if we can set aside some-- some dollars in there, it will be able to draw down and work for us way into the future. So my understanding is that stimulus dollars will need to be utilized for sort of economic stimulus and recovery. And so this would be a program, I believe, that would fit into this.

DORN: This and Senator McDonnell's too.

WISHART: Yes.

STINNER: Let me--

DORN: I mean, as I sit here and look at some of these, I definitely see the purpose or what the thought process.

STINNER: Let me add to that.

DORN: And it's just-- and I call it-- and I thank you for that little bit of information, because I-- it's-- it's I call it how do we go from point A to point B basically.

STINNER: You know, we can-- we can talk about this next week as we talk about the budget. But as these dollars, if you remember, we were in a pause or we were going into a pause. So we allocated money into the emergency fund for the Governor to appropriate the \$86 million. With that, we also gave him the ability to appropriate any additional dollars. Now, the dollars we got from CARES this first time around were very prescriptive as far as how we used them. Now we're in session, right? And so we get these dollars, whether they're prescriptive, I don't know the answer to that or whether there's some general use funds, but we are the appropriators from the legislative side. So, yes, we will have a say. And yes, the Governor will have a say. And frankly, if-- if it comes in as general use money, I think-- I think it would behoove us to ask the Governor for what his recommendations are, because he's-- he's got the agencies. He's done a

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lot of work and the agencies have done a lot of work prior to this. But this, that might not be for this discussion. But we're listening to these bills. We're inventorying these bills. We're taking a look at possibly prospectively having the ability to do something on these items. And it will be up to the Legislature to make those final decisions because we do do the budget. OK?

DORN: Thank you for that explanation.

STINNER: I hope that made sense.

WISHART: It does. And I'll just say, regardless of the stimulus conversation, the demand for this program, according to the Department of Economic Development, is approximately \$15 million per year. So we are grossly underfunding what we could be doing.

STINNER: And we do have a Forecasting Board that's going on probably right now or concluding right now. So we may get some different numbers.

VARGAS: They were good, good numbers. They were good-- no, they were good numbers.

STINNER: They were good?

VARGAS: Yeah, it was. I'll tell you the numbers.

STINNER: Well, if they hit my numbers that-- Richard, I'm limiting people to three minutes. I don't know if you were here at the time I announced that.

RICHARD BAIER: No.

STINNER: But it's a Friday and you're in the wrong committee anyhow. You're supposed to be in Banking. Good afternoon.

RICHARD BAIER: Good afternoon, Senator Stinner, members of the committee. For the record, my name is Richard Baier, R-i-c-h-a-r-d B-a-i-e-r. Some of you know me as a lobbyist and the president of the Nebraska bankers; but in my free time, I'm also the past board chair and the treasurer for Invest Nebraska Corporation, here today just to testify in support of the concepts outlined in LB526. You have heard some background on this program. I really wanted to just share with

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you briefly a couple of things in terms of history, because I was at DED in 2010 when we put together the Battelle report, which is kind of the road map. It was-- it was technically a competitive advantage assessment and strategy for Nebraska. And out of that study came the Talent Innovation Initiative in 2011. And that included a variety of legislative components that your body considered in 2011, things like the Internship [SIC] Nebraska program, the Business Innovation Act, the Site and Development Fund, and we were-- and the Angel Investment Tax Credit. And we were able to pass all of those through the body. I would tell you that this program still exists as a result of that effort. You've heard about the benefits and I also included the executive summary so Eric Thompson is getting a lot of press today in terms of his study. So I do appreciate that. I thought I'd also just share with you briefly the history on the funding. At the time that the bill was put together and in cooperation with Battelle, we did-- it was recommended that we pursue 10 to 15 million dollars annually. At the time, the Legislature in 2010 faced a little bit different budget scenario than we have today. So through some negotiation and program administration and elimination of a couple of programs, we were actually able to to get to a number that was \$7 million. Today, the program is funded at approximately \$5.77 million. So it's actually down to about \$1.3 million from 2011. The program is administered by my friend, my former friends at the DED or my friends at DED. And they-- they can contract that out to a variety of entities, including Invest Nebraska. So I wanted to just give you some perspective and a little history. You heard kind of the case for these dollars. And I would encourage you to continue to think about how we continue to make investments as a state and generate returns. You're going to hear from a couple of folks here in just a couple of minutes who have been-- benefited from this program and are great young entrepreneurs who are bringing back innovation and technology to Nebraska. So with that, I'm happy to take any questions that you might have.

