

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 22, 2022

HUNT: Welcome, everybody, to the Urban Affairs Committee. My name is Senator Megan Hunt and I represent the 8th Legislative District, which includes the neighborhoods of Dundee and Benson in midtown Omaha, and I serve as the Vice Chair of the Urban Affairs Committee. We'll start off typically by having members do self-introductions. We have kind of a slim hearing today, but I'm sure senators will be coming and going as we're getting into the meat of the session and everybody has a lot of things to introduce, so Senator Arch.

ARCH: I could introduce myself twice if that would--

HUNT: Please, yes.

ARCH: My name is John Arch. I'm-- represent District 14, which is Papillion-La Vista in Sarpy County.

HUNT: And staff.

TREVOR FITZGERALD: Trevor Fitzgerald, committee legal counsel.

ANGENITA PIERRE-LOUIS: I'm Angenita Pierre-Louis, committee clerk.

HUNT: Thanks, guys. Also joining us in the committee are our committee pages. We have Blake Browning from St. Michael, Minnesota, who's a poli-sci and business major at UNL, and Kennedy Rittscher from Lincoln, who is a poli-sci major at UNL, political science. In the light of the ongoing COVID-19 pandemic, we respectfully request that you wear a mask or a face covering while in the hearing room. Testifiers and speakers may remove their masks during testimony to assist committee members and transcribers in clearly hearing and understanding the testimony. This afternoon, we will be hearing one, two, three, four, five, six bills and we will be taking them in the order listed outside the room. We've also decided to do a joint hearing on LB1118 and LB1119 so those will be heard together. On the table near the entrance, you will find blue testifier sheets. If you are planning to testify today, please fill one out and hand it, hand it to the clerk, Angenita, when you come up. This will help us keep an accurate record of the hearing. Please note that if you wish to have your position listed on the committee statement for a particular bill, you must testify in that position during the bill's hearing. If you do not wish to testify, but would like your-- to record your position on a bill, please fill out a gold sheet near the entrance. Also, I would note the Legislature's policy that all letters for the record must be received through the online comments portal by committee noon the day prior to the hearing. Any handouts submitted by testifiers will also

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be included as part of the record as exhibits. I ask that if you do have any handouts, that you bring ten copies and give them to a page when you come up to speak and if you need additional copies, the pages can help you make more. Testimony for each bill will begin with the introducer's opening statement. After their opening statement, we will hear from supporters of the bill and then from those in opposition and those-- from those speaking in the neutral capacity. The introducer of the bill will then be given the opportunity to make a closing statement. We ask that you begin your testimony by giving us your first and last name. Please also spell them for the record. We will be using a four-minute light system today. When you begin your testimony, the light on the table will turn green. The yellow light is your one-minute warning and when the red light comes on, I will ask you to wrap up your final thoughts. I will also remind everybody to please turn off your cell phone, silence them so we don't have any interruptions. And I'd also invite the committee members who have joined us to introduce themselves.

BLOOD: Good afternoon. Senator Carol Blood, District 3. I represent western Bellevue and eastern Papillion.

BRIESE: Tom Briese, District 41.

HUNT: Thank you. And with that, we'll open the hearing with LB726 from Senator Matt Hansen. Welcome.

M. HANSEN: Thank you, Vice Chair Hunt and members of the committee. For the record, my name is Matt Hansen, M-a-t-t H-a-n-s-e-n, and I represent District 26 in northeast Lincoln. I'm here today to introduce LB726, which would allow cities to place additional requirements on sanitary improvement districts, or SIDs, within their extraterritorial jurisdiction, or ETJs. We also included language correcting references to the ETJ throughout the SID statutes in coordination with committee legal counsel, which is why the bill is a bit lengthy. However, the only substantive new portion is on pages 4 and 5. The new language states that an SID that is created after the act goes into effect that is located in whole or in part within an ETJ will also be subject to any reasonable requirements placed on the SID by the municipality to ensure development of the district applies to the municipality's comprehensive development plan, affordable housing action plan, municipal zoning regulations, and any other reasonable planning requirements established by the municipality. My goal here is-- was to simply clarify a city's authority to place additional requirements on SIDs to ensure compliance with city plans, specifically, if that city feels it's necessary. As you right--

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remember, last year during my hearing on my bill to sunset SIDs, we as a committee were told that cities regularly work with SIDs and place these kind of restrictions already when needed. We've received written testimony in opposition to this bill indicating that is actually not the case. And let me just kind of share my frustration that we cannot seem to come to an understanding of how SIDs even work, let alone whether or not we can enforce good public policy on them. I personally remain skeptical of SIDs and would encourage this committee to continue their scrutiny of them here. With that, I am excited to have people testify behind me and be happy to answer any questions.

HUNT: Thank you, Senator Hansen. Any questions from the committee? Seeing none, I'll invite up our first proponent for LB726. Welcome.

LYNN REX: Thank you. Senator Hunt, members of committee, my name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities. We're here today in support of LB726 for the reasons that Senator Hansen has already outlined to you. Again, as he noted, the only substantive parts really are on pages 4 and 5 because the rest of it is simply technical cleanup and we appreciate committee counsel and Senator Hansen in doing so. With that, I just want to underscore the fact that SIDs are a really valuable development tool in the state of Nebraska. And one of the most compelling reasons to make sure that they comport with this and what the, what the-- basically what the provisions are the municipality would have and reasonable requirements is because ultimately they are intended to be incorporated into a city and become part of a city. That's really what it's about. Now, there have been exceptions. Obviously, La Vista was an SID and now a city of the first class. There have been exceptions, but overall SIDs are a development tool and a very valuable one. And we think that this just comports what the committee has done on any number of issues, on affordable housing, workforce housing, and all the other requirements that we have here. With that, I'm happy to answer any questions that you might have.

HUNT: Thank you, Ms. Rex. Senator Blood.

BLOOD: Thank you, Chair Hunt. It's nice to see you again, Lynn.

LYNN REX: Nice seeing you.

BLOOD: So like, I'm on board with SIDs too. Sarpy County wouldn't be Sarpy County without SIDs, but the question I have for you-- and I hear it a lot from this committee and it drives me a little crazy. How

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can they not already do what this bill says they need them to do because they are, they are already doing it--

LYNN REX: OK, so actually--

BLOOD: --not everywhere.

LYNN REX: --we think this is a--

BLOOD: This is optional, right?

LYNN REX: Yeah, I'm sorry. I thought you were--

BLOOD: No, no, but isn't it optional? Sorry, I'm thinking out loud. It's optional, right?

LYNN REX: What is optional?

BLOOD: Like, to ask them to do something that's an expectation of the municipality that is within their ETJ. If the city says-- if Bellevue says to a SID that's in their ETJ, we need you to comply with this, this, and this, that's that city's choice and the SID-- it's the SID's choice, which is usually, yes, we'll comply because we know eventually, we're going to be part of Bellevue. Why, why are we needing to put this into statute when they already have the option of doing this?

LYNN REX: Well, I think in part, Senator Hansen explained that it comports with what this committee has done too in your other work dealing with sanitary improvement districts and to make sure that there is a nexus. Because if the SID says no, we're not going to comply with reasonable requirements-- and I might add we think that the city has that authority already.

BLOOD: Right. That's what I'm saying. I think the--

LYNN REX: We think the city has the authority already-- so bless you, by the way.

HUNT: Thank you.

LYNN REX: So we would think that this is something that's just a clarification as opposed to just something new.

BLOOD: We do a lot of clarification for a lot of municipalities, but especially Omaha. And what concerns me is sometimes I feel that-- like, I'm just an average Joe, right? I'm not a lawyer, but I can read

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statute and it's really clear to me. It seems like we're clarifying a lot and I'm not sure that that's what we're supposed to be doing so that's my concern with this. I love Senator Hansen. He's awesome and he's diligent, hard worker, but this is like the sixth bill I've seen where we're clarifying something that I think is already clear, so.

LYNN REX: No, I appreciate, I appreciate your comments and, and I do think, too, that this does basically interface with some of the other legislation that this committee has reviewed. But anyway, I'm happy to answer any other questions you might have. Otherwise, thank you very much for the opportunity today.

HUNT: Any other questions from the committee? Seeing none, thank you, Ms. Rex.

LYNN REX: Thanks very much.

HUNT: Next proponent of LB726. Any other proponents? Seeing none, we'd take any opponents of LB726. Welcome.

BRENT BELLER: Welcome. Thank you for having me. Senator-- commission [SIC] members, my name is Brent Beller, B-e-l-l-e-r. I'm here on behalf of the Eastern Nebraska Development Council. I am in the unique position. I am a lawyer by trade, but I also-- I've had the opportunity in my career to represent both sanitary improvement districts and Low-Income Housing Tax Credit transactions, which is unique in the sense that Low-Income Housing Tax Credit deals, by their nature, are considered affordable. We object to this bill basically only because of its incorporation of Affordable Housing Action Plan. I want to be clear as far as the statute 19-5505, which is the Affordable Housing Action Plan, I'm in agreement with it. I think that works. I love that cities are going to take it upon themselves to kind of control affordable housing within the cities as well as the statute-- as the statute says, provide incentives for folks to take advantage of this to provide for affordable housing. I think where we missed the boat as far as SIDs go is, is we all need to remember SIDs are there to finance, construct, maintain the public improvements that serve the residents and the improvements that are located within our subdivisions. And it's also important to note that SIDs are both used for residential development, but also commercial development. So I'm, I'm a little confused as to how we can have an affordability concept on an SID that is more commercial in its nature. But I bring up LIHTC because one of the issues in the way this bill is written is that when we think about affordability, SIDs, we construct public improvements. The only way that we can construct those public improvements is by