STINNER: Thank you for that history. Anybody, questions? Seeing none, thank you.

RICHARD BAIER: Perfect. Thank you. They're tougher on me down in Banking, John.

STINNER: You've got to learn about that cryptocurrency.

RICHARD BAIER: I learned.

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STINNER: It's going to be a big generator for us.

JOHN HLADIK: Good afternoon, Chairman Stinner and members of the committee. My name's John Hladik, that's J-o-h-n H-l-a-d-i-k, and I'm testifying on behalf of the Center for Rural Affairs. The Rural Enterprise Assistance Project at the center, we call it REAP, serves startup and established businesses with 10 or fewer employees across the state. We were launched in 1990 and we've placed 1,700 loans totaling almost \$23 million right now. We collaborate with a lot of institutions to advance this work, including Catholic Charities of Omaha, Community Development Resources of Nebraska, and the Nebraska Enterprise Fund. And BIA's microenterprise program that Senator Wishart mentioned makes this possible by enabling DED to provide grants to organizations like ours to encourage the development and growth of small businesses. In 2020 alone, that program resulted in our organization serving 6,300 clients with direct assistance and classroom training, and 164 of these were able to receive a direct loan from us totaling more than \$4 million of capital placed. I want to talk about a couple specific elements of this program. I think we all know by now that many of the small businesses that we serve are in jeopardy. A significant percentage of the clients that operate out of this microenterprise program, they have service industry businesses, including restaurants or cleaning businesses or daycares. And they've been among the most ravaged by efforts to flatten the coronavirus curve and ongoing fears of community spread. Over the past 12 months, 134 of our clients at REAP have entered deferral and we've extended emergency credit to another 31 borrowers. And each of our organizations is an intermediary lender, which means the loans we provide originate from federal or private loans that we ourselves must pay back. And when-- we don't receive full payment, when small businesses we lend to close their doors. As a result, this recent wave of defaults make it less likely that lenders like us can continue making loans into the future. And BIA does account for this by permitting the department to provide grants to establish a loan loss reserve fund. But the department hasn't implemented this clause. And so if this moves forward, we'd be interested in speaking with the senator or the department or the committee to put language in place that can make sure that is a part of the bill. And a word about technical assistance, the business owners who participate in technical assistance overall have much higher rates of business survival than those who don't. Eighty-four percent are still operating five years

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later, their median revenue will grow. This is pretty expensive. It costs about \$7,300 per business. And that investment is especially important today as so many businesses struggle. And we know that or we anticipate if this bill were to advance with some increased appropriations, some more support for technical assistance would come to fruition. But we'd also be interested in looking at language to make sure those needs are going to be fully satisfied with the funding that is available. And with that, I'm glad to answer any questions.

STINNER: Thank you. Questions? Seeing none, thank you. Afternoon.