having proper valuation. That valuation is set by our county assessors and when we have affordable or LIHTC units, those, those properties are actually valued much different than market-rate properties in the sense that traditionally, if you have an affordable or a LIHTC product and a county assessor will use an income value approach, we'll actually do 20 to 30 percent of the AMI. So those, those rents or those properties will always be valued lower than traditional market-rate housing. And the reason that's important is before we move an ounce of dirt on any subdivision anywhere in the state of Nebraska, the first thing we do is we look at whether or not it's a viable financeable district. And if we can't finance it, if our debt ratio is above-- typically, it's at 4 to 5 percent-- we can't do that deal. And so when you have the affordable concept in here, those properties will always be valued less and therefore, the value that is associated with them will never substantiate the public improvement costs. The costs are the costs when we go do these deals. The farmers, your, your concrete folks, your pipe folk, your practitioners, your engineers, your architecture, everyone that's involved, the costs are the costs. They're not changing. There's no way to reduce those amounts. Unless the farmer agrees to take less money for his land, the concrete guy decides to charge half as much, the lawyer cuts his fees, that's not going to happen and we all know that because that's, that's the United States and that's capitalism. But it's-- the reason I bring that up is solely because we need to provide mechanism and incentives to do these deals, not necessarily, you know, year after year, attack SIDs. Because SIDs are just a municipal mechanism to finance this stuff. And so with lower values that's associated with LIHTC deals or affordable housing, we're here to ask what incentives, what, what tools can we use to provide this product? Because I think when we continuously attack SIDs for what they are and don't look at how we actually finance them and how they're valuations and how those associated with low-income or affordable housing projects, we kind of miss the boat. So I'm here for any questions. I appreciate your time today. Again, I only bring up the LIHTC name because I think, you know, Congress, back in 1986, looked at the same issue you all were looking at, which was we need to provide for affordable housing and the way they did that-- and with that program that has been around for 40-some years now or 30-some years -- is they looked at tax credits. It's an incentive. So it incentivizes people to take advantage of that because the costs are the costs. It's not getting cheaper to do things. We all can agree to that today, so. The last thing I'll say is, you know, if we, if we agree to do stuff like this, lots will stop coming online and have lots-- residential lots. If they stop coming online, that's only going to increase the amount of-- the price of homes and new homes and

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especially affordability. So it's all this giant circle of development that, that we're playing with. So with that, I'm here for any questions. I appreciate you all's time today.

HUNT: Thank you very much. Any questions from the committee? Senator Wayne.

WAYNE: What do you feel like the purpose is of an SID?

BRENT BELLER: The sole purpose of an SID is to publicly construct, finance, maintain public improvements. So this is your streets, your sewers, your water, arterial streets and those connection, light signals, all that sort of stuff that constructs public infrastructure that serves the improvements located within a subdivision or the district boundaries of the SID. That's its sole purpose.

WAYNE: And SIDs are a little bit unique to the-- I mean, the-- Nebraska to across the country, really. But it seems like we're still not putting a dent in the housing market. Why do you think that is?

BRENT BELLER: Costs beyond our control. So if we-- and that's kind of my point, Senator Wayne. If we could find a way where everyone takes less money for their product they're selling, whether it's the price of lumber, whether it's concrete, farmers selling ground, if we could all be on board to do that, this is a really easy problem to solve, but the reality is we don't. So when we talk about solutions, it would, it would be-- I would implore committees like this to find incentives. How-- you know, what's-- I'm making this up, but let's have TIF outside of city boundaries, lessen the blighted and substandard requirements if you're going to have an affordable concept in an SID. Because the reality is you can do all that stuff in SIDs in theory, but currently we don't have legislation in place that allows for us to do that. And I think one of the big things we always would want is we will sit down with whoever to come up with tools and ideas to allow to have more affordable housing. Another idea is, is more cluster housing in a subdivision.

WAYNE: I'm going to push back on that because for three years, I've been asking for SIDs to sit down and come up with solutions and I have yet to get an email with solutions on it nor a meeting. So I'm going to push back heavily on that. But here's my second question to you: walk me through who's all at the table on an SID.

BRENT BELLER: As far as who are the attorneys?

WAYNE: Yeah, the attorneys.

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BRENT BELLER: So--

WAYNE: Are those attorneys different attorneys? A bond attorney versus a develop-- like, tell me--

BRENT BELLER: Yep.

WAYNE: --like, walk me through who's at the table.

BRENT BELLER: So player number one is developers.

WAYNE: All right.

BRENT BELLER: So developers control it. They're the ones dealing with farmers. They acquire the ground. Developers go and they, they contact an attorney. The attorneys form those districts. Those districts then, once-- it's, it's a little municipality, a little city, almost-- they go hire an engineer, they go hire municipal advisor, and those are the four main parties that are in these-- in a, in a district. So your attorney is basically your attorney and your clerk's office, your engineer is basically your planning department and your public works, and your municipal advisor is basically your finance department.

WAYNE: So your-- the municipal advisors, they handle all your general obligation bonds?

BRENT BELLER: Absolutely.

WAYNE: So they handle all the bonding. Who handles your procurement?

BRENT BELLER: The acquisition of the farm ground.

WAYNE: So would that be the developer who does that?

BRENT BELLER: That is the developer. So the developer, their job is they acquire the ground and they have to grade it and construct all the private improvements that-- you know, when we enter-- when we do agree-- a deal, we have to enter into a what's called a subdivision agreement with the local governing jurisdiction. And that subdivision agreement details all the requirements of our developer as far as what can be SID and what can be privately paid for or what should be paid for privately. And so the cities actually govern all of that, which is why we don't object to anything else that's in this bill. It's really just the affordable concept because in theory, it's going to have the exact opposite effect and it's going to be tougher to do these deals because the value attributable to those affordable pieces of ground or

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those improvements will not allow us to pay for all the public improvements, the actual things that we need to have in place to support those, those affordable concepts.

WAYNE: So it seems to me that part of the cost is there's a lot of people at the table who are all eating the cost and the homeowner has to buy it, right? Is that-- I mean, y'all got four or five different people, but if we want to do a development inside the city of Omaha, you don't necessarily need all those people, do you?

BRENT BELLER: You do.

WAYNE: If-- so then why are houses so much more affordable inside the city limits versus outside the city limits?

BRENT BELLER: I would-- well, because they're incentivized. So if you go do a development in the city of Omaha, most often-- you know, I applaud the city of Omaha and I'll give you an example of how affordability works on SIDS here in a minute. But the city of Omaha implemented what's called TOD zoning, transit-oriented districts.

WAYNE: Um-hum.

BRENT BELLER: As you know, that, that-- those are districts along public transportation lines that relax the standards as far as the amount of density we can have, setback lines, parking, all that sort of good stuff that allows us have more density, some more units in a smaller piece of ground. Why is that important? Because that makes it more affordable. If we can get more density on a piece of ground in the city of Omaha, it makes a project more viable.

WAYNE: Is there any SIDs who often-- who ask for those kind of reliefs and waivers in the city?

BRENT BELLER: We do. So right now, I'm working on a project in north Om-- not-- northwest Omaha, about 138th and Military. We met with the city of Omaha and we said we want to do affordable housing, which is one of the problems we have in all this is what is affordable, but that's a separate discussion. But one of the things that we worked with the city of Omaha is shrinking the size of lots. If we can shrink the size of lots and relax those standards, we can fit more properties, more affordable properties on a piece of ground. The costs aren't changing. The farm ground prices are not going down, they're going up. Farmers know this. We're running out of ground in the city of Omaha, city of Papillion. But what that does is if we can have increased density and we have cities to buy in on that concept, that

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allows us to do what I know you've been advocating for, for the last three years. And so one of the things is we probably need-- we need to do a better job of letting you know about those success stories, but they-- the city of Omaha is riddled with them. If you want to go look, there's probably not as many of them as other types of projects. But the reality is, is we do do-- we're doing them right now for the very reason that you've been advocating for over the last three years.

WAYNE: Besides TIF, what, what do you get inside the city that you wouldn't get outside the city?

BRENT BELLER: So in the city of Omaha, you can get TIF, you can get EEA, that's the enhanced employment area. There's the VIP, which is value improvement programs. We can get tax credits. So if you have an old building, historic tax credits both at the federal and the state level. LIHTC, we can't do LIHTC for the reason I just said. The valuation is not there. You know, another good example. If you--

WAYNE: That's not the city's fault. I mean, you got general obligation bonds that offset TIF about the same amount, about the same dollar for dollar.

BRENT BELLER: Yes and no.

WAYNE: In fact, you got a little, you got a little more because you can do more with the general obligation bonds than you could do with TIF.

BRENT BELLER: But you can never backstop those bonds unless you have valuation. So the way we value low-income or affordable properties here in the state of Nebraska is based on that income value approach and I've had lots of conversations with county assessors about this. Maybe there's a way, a creative way that we can change that, but as we sit today, that's the way it is. But, but TIF-- you know, a good example is if you go look at a development like Seventy Five North, it's in your district, and you go look at the--

WAYNE: Senator McKinney's district, not mine.

BRENT BELLER: Oh, sorry.

WAYNE: OK.

BRENT BELLER: But, but great project. Monstrous-- a success story by all means. But if you go look at how much TIF they actually have, in comparison to other projects, they don't have a lot of TIF. And why is

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that? Well, the way you value that property is far less. So TIF is not supportive. It's no different than if we were to take out 20-year bonds that would-- trying to be supported by, by a true affordable type housing project. We couldn't do that. They would never balance out. We would never have that debt ratio that we have to have, which is that 4 to 5 percent. We would never meet that because the val-- the future valuation is not there.

WAYNE: I don't disagree, but if I can't figure out how to build houses a little better in north Omaha-- I mean, I've said it before. I don't see a purpose for SIDs when it's excluding people from ever being able to do that. And again, that's just how I feel and I've said it multiple times. I'm still waiting on some market-driven solutions from, from you all to come up with, but there doesn't seem to be a lot of movement and you guys are continuing to build a lot of houses. So I mean, I will tell you that's going to be one of my priorities over the next two years. So whoever is listening in the room, that's just the way it is. I would be more than happy to sit down and talk to you all, but just not making sense right now for me. Sorry, that was statement not a question.

HUNT: Any other questions from the committee? Seeing none, thank you for being here today.

BRENT BELLER: Thank you all.

HUNT: We're on opponents for LB726 and I'll turn it back over to Chairman Wayne.

WAYNE: Go ahead because I got to go across--

HUNT: All right.

WAYNE: I was supposed to be second and then bumped me to third in Insurance so I'm kind of--

HUNT: Welcome.

JASON THIELLEN: Thank you. Good afternoon, Chairman Wayne and members of the Urban Affairs Committee. My name is Jason Thiellen, J-a-s-o-n T-h-i-e-l-l-e-n, and I'm here testifying, testifying in opposition of LB726 on behalf of Welcome Home. It's a newly created nonprofit of individuals, businesses, financial institutions, and other nonprofits committed to partnering with elected officials to make meaningful changes and improvements to public policy arena to allow young families, first-time homebuyers, and future Nebraskans to own a home.

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Like many of you, we're all concerned about the lack of availability of housing in our communities across the state and what those same communities are going to look like in five or ten years if we don't do something about it. I don't know if you're aware, but the National Home Builders Association of Government Regulations [SIC] put a study together and determined that 23.8 percent of the final price of a newly constructed home is in government regulations. We think that is too much and in National Homeowners Association data updated just last year also shows that in Grand Island metro area, for every \$1,000 increase in the price of a home, 38 households are priced out of the market. In the Lincoln metro area, that number is 189 households and in the Omaha-Council Bluffs metro area, it jumps to 614 households. Now, to that end, we know that Senator Hansen recognize, recognizes the need for available housing. However, we think LB726 actually stands in the way of making that happen for a couple of reasons. One-- and last year, I was here-- testified in front of this committee talking about what's the definition of affordable housing? Mr. Beller discussing affordability or subsidized housing. As we all know, SIDs are done on the outskirts of municipalities. And if we're talking about the affordability side of things in terms of, of subsidized, that is a location. Those people that buy those homes or live in those types of homes need access to two things; public transportation and they need access to the goods and services that are generally not as located outside the city. That's why most of that housing is done inside the city and at its core. If we're talking about starter home construction, which is what Welcome Home focuses on, then we think this also is problematic. As, as you look at the other bills that wrapped up what this, what this works towards, it's almost setting aside some-- a ground inside of an SID to be focused or forced to do multifamily as a set-aside. What ends up happening is, is that ground sits, doesn't get built on, and those costs and that value gets pushed on to the remaining part of the property, driving the cost of whatever that product is that they bring on in terms of a single-family lot. As Mr. Beller pointed out, an SID's function simply is to put in public infrastructure. Every city needs public infrastructure. The costs are static when it comes to the situation we have with housing. The land, the land is not getting cheaper, the concrete is getting cheaper, the lumber is not getting cheaper. They electric, the electric-- the coaxial is not getting cheaper. There are solutions to this problem, but they're not more regulation. The solution to this problem is less regulation. The solution to this problem is looking at some of the low-hanging fruit opportunities at our local regulatory-- our towns and cities and finding those well-intentioned regulations that have not yielded any of the effects that we think that they should have.

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There is opportunity, and Mr. Beller mentioned one of them, in density. Density is a huge opportunity. There's all kinds of opportunities inside current zoning in every one of our Nebraska cities, particularly in Omaha and the metro area, where we can bring on new product if we had the ability to be a little bit more creative with our zoning and our subdivision regulations. Appreciate the time and effort. We want to work out and find solutions that would make it possible for people every day in Nebraska to own a home. We think LB726 stands in the way of that being a possibility and therefore, we respectfully oppose it. Thank you for your time and I'm happy to answer any questions you might have.

HUNT: Thank you. Are there any questions? Senator Wayne.

WAYNE: Thank you. You're actually one of the few I do talk to about this.

JASON THIELLEN: I was just going to say. I was hoping you'd push on me and say that I never met you.

WAYNE: No, no, I appreciate it. We do got to keep having these conversations. So part of the problem we're struggling with here is that housing seems to be done all over the place. And I know you are opposition to the bill of creating a hub-- HUD. You thought it would be a bigger bureaucracy, which actually the fiscal note came back and showed that it was only \$300,000 because even the Fiscal Office recognizes we have housing programs over four different departments. How do we better coordinate this at a state level? It's not fair necessarily to ask that question on this bill, but it's the only time I get to have this conversation really, so I want to know. How do, how do we coordinate this better to where SIDs and everybody can figure out this on a united plan?

JASON THIELLEN: Well, I think as it relates to the, the addition of HUD, I think it-- I think as I, as I've looked at that bills, as we looked at that bill as a group, I think it's hard to say that if that, that group-- that department was in place ten years ago, that we'd have built one single additional housing unit than we have in the last ten years. I think the biggest thing that, that no one is willing to recognize, or at least maybe we don't know-- maybe we've done a poor job as an industry explaining it to our elected officials-- that 2008 through 2013 was a huge time period that took away a ton of supply away from our housing market. Sure, a lot of stuff wasn't being built. But what happened when the housing market started back up is why is it cheaper to-- it used to be cheaper to buy a home, say, further in

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towards the core. That is now no longer the case. Why is that? Because that supply is gone. That, that-- there's a life cycle in real estate that nobody wants to either acknowledge or we don't talk about it enough. Houses built 50 years ago are the affordable, affordable houses today and it keeps going on like that. Those people get an opportunity to buy a new home. Think about the new home that you bought, your very first home. We talk about this all the time at Welcome Home. How did you feel when you bought that house? What did it cost you? My first house was \$140,000 and I had to have two loans to do it. My, my, my, my story is not much different than anybody else's in this room. But that first house gives people the opportunity to grab that first-rung success and start to pull themselves up because it's tangible to the American dream. I own something and it allows me to build equity into it. How do we better coordinate it? I think the way we better coordinate it is when do we ever look at regulatory items at the state or local level and say does this work?

WAYNE: Well, I--

JASON THIELLEN: And what is the fallout?

WAYNE: We try-- we tried that and every city came.

JASON THIELLEN: But you're attacking SIDs from the standpoint as though it's the problem and it's not. It's a tool. You have to recognize that that's a tool just like TIF.

WAYNE: I agree. We'll have some more conversations over cigars, but, but definitely--

JASON THIELLEN: You're lying.

WAYNE: --appreciate you-- I appreciate you being here.

JASON THIELLEN: Thank you.

HUNT: Thank you, Chairman Wayne. Any other questions. Seeing none, thanks for being here today.

JASON THIELLEN: Thank you.

HUNT: Next opponent for LB726. Any other opponents? Seeing none, anybody neutral? Seeing none, Senator Hansen, you're invited to close. While he's coming up, we had one letter in opposition from Korby Gilbertson representing the Home Builders of Lincoln and Metro Omaha Builders Association Coalition. Senator Hansen.

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M. HANSEN: Thank you, Vice Chair Hunt and members of the committee. So I guess for me, first off, when I introduced this, I did genuinely think this was a five-minute consent calendar, does very little, matches other things that I've done in this committee because I've been told repeatedly that the cities have this power and the cities exercise this power over time. I would say the impassioned opposition testimony indicates that that is not the case. And frankly, I kind of feel a little lied to, as I have multiple times working on SIDs, by some of the cities in this state and I can't get a straight picture on how to solve it. This gets me to my question of who in the state of Nebraska is in charge of our housing policy? As we've talked about, it's certainly not anybody at the state level at the moment. I was hopeful that it was the cities. It doesn't seem to be that either. So the question is who? And it doesn't really have to be anyone. I don't really care who it is, but, like, who? We get a lot of finger pointing and things of that-- of this nature. And finally, you know, my big criticism of SIDs are that it doesn't encourage affordable housing, especially when a city chooses to basically punt housing issues to SIDs. And, of course, the for-profit developers are going to make the most profitable houses. Like, I'm, like, I'm not ignorant of the fact and I don't even want to necessarily change that fact, but I want there be some coordination being we have to make all types of housing stocks. And to talk about the SIDs not being part of the problem on housing affordability when the one position they have taken is that they don't want any housing affordability, just the words potentially tied to them, and talking about how they intentionally aren't hooked up to public transit and they're not advertising to those persons to me, just kind of clarifies that there is a glaring issue. I don't mean to go out of my way on it, but it's like who's in charge of housing? And if we only want to make just big, you know, suburbs and exurbs, we can keep doing that, but we shouldn't then be surprised when we have 100,000 units short in the Omaha metro area because we're only building, you know, big, single-family homes way on the outskirts of town. With that, happy to take any questions.

WAYNE: Any questions from the committee? Senator, Senator Blood.

BLOOD: Thank you, Chair Wayne. Senator Hansen, I know that this is one of the few areas that you and I don't always see eye to eye on.

M. HANSEN: Sure.

BLOOD: And I respect how passionate you are about this. But the question I have-- I have two questions for you. Are we really doing this because we're concerned about the Omaha metro area or are we

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concerned about all the SIDs across Nebraska? Because Sarpy County has affordable housing and it's because of SIDs and this is, this is the-- always the area where I find it really confusing.

M. HANSEN: Sure. I mean, I don't know how you could listen to those past two testifiers talk about-- against affordable housing like they did and not think there's an issue. You've got different developers in Sarpy County who are doing great. I'd love to see them in front of Urban Affairs and explain their projects.

BLOOD: I see an attorney for one out here that moved a lot in Sarpy County who I'm sure would have a lot to say if we brought him up. But yeah, I-- you and I are going to have to have a sit-down and chat about this because I'm, I'm confused because I see a different scenario where I live.

M. HANSEN: Oh.

BLOOD: And having been on the city council before and there wouldn't be affordable housing without SIDs in Sarpy County.

M. HANSEN: OK. I mean, the city of Lincoln has grown exponentially and has all sorts of housing types without SIDs at all so I mean, it's not like they're the only requirement. As we know, SIDs only exist in Nebraska and about 80 percent of them are in Douglas and Sarpy, but are also the municipal-- type of municipality that goes bankrupt most often in the country, I believe. I mean, there's all sorts of tied issues to them. And so to say, we do this and we have some good neighborhoods, I'm not disputing that, but like we're 100,000 units short in Omaha over the next decade. Somebody has got to do something and if the SIDs don't want to be tied to affordable housing, which I didn't expect them to testify at all on this bill, if they don't want to be tied to affordable housing, that just reaffirms that we probably need to put some teeth into Omaha or a state department or something.