JIM REIFF: Good afternoon, Chairman Stinner, members of the Appropriations Committee. My name is Jim Reiff, J-i-m R-e-i-f-f. I'm the executive director at the Nebraska Enterprise Fund and I'm testifying in support of LB526 on both-- on behalf of both the Nebraska Enterprise Fund, NEF, and NEDA, the Nebraska Economic Developers Association. The Nebraska Enterprise Fund is one of the premier Nebraska small business community development financ-- finance institutions providing business development services, financing, and capital to our small and micro businesses across the state, as well as training and technical assistance. The Nebraska Economic Developers Association NEDA, is a statewide association of professional and economic developers dedicated to prosperous growth of Nebraska's business climate. Both NEF and NEDA are in strong support of increasing the funding for Business Innovation Act. The BIA provides financial and technical assistance to help startups and businesses develop new technologies that lead to quality job opportunities across the state. I'm not going to say much more about the report because everybody else has already talked about the report. But look at the-- what's important to us is the amount of leverage. And but for the BIA, NEF has been able to secure significant additional money from the SBA's microloan program. So that means we're able to bring in federal dollars to do our micro lending and technical assistance, as Jonathan's already talked about. But for this, we're able to leverage USDA, RMAP dollars and many-- some of the development districts, IRP dollars. So these-- these funds bring us leverage. We've been able to, have been very successful with the CDFI Fund to bring in federal dollars through the CDFI Fund, but for our-- our support of the BIA. Three of our clients, I want to focus on, Darin Weber. I met him, I think, two or three years ago. I forget, everything's blurred the last year. But he was an Army vet. He set up and started Midwest [SIC] Casings. They do tire retreading. They're based here and in Lincoln

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and he's doing tire retreading. He's on his second loan with us because he's growing so quickly. A second one, some of you would know Tom Gosinski out in Cozad. If you don't, he's got some of the best furniture in the state and he was able to expand his operation but for the opportunity. A third one most of you've probably heard of by now, North End Teleservices. They came to us for a loan, a second loan, actually, of about \$70,000 about two years ago. They needed some working capital. We're no longer providing funding for them because they're being banked by a bank in Omaha. So the but for this, though, we got to that point. So thank you for this opportunity to share. We appreciate this committee's efforts to help our small businesses grow across the straight-- state and grow our tax base as we do so. We request your favorable consideration of LB526. Thank you. I'm happy to answer any questions.

STINNER: Any questions? Questions? Seeing none, thank you.

JIM REIFF: Thank you, Chairman.

STINNER: Good to see you again.

JIM REIFF: You too. Thanks.

TYLER MARTIN: Thank you, Senator Stinner, members of the committee. For the record, I'm Dr. Tyler Martin. It's T-y-l-e-r M-a-r-t-i-n. I'm president and CEO of Adjuvance Technologies. We're a vaccine company located here in Lincoln. I'm here to speak in support of LB526. I'm a registered voter in Senator Dorn's district. I'm a native Nebraskan, grew up in Hebron, received my undergraduate degree with honors at UNK with a major in chemistry and a minor in biology. I received my M.D. degree from UNMC and was named the outstanding student in pediatrics from my graduating class. I completed a residency in pediatrics at UNMC and Children's Hospital in Omaha, then completed my postdoctoral fellowship in infectious diseases and molecular microbiology at WashU in St. Louis and St. Louis Children's Hospital. I returned to Nebraska for a few years, then in 1993, moved to the San Francisco Bay area and got involved in biotechnology. I remained there for 20 years, building and leading different biotech companies, developing several drugs that were approved by the FDA, and two vaccines that were approved by the FDA. In 2013, returned to Nebraska with my wife, who's also a native Nebraskan, with the idea to start a human biotech company here in Nebraska. That's kind of my last-- my last go-around in the corporate