BLOOD: But, but yet we see, like, I know, Papillion and Mayor Black and-- I mean, I see them talking to the SIDs about affordable housing and I see their initial plans because they publicize them. Do you think there's a disconnect? Because I see it. And again, I'm just looking at Sarpy County. I don't know what the heck goes on in Douglas County.

M. HANSEN: I mean, I'm just going by the testimony that we've had in the last 20 minutes.

BLOOD: OK.

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M. HANSEN: I mean, that-- talking about how affordable housing would ruin their ability to develop neighborhoods. I mean, if that's the stance that SIDs and the major developers are taking, that's alarming to me and probably is going to show that the housing market is in dire need of something.

BLOOD: What did you think about his density comment, when he said that he thought that was one of the areas that they could, could cut, cut costs and something that hasn't really been addressed?

M. HANSEN: Yeah, I mean, I proposed a bill to eliminate all density restrictions in the state of Nebraska so I'm certainly on board with that.

BLOOD: Fair enough. Thank you.

WAYNE: Any other questions? Yeah, that was a long hearing. Thank you for, thank you for-- we already got the opposition letter, Korby Gilbertson, Home-- Home Builders of Lincoln and metro Omaha. That will close the hearing on LB726. Next, we'll open the hearing on LB727 and Senator Arch, you may have to-- when I leave to go over to Insurance.

ARCH: Oh, OK.

WAYNE: Welcome to your Urban Affairs Committee, Senator Hansen.

M. HANSEN: All right, thank you, Chairman Wayne and fellow members of the Government Affairs Committee [SIC]. I do also think this one is a consent calendar one, so we'll see if I'm correct. For the record, my name is Matt Hansen, M-a-t-t H-a-n-s-e-n, and I represent District 26 in northeast Lincoln. I'm here today to introduce LB727, which is a cleanup bill to help our sanitary improvement district election statutes. If you look at the bill, you'll notice that our changes are on page 4 and 5. And the language currently says at the election eight years after the first election and then a few lines later references the same thing happened at the election six years after. This is redundant and frankly, we can't determine the reason why this language says eight years and then six years so we're cleaning up that language and removing the redundancy. This bill was brought to me by the Nebraska Association of County Officials and I expect that they will have someone to answer more questions if you have any. I'll also note the committee counsel has provided us with a helpful chart that explains the election periods for SIDs. With that, I'll close and happy to take any questions.

WAYNE: Any questions from the committee? Seeing none, thank you.

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M. HANSEN: Thank you.

WAYNE: First opponents.

TREVOR FITZGERALD: Proponent.

WAYNE: Proponent, sorry. I was seeing if it was consent. I was just trying to get to the point. Proponents. Welcome to your Urban Affairs hearing.

JON CANNON: Thank you, Senator Wayne. Members of the Urban Affairs Committee, my name is Jon Cannon, J-o-n C-a-n-n-o-n. I'm the executive director of the Nebraska Association of County Officials, otherwise known as NACO, here to testify today in support of LB727. First and foremost, thank you to Senator Hansen for bringing this bill. This is just a clarification that-- or we think we, we think it's just a clarification measure. We'll see if there are any opponents. But really, this is-- and, and I'm going to state right up front I have no philosophical discussion points for you about whether SIDs are good, bad, indifferent. This is really just a very technical issue regarding elections for the board of trustees for SIDs. The board of the SID is elected four years after the first election of the trustees; two are from the property owners in the district and three or four are from all property owners. The election six years later, three are elected by resident and property owners and then two are elected by-- or come from the-- all property owners. Then we have that same language for the elections eight years later. From what I understand, this was something that was just overlooked when we redid-- revised a lot of these SID statutes many years ago and something that just wasn't caught and wasn't taken care of. That same language exists for the election eight years after the initial election. The board make up is the same in years six and eight. That eight-year duplication-- duplicative language is really just unnecessary and so what we're urging is that we just remove that, clarify the issue, create a little bit less confusion or-- and/or ambiguity in our statutes. And with that, I'm happy to take any questions you might have.

WAYNE: Any questions from the committee? Seeing none, thank you for being here.

JON CANNON: Thank you.

WAYNE: Any other proponents? Proponents? Seeing none, we'll move to opponents. Any opponents? Anybody testifying in a neutral capacity? Seeing none, Senator Hansen.

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M. HANSEN: I'll waive.

WAYNE: Senator Hansen waives closing. There are no letter for the record for LB727. Moving on to L-- that will close the hearing on LB727. We'll open to hearing on LB821. Senator Hansen.

M. HANSEN: Thank you and good afternoon again, Chairman Wayne and members of the Urban Affairs Committee. For the record, I am still Senator Matt Hansen, M-a-t-t- H-a-n-s-e-n, and I still represent District 26 in northeast Lincoln. I'm introducing LB821, which would reinstate a program to provide state aid to municipalities. Last year, Senator Wayne brought the same concept in LB549 and we had a conversation as a committee about the history of the program, most importantly, that it was designed to reimburse municipalities for changes in state law that prior Legislatures had made, which restricted the ability of local governments to fund their operations. Between 1982 and 2011, the state maintained an aid to municipalities program, which distributed state aid to municipalities based on a statutory formula. During a budget crunch in 2011, the program was eliminated. Historically, the aid to municipality program appropriated between \$10 million and \$8 million, roughly on an annual basis. We started this conversation last session about the decisions of previous Legislatures to repeal the aid to municipalities program and consider the role restating such a program could have not only to help fuel economic program development in our municipalities, but other investments and infrastructure. Unlike the previous aid to municipalities program, this bill would not act as a direct state aid program, but instead be a grant-based program. Under the act, the state aid to municipalities would come in forms of a grant which could be used to fund various municipal infrastructure projects. The grant would be operated and approved by the Department of Economic Development and grant applications would be approved in the order they are received by the department. Grants under the act must be exclusively used to pay for the construction, acquisition, and equipment of infrastructure projects or bond financing related to such projects. Grant funds under the act must be placed in separate funds by the municipality and may not be comingled with other funds. I think this is an important issue to examine and appreciate your attention to it. With that, I'll close and I'm happy to try and answer any questions.

WAYNE: Any questions from the committee? Seeing-- Senator Blood.

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BLOOD: Thank you, Chairman Wayne. So, so the fund is, is still direct aid to municipalities, but it's going to be in the grant format. Can you, can you clarify that a little bit more for me?

M. HANSEN: Yeah. So rather than being like TEEOSA or, you know, the school aid formula where there's, you know, a set amount each year and it goes automatically to everyone, it would be incumbent upon the municipalities to request grant money for a specific infrastructure project.

BLOOD: But not necessarily an infrastructure project that was handed to them that they had to complete. It was one that they choose to do on their own.

M. HANSEN: Yeah.

BLOOD: So it's a little different than--

M. HANSEN: Yeah.

BLOOD: But could ultimately have-- result in property tax relief.

M. HANSEN: Absolutely.

BLOOD: So had they not taken that away in 2011--

M. HANSEN: Um-hum.

BLOOD: I think that was a Flood bill, wasn't it, 2011?

M. HANSEN: I genuinely don't remember.

BLOOD: I think so. All right, thank you.

M. HANSEN: Of course. And just to add to that, yeah, kind of getting into the same concept of unfunded mandates, you know, it could be whether or not the initiative of the city on their own or it could be catching up with state or federal regulations, it could-- kind of whatever they needed. But we're one of the few states that don't offer really any kind of direct aid to municipalities.

BLOOD: Which was an immediate-- showed an immediate result in our property taxes going up and then the unfunded/underfunded mandate issue will be on the ballot hopefully this upcoming election.

WAYNE: Any other questions from the committee? Seeing none, thank you for being here.

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M. HANSEN: Thank you.

WAYNE: Any other propo-- or any other proponents, I'm assuming you're a proponent of your own bill. Any proponents? Yeah, it's getting late. It's getting late.

BLOOD: It's 2:15.

WAYNE: It's getting late in the year already. Welcome to your Urban Affairs Committee.

CHRISTY ABRAHAM: Thank you, Senator Wayne and members of the Urban Affairs Committee. This may be my last time this year, Senator Wayne, so we can all rejoice for that. My name is Christy Abraham, C-h-r-i-s-t-y A-b-r-a-h-a-m. I'm here representing the League of Nebraska-- excuse me, Nebraska Municipalities and I'm going to give you just sort of a brief history of state aid. You may have heard this before, but I think it's important that we talk about it one more time. Back in 1967, some of us maybe weren't born then, but the Legislature passed a bill that exempted households and intangibles from property taxes. The Legislature then put forth what was called a governmental subdivision fund and created that fund to kind of reimburse local governments for the loss of the property tax base that was because of these exemptions. That fund, in 1967, had \$12.6 million in it. It didn't cover all of the losses that local governments had, but it was a starting point. At that time, there were promises made that local governments would see sort of dollar-for-dollar reimbursement. Then in 1972 and 1977-- I've at least been born at this point-- the Legislature passed two bills that gave an exemption for livestock, farm equipment, and business inventory. Those three exemptions alone resulted in a loss of over \$250 million for local governments. That's not valuation. That's actual dollars lost to local governments. Then Governor Exon said that the state really couldn't afford \$250 million to local governments to reimburse those so he capped it at \$70 million and he called it the Personal Property Tax Relief Fund. Unfortunately, the Supreme Court said that that fund was unconstitutional because it was a closed class. So in 1980, the Legislature tried again and passed the Personal Property Tax Relief Fund-- oh, I'm sorry, it eliminated that fund and the governmental subdivision fund and created a new fund with a new strategy. Unfortunately, the Supreme Court held that that fund also was unconstitutional because it was a closed class. So then it was not until 1982 where the government-- the Legislature passed a bill that called it state aid. And I just wanted to show you this history because state aid has never been considered to be a gift to local

governments. It really has been part of this strategy to help reimburse them from the property tax base that has been lost based on decisions that the Legislature has made. I'm guessing that Lynn Rex has a handout she'll want to give you that sort of goes through state funds and how those funds have been lost. And as Senator Hansen mentioned in his opening, that fund was eliminated entirely in 2011. So we're very supportive of LB821. We thank Senator Hansen for introducing it. Fifteen million dollars in grants for infrastructure will be very helpful for many communities. So I'm happy to answer any questions that you might have.

ARCH: Are there any questions? Seeing none, thank you for your testimony.

CHRISTY ABRAHAM: Thanks so much.

ARCH: Next proponent for LB821.

LYNN REX: Senator Arch, members of the committee, my name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities. Really appreciate your willingness to listen today to this very important bill because municipalities have been suffering. One would think, well, with all the ARP Act funds coming, they just may, may have all these funds. Those are restricted, as you know, just like the state's ARP Act funds have restricted uses. This is an important bill for municipalities. It would help restore some funds that have been lost over a period of years. And the-- what Christy presented to you is just a snippet of what has happened in terms of the loss of our tax base because there was a time-- Senator Blood, as you know, from being a member of the Bellevue City Council-- when we had a broad tax base. And over a period of years, as exemption after exemption after exemption occurred, that tax base narrowed. So what you have here are the various cuts to the municipal aid programs. And at the very end, you can see that basically, other than the Municipal Equalization Fund-- I'm on page 5-- at the very end, you see everything was taken away and that was just on one small part of it. I can remember years ago testifying before the Appropriations Committee when Senator Mello was the Chair of that committee. And afterwards, he caught me in the hall and he said, I had no idea that it was just a reimbursement to local governments for just basically livestock, farm equipment, business inventory-- and of course, that was put back on, on-- the farm equipment on through the sales tax provisions-- but at the end of the day, I had no idea that the merger of those two funds, that that's really what it was. I just thought, like, the state had some extra money in reserve and decided they would just gift that to city, to

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municipalities and to counties and NRDs. Instead, that was all taken away. And so-- but that's just from one bill. And I guess what we're underscoring here is what has that-- what's happened because of this? At the end of the day, when the Legislature passed LB1990 [SIC]-- in 1996, passed over LB1114 establishing lids and levy limits and that took effect in 1998. Passed in 1996, took effect in 1998. In second-class cities and villages, every one of them was over basically the \$1.05 per \$100 of valuation. And they were required to go down to 45 cents plus five in a matter of two years. The first-class cities, for the most part, it was a nonevent because they weren't even close to their maximum levy limit at that time, which is 87.5 cents then. Now they're also 45 plus five. So at the end of the day, what does that mean? It means that when LB299 passed also in 1996, which put in the lid on restricted funds-- that was supposed to go away in 1998. That's how Senator Warner envisioned it. That was then, this is now. That never went away so you have a double lid on it and that's why we've opposed a number of other efforts over the years-- well intended-- to basically put another layer of lids on there. And so frankly, if anyone ever wants to talk about those types of things, we're always willing to sit down and talk about if there's need-- if there need to be changes right now to Chapter 13, Article 5. But at the end of the day, where we are as the municipalities across the state have really been limited dramatically in what they can do, how they can spend the money, and how they move forward. And it really matters because we have so many economic drivers in the state. Obviously, agriculture are the biggest one, the University of Nebraska, another big one, but so are municipalities. And certainly, as all of you know sitting here as a member of the Urban Affairs Committee, economic development happens in and around municipalities with maybe the exception of ethanol plants. Why? Because that's where the infrastructure is. That's where the people are. So with that, I just want to implore you to pass this bill out of committee. Senator Blood, we really appreciate your constitutional amendment dealing with mandates and other sorts of things and reimbursements. And I'm happy to answer any questions that you might have.

ARCH: Thank you. Are there any questions? Seeing none, thank you for your testimony.

LYNN REX: Thank you very much. Really appreciate it. Thank you very much.

ARCH: Next proponent for LB821. Welcome.

JACK CHELOHA: Thank you. Good afternoon, Senator Arch, members of the Urban Affairs Committee. My name is Jack Cheloha. That's spelled J-a-c-k C-h-e-l-o-h-a. I'm the lobbyist for the city of Omaha and I want to testify in favor of LB821 this afternoon and I want to thank Senator Hansen for introducing the bill and thank you for your time this afternoon to hear from me. As you heard from the other witnesses, in 2011, state aid to municipalities was flat-out eliminated. And prior to that, there was a number of times throughout the 2000s where the state was having tough economic times and so with that, there were various cuts across the board; you know, 5 percent, 2 percent, sometimes as much as 25 percent of state aid to cities was cut out and eliminated. And at the time, cities, you know, saw the state as a partner and we wanted to do our part to help balance the budget. And we always have the hope and expectation of getting state aid reinstated and back to the numbers, you know, that were given to us in the good times. And so when 2011 fell and it was flat-out eliminated, that, that really was an insult to injury and, and I really hope before my career ends as a lobbyist for the city of Omaha that we see state aid to municipalities restored someday. I think that would give me a little peace of mind to go on to retirement to hopefully get that reinstated. But I think at the very end, when it was eliminated for Omaha 11 years ago, I think we were about \$3.4 million a year in state aid. Back then, I think that equated to roughly 2 cents of property tax in the city of Omaha. That's how much 3.4 would bring in. And so if we did a-- LB821 and brought back \$15 million under a grant procedure-- you know, we do tie some strings to it. It has to be for infrastructure. But I think at least from Omaha's perspective, that's fine because we're in the middle of a \$2 billion sewer project right now where we have to separate our combined sewers in Omaha. We've done studies on our roads and bridges and streets in Omaha and we have roughly demand of \$500 million of repairs, you know, just to get them in top shape for our residents and nonresidents that drive through Omaha. And so obviously the need on infrastructure is there. One last thing that was mentioned to you, the only fund right now that goes to municipalities is called the Municipal Equalization Fund. And what's ironic about that is that's a fund that's given out to cities to help them that, you know, had to really lower their property tax. Ms. Rex talked about some cities that had to go down from \$1.05 to as low as 45 cents plus five. So they maybe would qualify if their property tax was up against the lids, but what's ironic about the MEF Fund is it's actually funded by city funds. The local option sales tax, the state charges a fee to collect that and they use that portion of the fee to give out state aid to cities that have high property taxes. And the other thing was the source of local revenue was called the insurance

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premium tax and they also use that now to fund the MEF Fund or Municipal Equalization Fund. So with that, we're supportive of LB821 and we think it would be a great idea to restore aid to municipalities. Thank you. I'll try to answer any questions.

ARCH: Thank you. Are there any questions? Seeing none, thank you for your testimony.

JACK CHELOHA: Thank you.

ARCH: Next proponent for LB821. Take op-- up for opponents.

WAYNE: Any opponents? Any opponents? Seeing none, anybody testifying in the neutral capacity? Welcome back.

M. HANSEN: Thank you all. I don't have much to say in closing. Happy to answer any questions. Definitely think this is a priority we as the state should look at. I just wanted to say I believe this is my last Urban Affairs bill. This is the only committee I've been on for my whole eight years so I want to thank the committee staff, Angenita, Trevor, everybody else who's worked here in the past and before as well as colleagues and members of my staff for all the work they've done in Urban Affairs. With that, I'll close. I'm happy to take any questions

WAYNE: Any questions from the committee? Seeing none, there's a letter of support from Eric Gerrard, city of Lincoln; in opposition, Doug Kagan, Kagan from Nebraska Taxpayers for Freedom. With that, we close the hearing on LB821.

ARCH: This LB1118, LB1119?

TREVOR FITZGERALD: LB1118, LB1119, yeah.

ARCH: OK. So we will now open the hearing on LB1118 and LB1119 combined.

WAYNE: Thank you, Chair Vice Vice--

ARCH: Vice Vice.

WAYNE: --Senator Arch. 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. The reason we're combining these bills is because many of the supporters and opposition are going to be pretty much the same, although these bills do it a little bit differently.

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And primarily because it's late in the year, there's not really a real vehicle to move these anyway. So this will be something we'll pick up next year, definitely, and have a bigger conversation about. So under LB1119, LB1119, last year, the airport authority imposed a 10 percent fee on gross revenues for off-site parking companies that transport passengers to the airport. What is most concerning to me about these actions is the airport authority has been largely unwilling to listen to the concerns of the affected companies. The process from start to finish roughly took three months, and there was-- it largely consisted of one public hearing. Because the airport authority is an appointed board, the board generally is not accountable to the voters and therefore a little recourse for parties to have that negatively impact the board's decision. LB1118 is simply a bill that will allow elections starting in 2025 of the airport authority in a city of a metropolitan class, members of the airport authority would be elected to a nonpartisan ballot. We have a four-year term taking office at the same time as the city officers. Because airport authorities in the cities of the metropolitan class are appointed, and I do want to point out they're the only ones that are appointed, under right now, they don't have any taxing authority and that's why they impose a fee. If we make them an elected board, they could have taxing authority, therefore, the fee would not be necessary. I do understand the airport's concern about making sure they have a local revenue and local input from and local resources in order to go after many federal dollars. But I think we might have to come up with a better way that the public can hold them accountable in their decisions, rather than just being a appointment-- appointed board. So those essentially are two different bills. LB19 [SIC] would directly address the 10 percent-- I mean, LB1119 would address you-- directly address the 10 percent charge by the Omaha airport by prohibiting, prohibiting airport authorities in the city of the metropolitan class from enacting fees, rental and charges that are assessed on the percentage of gross receipts. And LB1118 would make them an elected board, which would give them the authority to provide some type of flat tax levy. Pretty simple, they work hand-in-hand. I'll answer any questions.

ARCH: Thank you. Are there any questions? Seeing none, thank you very much. First proponent for either LB1118 or LB1119. Welcome.