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world. I am one of the entrepreneurs that Senator Wishart mentioned, although I'm not one of the young ones around here. In July of '14, I agreed to become the CEO of Adjuvances Technologies. We're a spin-out company from the Memorial Sloan Kettering Cancer Center in New York. And I agreed that I would lead the company provided we build the company here. My argument for building the company here was based on the favorable operating cost compared to New York and a good supply of operational talent based on the people that exist within both the animal health companies in the area, for instance, Zoetis, as well as the manufacturing facility that GSK has at-- at the edge of town, and the fact that I wasn't willing to move to New York. The founders agreed and so we established a company here. I did not know about the BIA when I moved here, but it was critical to our company being able to develop here. We've received BIA funds on three occasions. Invest Nebraska made a \$500,000 investment in our company. That investment showed that Nebraska was serious about developing companies and I was able to attract matching investment from investors in New York. That money enabled us to-- to begin experiments here. And we subsequently developed or received multiple grants from the National Institutes of Health. And twice we received \$100,000 SBIR matching awards from-- from the BIA. So we received a total of \$700,000. That work has enabled us to be able to start our first human clinical trial of our vaccine. We're dosing our first patients in Australia in April. That study will end in January. We're also doing a tuberculosis study that will begin at WashU in St. Louis in-- in two months that also was funded with-- in part with-- with these funds. Finally, we've been able to receive some funding from NIH to study SARS-CoV-2 vaccines. That work is also ongoing and is made possible by the various funds that we've received. The benefits created from these funds are myriad. For example, the Invest Nebraska funds led to additional investment of \$4.2 million. That is \$8.40 for every BIA dollar and eventually to our 2019 A Series A investment from a Boston-based venture capital group of \$20 million, which I'm told is the largest Series A round in Nebraska history, resulting in a total of \$48.34 of invested capital for every \$1 in BIA investment. This summer we're preparing to raise our Series B round, which will further leverage these initial funds.

STINNER: The red light is on, sir, if you could conclude.

TYLER MARTIN: Sorry.

STINNER: Senator Kolterman.

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KOLTERMAN: Go ahead and fini-- I'd like to hear the rest of your
story. Would you go ahead and finish?

TYLER MARTIN: Thank you. Thank you, sir. We've created 27 jobs with
this money, 14 of which are based in Nebraska. Two of these 14 are new
UNL Ph.D. graduates. one from 2019, one from 2020. One is a 2019 UNMC
graduate. All these people remain here to work with us rather than
relocate to traditional biotech centers on the East or West Coast. The
jobs we generate are high value, with an average salary for our
Nebraska colleagues of \$113,000 a year. At this point, the paper value
of the \$500,000 Invest Nebraska investment in Adjuvance is \$635,000.
We expect it will be at least \$1.2 million following our next capital
raise this summer. Finally, we aspire to build a manufacturing site
here in Nebraska. The type of facility we're planning would cost
around \$120 million to build and would sustainably employ between 60
and 100 persons at similar salaries to our current workforce. This
facility and these jobs would not exist here without the BIA. While
not all BIA companies will experience the results that we have, the
\$700,000 invested in Adjuvance to date have created more value for
Nebraska than the amount invested and have the potential to create
sustainable employment and tax revenue. We strongly support the
one-time funding increase for the BIA program to further investment in
additional emerging companies that can diversify and expand our
state's economic base. Thank you. Sorry to have gone over.

KOLTERMAN: I have a question, Senator.

STINNER: Go ahead, Senator Kolterman.

KOLTERMAN: Thank you, Senator Stinner. First and foremost, thanks for
investing in Nebraska. Secondly, I have a question for you. And I'm
dead serious about this. You left for 20 years. What can we do to keep
young people here and not leave? I know we all have the idea that
we're going to go tackle the world and on the coasts--

TYLER MARTIN: Yeah.

KOLTERMAN: --or New York City. We have quality of life. I mean, your
typical story that you came back here I'm assuming because of quality
of life. What do we do to continue to enhance that?

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TYLER MARTIN: Well, for me, I left because the professional opportunities I was seeking didn't exist here. And so that's why I mentioned the fact that we've got these three new young Ph.D. graduates from UNL and UNMC who can stay here because they don't have to do what I did 30 years ago and go off to California to-- to learn how to do, you know, what we do. So I think that's-- that's the main thing. I'll also mention that we have attracted talent from, for instance, San Francisco. I have a Stanford Ph.D. grad who we attracted here because of the quality of life that we have here. He was doing the same thing in biotech out there that I have him do here. But the-- the ability to raise his family in a-- in a different context than you can if you live in the-- in the Bay area with, you know, a family with three small kids was attractive. So it, building on our quality of life is critical. But it's also really important to have those opportunities for the young people when they come out they don't have to go away. Because if they go away, a lot of them don't come back.

KOLTERMAN: Exactly. Thank you very much.

STINNER: Any additional questions? Seeing none, very impressive.