JOE KOHOUT: Welcome, Chairman Arch, acting Chairman Arch, members of the Urban Affairs Committee. My name is Joe Kohout, K-o-h-o-u-t, and I appear before you today on behalf of our client, Park and Go Nebraska. I appear before you today in primary support of LB1119, but also in support of those provisions in LB1118 that call for an elected board. Park and Go is a surface parking company that is located in close

proximity to Omaha's Eppley Airfield. Our facility is located at 1515 East 4th Street, about one mile from the Omaha airport. Our clients, customers park at the facility and then are transported to the Omaha airport so that individuals and families can catch their flight. They have been in business in Nebraska since 2000 and have enjoyed, up to this point, a very good working relationship with the Omaha Airport Authority. However, last summer, as Senator Wayne stated, the board instituted a 10 percent fee on the gross revenues on our client's business. You heard me correctly, a 10 percent fee. Their basis, as we understand it, is to recover costs associated with our access to the Omaha Airport Authority grounds in shuttling Park and Go's customers to the airport. Mr. Dan Williamson, on behalf of Park and Go, objected at the time of the hearing before the Omaha Airport Authority Board, but it became quickly obvious to him that the board was not interested in objections and passed the resolution instituting the, the fee. Park and Go objected to the fee, and then based on the five points that I'm about to share with you. First, the use of a percentage of gross fees or is-- is a tax and is not standard throughout the industry. Park and Go has operations at airports throughout the United States, some of which charge no fees, some of which use a trip fee, and some does-- do, do a gross receipts tax. The consistent idea is to contribute to the general maintenance of the facilities used. As to those airports where Park and Go operates, there have been-- there are two circumstances that have happened. One, we have been in negotiations with the airport prior to the, the institution of the fee; or two, the fee existed at the time we operationalized in that, that airport, and therefore it's built into our pricing structure. Second, the Omaha Airport Authority is a competitor to Park and Go. Can you imagine a business competitor having access to business records, establish a tax on your gross revenues and then use those revenues to market or compete against you? Third, the travel industry has just begun to recover from one of the worst economic events ever. Now, the Omaha Airport wants to suddenly charge a 10 percent tax on Park and Go's gross revenues. This action forced Stewart parking, a local competitor of 40 years, to shut down permanently. At the hearing on this tax, the folks at Stewart made it, made it clear that this would put them out of business. Free-market competition prevents a monopoly, and it provides the public with a choice. Fourth, Park and Go does not believe that it is right for a body of unelected officials to be able to exercise a tax on private business, especially a competitor. As you heard, the Omaha Airport Authority is not elected. They are appointed by the mayor of the city of Omaha and ratified by the council. Fifth, we are asking for a dialogue to establish a fair agreement between the airport and Park and Go. We support a strong and vibrant airport and

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then we can all be successful. Dictating terms of the 10 percent fee are not a fair arrangement. On this fifth point, we need to make you aware that the park-- Park and Go did file a lawsuit on July 21, 2022, asking the District-- Douglas County District Court to grant, grant relief in this case. That case is currently pending before the court. The Park and Go are asking you, the Legislature, to assist us in this regard by passing LB1119 and limiting the amount. Park and Go would like to thank the Urban Affairs Committee for your leadership and service and ask that you support LB1119 and LB1118, and I'm happy to try to answer any questions that you might have.

ARCH: I'm sorry, I thought you--

WAYNE: It's my bill. I can't ask any questions.

ARCH: Oh, OK. All right, I'm sorry. Are there any questions? Seeing none, thank you very much. Next proponent for either LB1118 or LB1119. Anybody wish to speak in opposition?

DAVID ROTH: Good afternoon, Urban-- Urban Affairs Committee. My name is David Roth, D-a-v-i-d R-o-t-h. I'm the chief executive officer for the Omaha Airport Authority, 4105 Abbott Drive. I would respectfully request I could speak on behalf of both of these bills, so it may take me just a few more minutes than the, the red light when it flashes up at me. The Omaha Airport Authority is a political subdivision in Omaha, the only city of the metropolitan class in Nebraska. The authority is charged with exclusive jurisdiction and control to operate, manage and oversee the airports in Omaha, Nebraska, including Eppley Airfield. Board members of the Airport Authority are appointed to the board by the mayor of Omaha and approved by the city council. LB1118 seeks to eliminate the appointment of the authority board members by the mayor of Omaha and approval of city council and replace it with the election of the board members by the public. LB1118 also gives the authority the power to levy a tax on the properties within the city of Omaha. The Omaha Airport Authority is the only airport authority in Nebraska that does not have the power to tax, nor does it want it, nor does it need it. Instead, the city's Airport Authority Act specifically authorizes the authority and its board of directors to quote, Charge fees, rentals and other charges for the use of projects under the jurisdiction of the authority. The act also empowers the authority to quote, Do all things necessary or convenient to carry out the powers expressed conferred on such authority by the act. Also, since it received substantial federal funding, federal grant assurances require the authority to quote maintain a schedule of charges for use of facilities and services at the airport in order to

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make the airport as self-sustaining as possible. Election of board members of the authority was considered by the Nebraska Legislature at the time of the city's Airport Authority Act and was being debated in 1957. The concept of elected board members was rejected because the Legislature believed that appointments of the board members made it more likely to obtain qualified board members. The process of appointing board members has been in place since 1959, providing decades of continued-- continuity in how the authority board members are selected. Most airports governed by an authority are controlled by an appointed board, not an elected board. Of 71 U.S. airports of various sizes, 92 percent are governed by an authority and have board members that are appointed and not elected. For airports of size similar to Eppley Airfield, the appointment of board members is an industry standard. Of the 20 airports that are 10 above and 10 below Eppley Airfield size in passenger rankings, 17 of those boards are appointed. The financial markets respond negatively to uncertainty. A change from an appointed board to an elected board could create sufficient uncertainty to impair the ability to effectively issue future bonds for capital developments at Eppley Airfield. This could negatively impact bond ratings, resulting in increased interest rates, higher operating costs and thereby burdening the users of the airport. Reports from the bond rating agencies of Moody's and Standard & Poor's have historically credited the appointment-- the appointed governance structure and management of the authority as being a strong, positive feature, lending itself to very favorable bond ratings on large capital developments, thereby reducing interest expenses on long-term debt. S&P reported in October of 2021 a key credit strength for the authority is its quote, Very strong management and governance, as evidenced by an experienced, proactive and effective management team that has historically maintained exceptional financial records and metrics. Finally, the Omaha Airport Authority has always managed its finances prudently and with fiscal responsibility. It has also used judicious planning for the long-term development of the airport facilities and the management of its assets to promote aviation in the city of Omaha. To make change, changes to the governance of the Omaha Airport Authority is unwise, unnecessary and inconsistent with industry standards. I can answer any questions on that. I also handed out with my testimony a letter from P.J. Morgan. P.J. was a former mayor of the city of Omaha and also was a board member appointed several times to the Omaha Airport Authority Board.

ARCH: Thank you. Are there any questions on this, this part of your testimony, correct?

DAVID ROTH: Correct.

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ARCH: Any questions? I have one question.

DAVID ROTH: Yes.

ARCH: What, what prompted the 10 percent fee?

DAVID ROTH: Ten percent fee? We looked at industry averages starting back in 2017 on ground transportation, and out of the 20 airports, 10 above and 10 below the Omaha Airport Authority, we looked at how they assessed fees to off-airport parking groups, as Park and Go. Seventeen out of 20 of them do gross receipts fees right in the 10 percent range. So this is not uncommon in the industry.

ARCH: So was there a, was there a need that-- I mean, you can look--

DAVID ROTH: Absolutely.

ARCH: What, what was the need?

DAVID ROTH: Absolutely. Once I go on to LB1119, we're required by the Federal Aviation Administration to assess fees to those users of the airport. As our traffic has increased over the years, especially from '17 to '19, we increased approximately 20 percent in our traffic. Therefore, our operational costs go up managing our facilities. And then we turned on the ground transportation fees because we started seeing significant increases in ground transportation, not only in our off-airport parking, but also Ubers and Lyfts and taxis. So we assessed a fee just as we assess a fee to everybody who uses the airport.

ARCH: OK, thank you. Any other questions? Seeing none, you can proceed to LB1119.

DAVID ROTH: Thank you. LB1119 is directed only at the Omaha Airport Authority. It seeks to outlaw fees, rentals and all other charges by the Authority that are based on a percentage of gross receipts. Gross receipts fees have been found by the courts to be a fair and reasonable method to charge user fees and deemed not a tax. The gross receipts fee is incurred only by the commercial users of the airport and those who choose to use the services of such businesses. A gross receipts-based fee reflects the economic benefit received by commercial users due to their existence of the airport. As a result, fees based on a percentage of gross receipts are the industry standard. Such fees provide a basis to charge commercial users for their use of the entire airport. Additionally, gross receipts fees are typically the concessionaires' preferred structure. I've also handed

out with my testimony a letter from the, the Office of Compliance at headquarters of the FAA. In a letter received yesterday from the FAA headquarters Office of Compliance, the FAA confirmed that fees based on a percentage of gross receipts methodology are quote, Commonly used throughout the airport industry for setting rental payments, fees and other airport charges. The FAA letter cautioned that LB1119 quote, Could impact an airport authority's grant assurance obligation to be self-sustaining and could be costly to implement and limit the self-sustainability of an airport. The FAA's revenue use policy quote, Strongly promotes the self-sustainability of airports; and that FAA policy quote, Permits the use of the percentage of gross receipts methodology. In addition, the FAA has approved the use of percentage of gross receipts in an airport's minimum standards, and the use of gross receipts is also a requirement for reporting goals for FAA airports' concession disadvantaged business enterprises, or ACDBE. The inability to collect fees based on a percentage of gross receipts would result in potential noncompliance with federal grant assurances, and our ACDBE reporting, put the Authority at a competitive disadvantage among similar-sized U.S. airports, create conflicts with existing authority concessionaires' agreements and finally, severely jeopardize the authority's financial conditions and likely its bond ratings. Gross receipts fees account for approximately 50 percent of the Authority operating revenues. LB1119 will have an enormous negative impact on the Authority and our contracts with nearly all nonaeronautical vendors, attendants, concessionaires and commercial users at the airport. Our bond underwriters, concessionaires and the airlines all are strongly opposed to this bill. If the Omaha Airport Authority was not permitted to collect fees based on a percentage of gross receipts, the Authority would be at risk of defaulting on our current bonds. Further, the bill-- the Authority's ability to issue future bonds for capital developments at Eppley Airfield, such as our \$600 million planned new terminal, would be negatively impacted, resulting in bond ratings with increased interest rates, resulting in higher operating costs, burdening users of the airport. Finally, the Omaha Airport Authority has always managed its finances prudently with fiscal responsibility. To interfere, interfere with the Authority's fiduciary responsibilities and to prohibit fees based on gross receipt charges is unnecessary, highly unusual and without precedent. Eppley Airfield is a successful airport for Nebraska because it operates the way it currently does. Changes-- or changes like LB1119 put that at risk. For these reasons, the Omaha Airport Authority opposes LB1119 and respectfully request it not advance. Are there any questions?