TYLER MARTIN: Thank you.

STINNER: Thank you for coming back and doing what you're doing.

TYLER MARTIN: Thank you, Senator.

STINNER: Good afternoon.

CRAIG BECK: Good afternoon, Chairperson Stinner and members of the Appropriations Committee. I'm Craig Beck. That's C-r-a-i-g B-e-c-k, and I'm the fiscal analyst at OpenSky Policy Institute. We're here today to testify in support of LB526 because it would promote economic development within the state by pushing additional funds to Nebraska's entrepreneurs and high tech firms. All of the major economic development reports of the past decade, Batelle, SRI International, the Center for Regional Economic Competitiveness, and Blueprint Nebraska have recommended that the state encourage innovation to help grow the economy from within. Each of them focused on a failure to support entrepreneurship, the state's overall inability to lure venture capital, and the need to create high-impact, high-wage jobs and opportunities within Nebraska. The Business Innovation Act was

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passed in response to the Battelle report and has been found to have positive impacts on entrepreneurship in the state since its implementation. Senator Wishart handed out the University of Nebraska Business-- Bureau of Business Research report. So I will not go into that other than to say that the economic impacts that the BIA has provided to the state have been enormous. We also believe that the increased funding would not only support local innovators and entrepreneurs, but may help the state recruit and retain a valuable demographic, 18- to 34-year-old workers. All of the aforementioned economic development reports emphasized the importance of recruiting and retaining these workers and growing the state's tech sector would be an important step in accomplishing this goal. As the Blueprint Nebraska report recognizes, Nebraska has a great quality of life, cost of living, and ample jobs across multiple sectors available, but could do better at encouraging the high-tech, high-wage industries that support the state's innovators and entrepreneurs, which is the BIA's sole mission. Increased funding to the BIA would therefore help grow the state and position it for a strong economic growth and development into the future. And such, we support LB526 and would encourage the committee to advance it. Thank you for your time and I'm happy to answer any questions.

STINNER: Thank you. Questions? Seeing none, thank you very much.

KIRK ZELLER: Good afternoon.

STINNER: Afternoon.

KIRK ZELLER: My name is Kirk Zeller, K-i-r-k Z-e-l-l-e-r. My story is in many ways very similar to Dr. Martin's story. I'm also a native of Nebraska, alumni of the University of Nebraska. And like Dr. Martin, I leave the state to pursue many of my dreams. Like Dr. Martin, I got advanced degrees outside of the state of Nebraska, overseas at institutes in Asia and Europe. And like Dr. Martin, I spent much of my career innovating in the Silicon Valley with a vision of bringing startups to Nebraska. Two and a half years ago, I started the Silicon Prairie Center, where I incubate startups, particularly in the healthcare space; and I work to do this with two physicians from Nebraska. One of the companies that we've started develops a portfolio of devices to remove clots from the brain when people have strokes. We believe we found a way to do this more effectively and safely than any other companies in the space. And we have leveraged seed capital from

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Invest Nebraska, as well as a grant from Economic Development to test these devices in Oakland, Nebraska, at a-- do preclinical testing there at a facility there. I believe very strongly in working with the university. I currently have interns from the University of Nebraska-Kearney. I hope to have some this summer living and staying at the facility in central Nebraska from UNL. We plan to continue to do research with UNMC. I believe the Bio [SIC] Innovation Act can help us diversify the Nebraska economy and create a future where my children, grandchildren, and great-grandchildren and your family members also do not have to leave the state of Nebraska to pursue their dreams. Thank you.

STINNER: Thank you. Questions? Senator Kolterman.

KOLTERMAN: Where were you from? I missed that.

KIRK ZELLER: I'm from Ravenna, which is north of Kearney. It's in Senator Williams' district.

KOLTERMAN: Thank you.

STINNER: Additional questions? Senator Clements.

CLEMENTS: Thank you. Have you received Business Innovation Act funding?

KIRK ZELLER: Yes. We received seed investment from Invest Nebraska and we received a grant that allowed us to do our preclinical testing in Oakland, Nebraska from Economic Development.