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ARCH: Thank you, are there any questions? I have one question. Do you-- does the Airport Authority own-- I mean, there's been large expansion of parking.

DAVID ROTH: Correct.

ARCH: Does the Airport Authority own all of that parking?

DAVID ROTH: Yes, we do.

ARCH: OK. And, and-- OK. That's my only question.

DAVID ROTH: OK.

ARCH: Seeing no other questions, thank you very much for your testimony.

DAVID ROTH: Thank you.

ARCH: Next opponent to LB1118 or LB1119.

JOHN COAN: All right, good afternoon, Chairman Wayne and members of the Urban Affairs Committee. I am John Coan, J-o-h-n C-o-a-n. I'm a managing director at Piper Sandler and Company. I specialize in aviation finance. I've got over 35 years of experience and I'm here to speak in opposition of LB1118. I'm based in the D.C. area. Just to familiarize you, Piper Sandler and Company is a subsidiary and the chief operating entity of Piper Sandler Companies. We're a New York Stock Exchange Company, Pipr. Two primary lines of business, public finance and fixed income services, and then corporate investment banking and equities, 1,500 employees, about \$2 billion in revenue. So my personal involvement with the Airport Authority began in 2001, where at a prior firm, I underwrote one of the first bond issues after 9/11's devastating effect on air travel. You know, at that time, Omaha Airport Authority, strong financial profile, experienced management, good governance and high ratings, again as echoed by Standard and Poor's in a recent October '21 report, you know, appealed to investors. It was a very difficult time in October. This was one month after 9/11 where we did sell debt. More recently in 2017, while I was at Piper Sandler, we underwrote a \$70 million bond offering and we implemented what's called a new master trust indenture. And that's basically the business deal that the airport authority has with bondholders. Just to remind you, Omaha Airport Authority is, is only one of three medium hub airports in the United States that are rated in the AA category . The other two are Raleigh-Durham Airport Authority and Orange County. Having considerable experience

underwriting airport revenue bonds, we're opposed to LB1118. This will create a negative impression of the Airport Authority in the capital markets. Personally, I'm not aware of any commercial small, medium or large hub airport in the U.S. that has an elected board. Most of the commercial airports that I'm familiar with have appointed board members, whether they're owned by a city, county, state agency or special authority. You know, they're appointed by the appropriate political leaders. You know, these leaders tend to recognize that the value of commercial airports are, are very important. They're great economic stimulation. And as a result, they tend to pick board members that have various backgrounds: business, finance, technology, as well as community leaders. So airport board members selected through political campaigns is not a good way to guarantee the board members have the appropriate background. In addition, it opens up what is essentially a commercial business enterprise. These are run as business enterprises. They have to be on a self-sustaining basis. You know, tremendous political pressure can be brought to bear on board decisions, which really should be based on sound business practices, not political campaigns. So from the viewpoint of the rating agencies as well as the investors, any political involvement in the operations of airport is negatively. And this negative impression from investors will increase the interest rate at the Authority whenever they borrow money and enter the capital markets, particularly on the dawn of, you know, the terminal modernization program. So in our view, the legislation is, you know, without merit and will negatively impact the financial profile of the Authority. So thank you for the opportunity to make some comments, and I'd be willing to answer any questions you may have.

ARCH: Thank you. Are there any questions? Seeing none, thank you for your testimony.

JOHN COAN: OK. I'd like to say a few words on LB1119.

ARCH: Please.

JOHN COAN: Again, a negative impression. You know, the point being, you know, legislation dictating to management, the types of financial arrangements that they can structure with their tenants/concessionaires is viewed negatively by the rating agencies and investors. You know, charging a concessionaire percent of their gross revenues is widely used in the airport industry. The airport provides the opportunity for the concessionaire to provide their goods and services and earn revenues. The more revenue that a concessionaire earns, the more valuable is the franchise agreement/lease agreement

and the airport should partake in that value. Concession revenues are a meaningful part of the airport's operating revenues, which if endangered will result in negative credit profile. Any negative credit profile is going to increase operating costs, burden users of the airport again, especially at the dawn of a terminal modernization program. The market, and when I say the market, I'm talking about the rating agencies and the bond investors, expect airports to maintain a strong financial profile, and have the ability to set rates and charges and enter into concession agreements without legislative prohibitions. That's of crucial concern. And so in our view, the legislation is without merit and will negatively impact, impact the market perception and financial profile of the Authority there. And with that, I'd, I'd like to open up, take any questions as needed.

ARCH: Thank you for your testimony. Are there any questions? Seeing none, thank you very much.

JOHN COAN: Thank you very much.

ARCH: Thanks for coming today. Next opponent for LB1118 or LB1119.

SCOTT ROBERTSON: Good afternoon, Chairman Wayne, committee members. My name is Scott Robertson, S-c-o-t-t R-o-b-e-r-t-s-o-n, here to testify in opposition to LB1118. I am the president of UltraAir LLC. UltraAir is an Omaha-based aircraft management charter and consulting firm. I founded the company in 2002, and it has been based at Omaha's Eppley Airfield that entire time. As introduction, I've been a pilot for 47 years. I have 36 years and 14,000 hours of experience flying jet aircraft worldwide. I hold an airline transport pilot's license. I have a bachelor's degree in professional aeronautics. Remember Royal Aeronautical University? I'm also an FAA-licensed [INAUDIBLE]. As I stated, I'm opposing LB1117-- LB1118. As previously stated, the bill seeks to elect members to the board of directors of the Omaha Airport Authority, instead of the current statutory procedure where they're appointed by the mayor of Omaha and approved by the Omaha City Council. In my opinion, this bill seeks to address a problem that does not exist. I've been flying in and out of the Eppley Airport for well over 40 years and have been based there for the last 29 years. During that time, the board of directors has developed airport policy and selected staff that manage the airport in a very professional manner. This is due partly in fact, that since 1959, as previously stated, all board members have been mayoral appointments with council approval, and they've all been highly experienced corporate leaders who have volunteered to lend their talent and expertise to the governance of the Omaha Airport. They've also done an outstanding job managing the

finances of the Omaha Airport with a high degree of fiscal responsibility without the power to tax. Continuing the practice of appointing board members to the Omaha Airport Authority with the consent of the city council will minimize the effect of political influence on policymakers at the airport. In closing, I can tell you that I have literally flown to hundreds of airports all around the world, and the Omaha airport is on par with any of them. The Omaha Airport Authority has managed Eppley in a first-class manner, and I see no benefit to changing the governance structure from an appointed to an elected board. To use an old phrase, I would say that if it's not broken, why fix it? I thank you for your time and your attention. If there's a question I can answer for you, I'm happy to.

ARCH: Thank you. Senator Hansen.

M. HANSEN: Thank you, Senator Arch. Thank you for your testimony. I just wanted to follow up. You said something along the lines of everyone who is appointed has had corporate background. Can you--

SCOTT ROBERTSON: Not, not everyone.

M. HANSEN: OK.

SCOTT ROBERTSON: But they've all had corporate, civic, financial. They've been leaders in the community in some sense, some sense.

M. HANSEN: All right. Thank you.

SCOTT ROBERTSON: OK.

ARCH: Other questions? Seeing none, thank you. Next opponent for LB1118 or LB1119.

ANN FERRAGUTO: Good afternoon, Chairman Wayne and members of the Urban Affairs Committee. My name is Ann Ferraguto, A-n-n F-e-r-r-a-g-u-t-o. I am the principal of AirProjects, an airport consulting firm that specializes in airport concessions, including food service, retail services and advertising. I've worked in the airport industry for over 30 years, including 20 years at AirProjects. I have experience working throughout the United States and internationally, and have worked with some of the smallest airports to the largest. At AirProjects, we assist airport operators with planning terminals and commercial programs, analyzing the performance metrics of businesses, as well as leasing the commercial programs through competitive solicitations. I have prepared numerous airport solicitations, leases and policies, conducted extensive financial analyses of commercial program

performance, and evaluated hundreds of proposals from businesses interested in operating restaurants, shops, services or advertising programs at airports. AirProjects has worked with the management and staff at Eppley Airfield for almost three years now. As a result of this work, we're familiar with the specific situation at Eppley. I'm here today to state my opposition to LB1119. Per industry sources, food service and retail concession rent contributed about \$2.5 million-- billion annually to the pre-pandemic nonaeronautical revenue generated at airports in the United States, providing an important contribution to the revenue supporting their bond debt and allowing them to maintain investment-grade credit ratings. All of the airport programs that I have worked on, including most of the top 50 airports in the U.S., excuse me, have a rental structure whereby the commercial tenants pay rent based on a percentage of their gross receipts, often in conjunction with a minimum annual guaranteed rent. The percentage rental rate is typically proposed by the commercial tenants. When the COVID pandemic hit about two years ago and passenger levels dropped to 5 to 10 percent of historic volumes, concessionaires requested the ability to pay rent solely based on a percentage of gross receipts so that their rent would automatically adjust with their sales volume. Gross receipts, or the sales generated by an airport business, are in large part driven by the passenger volume at an airport. An airport operator supports passenger traffic through its airline agreements, air service development efforts and maintaining a well-run, cost-effective airport. By agreeing to a business arrangement whereby rent is based on the sales generated, an airport operator is effectively sharing in the risk of the business. Furthermore, business operators who operate a restaurant or store under a franchise or license agreement are used to paying fees based on their sales. Leases and contracts between airport operators and a commercial tenant with a rent structure based on gross receipts are fair and equitable. They provide a reasonable, verifiable basis for the rental payments and an equitable distribution of risk between the parties. Rental payments based on gross receipts are the most widely used methodology to calculate commercial rent at airports throughout the United States. Impacting the ability to continue this methodology would negatively affect nonaeronautical revenue at airports and the service provided to the traveling public. Thank you very much for giving me the opportunity to testify before you today, and I urge you to oppose LB1119. I'm happy to answer any questions you might have.