CLEMENTS: Thank you.

KIRK ZELLER: Yes.

STINNER: Thank you. Questions? Seeing none, thank you very much.

KIRK ZELLER: Thank you.

***KRISTEN HASSEBROOK:** Dear Chairman Stinner and Members of the Appropriations Committee: My name is Kristen Hassebrook, registered lobbyist for the Nebraska Chamber, and I'm here today on behalf of our members, as well as the Greater Omaha Chamber and the Lincoln Chamber of Commerce, in SUPPORT of LB526, a bill that would expand financial

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support for the Business Innovation Act. The Business Innovation Act (BIA) was designed to promote successful entrepreneurial firms by providing access to capital in early stages of product development. And the BIA has a proven track record of success helping to encourage \$5.75 in capital generation for every \$1 of state funding and generating \$9.77 in revenue for every \$1 of state support. I have highlighted in my testimony an outline of a recent independent analysis of the BIA and its impact in Nebraska. However, as successful as the BIA has been, program managers report that \$40 million would be more than the program could effectively accommodate at this time. A more appropriate strategy might be to gradually increase BIA support over time, growing the program, yet ensuring the businesses it supports and invests in are of the highest caliber. It is also important to consider that, while the BIA is an essential investment economic development too, it is only one part of the full menu of economic development resources that Nebraska needs to be successful. Depending on the situation, the opportunity, the business, or the location different tools or different menu items are needed. The committee might also consider allocating some of the proposed resources toward the other suite of economic development menu options that are critical and have not received appropriations in recent years such as the Site and Building Development Fund, Customized Job Training Fund and the newly created revolving loan fund within the ImagiNE Act. A recent study done by the UNL Bureau of Business Research found the following regarding businesses that have received BIA funding:

- From July 2012 to June 2020 businesses supported by the BIA reported receiving \$30.4 million through its programs.
- These businesses have reported raising an additional \$174.7 million in capital. This equals \$5.75 in capital for every \$1 of state funding.
- Participating businesses report earning \$296.9 million in revenue. This is equivalent to \$9.77 in revenue for every \$1 of state support.

The businesses participating in Nebraska BIA programs have several direct economic impacts on Nebraska.

- These businesses have added 1,108 new jobs in the state with annual wages of \$74.3 million since initial participation in BIA programs.
- Businesses supported by the BIA have hired 78 individuals from out of state suggesting a potential for supported firms to attract talent from outside the state.
- BIA supported firms also reported the presence of robust internship programs, with a sizable proportion of interns ultimately being hired at the firm. When considering the multiplier impact of Nebraska businesses, the numbers are even more significant.
- The total annual

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economic impact was \$517.1 million. • The economic impact in terms of value-added is \$270.2 million. • The annual economic impact in terms of employee compensation is \$139.9 million spread over 2,343 jobs. • The state and local tax impact is estimated to have reached \$11.7 million annually; this figure will grow as businesses advance further through the development and commercialization process. BIA is certainly supporting entrepreneurship in the fast-growing technology sector, a targeted growth sector in the Blueprint Nebraska economic development plan. With this track record, the Nebraska Chamber, the Greater Omaha Chamber and the Lincoln Chamber support LB526, although we suggest a graduated increase in investment or balancing the increase in economic development funding among several programs that serve the needs of our diverse communities in different ways. With this additional consideration, we request that LB526 be advanced out of committee.

STINNER: I don't know if he hires out to clean houses, but this is amazing. Anyhow, I do have, while we're on proponents, I do have a submitted written testimony from Kristen from the Nebraska Chamber, Kristen Hassebrook. And letters of support on LB526: AIA Nebraska, Bio Nebraska, and Nebraska Co-op, Cooperative Council. Are there any additional proponents? Seeing none, any opponents? Seeing none, anybody in the neutral? Seeing none, Senator Wishart, would you love to close? Senator Wishart waives closing. Thank you, Senator Wishart. That ends our hearing on LB526 and our hearing for today and for the session.