ARCH: Thank you for your testimony. Are there any questions? Seeing none, thank you very much. Next opponent for LB1118 or LB1119. Seeing

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none, is there anyone like to testify in a neutral capacity? Senator Wayne, you are welcome to close.

WAYNE: Thank you. This is one of those bills that are very interesting to me because if I introduced a bill to remove Lincoln's elected board, there would be people in here saying that Lincoln's board is perfect the way it is and, and that we think by electing them and holding them accountable is a good thing. We heard just the opposite. What we heard the opposite from was the business side of the airport, not the passenger side or the people who use it. And I just want to note that it's hard to get down here when it's 1:30 and during the day for most people who fly. But I think it's interesting that we don't want to disrupt Omaha, but if I did the opposite to Lincoln, they would be down here testifying, opposing that bill. So it seems like maybe, maybe we should make everybody elected. And here's the part that's really weird to me, 10 percent fee on gross income tax-- or gross receipts, which on a private business, I think is just fundamentally weird. Why should I have to disclose that? But more importantly, if you have a tax base that's broader and it's a more steady income, and they're opposing a broader and more steady income to meet the obligations they're saying they have to meet for federal requirements, that's just counterintuitive. So I don't know, maybe we'll vote it out of committee today. Maybe we'll not. Maybe we'll hang onto it for next year. But it's a great bill. It's interesting, just the concept and the dichotomy of all of it. So with that, I'll answer any questions.

ARCH: Are there any questions? I don't see any questions. Letters for the record? We received-- wait a second. We received one letter in opp-- two, two letters in opposition for LB1118 and eight letters in opposition for LB1119.

WAYNE: That's when I do my best.

ARCH: And with that, we will close the hearing for LB1118 and LB1119.

WAYNE: Entertain a motion to go into-- oh, we got one more?

TREVOR FITZGERALD: Yeah.

WAYNE: What bill is that?

BLOOD: Senator Day's.

TREVOR FITZGERALD: She's stuck in Education.

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WAYNE: Oh. Have you ever done this before?

LILLIAN BUTLER-HALE: No.

WAYNE: OK, I'll tell you the rules. Just make sure you state your name and then--

LILLIAN BUTLER-HALE: And spell it.

WAYNE: --we get to ask you a whole bunch of questions.

LILLIAN BUTLER-HALE: Great. That's good because I really know what's going on in this bill, so. OK. Good afternoon, Chairman Wayne and members of the Urban Affairs Committee. My name is Lillian Butler-Hale. That's L-i-l-l-i-a-n B-u-t-l-e-r-H-a-l-e and I'm Senator Day's administrative aide and I'm here to read her introduction into the record because she is in Education introducing another bill at the moment. I'm here today to introduce LB1108, which would, if authorized by the county, allow certain sanitary and improvement districts to enact the same fireworks ordinances that cities do, as defined by NE Revised Statute 28-1241. The idea for LB1108 was brought to me by a constituent who became frustrated with the lack of an option for a firework ordinance in his subdivision. Like many of my constituents, he lives in an SID so there is no mechanism outside of a countywide ordinance to enact a change, even though everything about his neighborhood reflects a typical city setting. SIDs are typically created when a developer buys land. The SID can install streets, sewers, and power and can also buy land for public parks. To accomplish these tasks, the SID has the authority to issue bonds, levy taxes, and special assessments and fixed rates for services. Nebraska has a number of SIDs, with over 80 percent of these being in Douglas and Sarpy Counties. Part of the reason we identified SIDs instead of the county as a whole was the idea that individual communities know their needs best and that they could vary widely across the entire county. So even though counties could limit fireworks right now, it may not make sense in more rural parts of a county, but would be appropriate in urban areas. Under LB1108, in order to be eligible to implement a fireworks ordinance, the sanitary improvement district must meet three criteria. First, it has to be located outside of the extraterritorial zoning jurisdiction of any municipality. Second, it has to be unable to incorporate due to its close proximity to a municipality. And third, it must be unable to be annexed by a municipality with zoning jurisdiction. These guidelines were meant to limit the scope of LB1108 to unincorporated, unincorporated areas where there is no current mechanism to enact an ordinance. While

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LB1108 deals with a fireworks ordinance, I primarily brought this because it's an issue of consistency. Residents in SIDs should have the same ability to enact these types of ordinances as those that might live across the street in a municipality. I know that in my district, many of those with Omaha addresses may not be fully aware they, aware they even live in an SID and assume the city already covers them. In the status quo, SIDs have similar authority in select areas. These include the ability to regulate and license pets, regular-- regulate parking on public roads and rights of way relating to snow removal and access by emergency vehicles, and to regulate abandoned motor vehicles so there would be consistency in extending this to another area of public safety. Furthermore, no SID would be forced to take any action. I suspect that most SIDs would not change anything. However, LB1108 would be a tool for SIDs to have if they chose to limit fireworks. LB1108 is not a revolutionary change to Nebraska's SIDs, but it is a minor step that would give residents more ability to manage what happens in their communities. And that concludes Senator Day's testimony. I will try to answer any questions you have.

WAYNE: So the rule is actually with staff, we don't ask questions.

LILLIAN BUTLER-HALE: I figured you didn't, but--

WAYNE: Sometimes--

LILLIAN BUTLER-HALE: --I wanted to be polite.

WAYNE: --sometimes we break the rules so I have a question.

LILLIAN BUTLER-HALE: Yeah.

WAYNE: How is your day today?

LILLIAN BUTLER-HALE: It was good.

WAYNE: All right, cool.

LILLIAN BUTLER-HALE: It was good.

WAYNE: Thanks. My staff-- Jake-- I'm going to say this on record. He doesn't ever want to come to testify. He will, he will figure out a way for-- to reschedule everything to make sure it happens.

LILLIAN BUTLER-HALE: Yeah, that's fair.

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WAYNE: Well, thank you for being here today.

LILLIAN BUTLER-HALE: Yep.

WAYNE: I'm assuming you're going to waive closing?

LILLIAN BUTLER-HALE: Yeah.

WAYNE: OK, thanks.

LILLIAN BUTLER-HALE: Thanks.

WAYNE: First up, proponents. Any proponents? Any opponents? Welcome to your Urban Affairs Committee.

PAT SULLIVAN: Good afternoon, Chairman Wayne and other members of the Urban Affairs Committee. My name is Pat Sullivan. I represent the Eastern Nebraska Development Council and on behalf of them, I'm here to oppose this bill. And some of the testimony that you actually heard in the other SID bills, it's probably somewhat repetitive. But we-- as, as an SID sits, it is merely an infrastructure board. It is-- it has no police power and with no police power, I'm not sure how you would even enforce these fireworks regulations. And speaking of being able to regulate, I am-- know of no authority that an SID has to take care of abandoned vehicles on the road or pet licenses and other stuff that was said in the introduction. I'm unaware of that authority and I'd like-- if it's-- somewhere, I'd like to see it, but I don't know that it is. But I think the, the problem that we have here-- and let's just take Sarpy County, which I'm very familiar with. We have five cities. Five cities have each of their own regulations on fireworks. And as I've handed out, the-- Sarpy County has regulations on fireworks. Those regulations that the county have would be regulations that would also be on those SIDs that are located there. In speaking with Sheriff Davis for Sarpy County, he said he doesn't want the bill only from the standpoint of how many regulations am I going to try to deal with and the only ones I'm going to follow anyways is the one that's been approved by the county board. And so there isn't a problem with fireworks regulations within these SIDs if they would just go-- allow the county board to approve those regulations, which the county board already has done. And more importantly-- and this is a little selfish on my part because I also represent SIDs. I'm going to get calls from my SID trustees yelling at me because the kids down the street are shooting fireworks and what are we going to do about it and my answer is going to be there's nothing we can do about it. We have no police power and the sheriff is only going to follow his own

regulations. We just don't have the police power to do this and I think more importantly, this is kind of a slippery slope that once you start to allow these regulations to occur, what's the next regulations they're going to ask to get authority for and what's the next regulations they're going to ask for? And so it does start to create a bunch of little cities indirectly and that's not what the purpose of the SID bill was. The SID bill has always been to build infrastructure and solely to build infrastructure. And that's all I have. Thank you for your time.

WAYNE: Any questions from the committee? Senator Hansen.

M. HANSEN: Thank you. I want to follow up with a question about the, the sheriff not wanting to enforce this. And I know this is second hand and you're not in law enforcement, but like--

PAT SULLIVAN: Sure.

M. HANSEN: --if there's a policy created and authorized by statute, why wouldn't it be enforced?

PAT SULLIVAN: I think the simple answer to that, one is, is they get a lot of calls during this period anyway. Secondly is if you take Sarpy County, for instance, there's probably at least 100 active residential SIDs. And just to exaggerate the point, let's assume all 100 of those have different fireworks rules and the fire-- and the, and the, and the sheriff gets a call at 11 o'clock at night.

M. HANSEN: Sure.

PAT SULLIVAN: And he's supposed to figure out what's going on. Well, he's not really in Summit Ridge. He just went over to Bay Hills and now he's got a different-- and, and it would be a hodgepodge of regulations all the way through the county. And it-- to some extent, we already have that problem of a hodgepodge just because we have five cities with five different regulations, plus we have a county regulation. If you bring all these little entities into the picture with all their own different rules, there's no way for the sheriff to even be able to maintain any consistency or understanding of what each of those districts' rules are.

M. HANSEN: OK. I mean, I guess I understand the practical enforcement power. Just like on the 4th of July, enough people are breaking the ordinance that you can't actually go around and catch them all, ticket them all. I get that part, but like the notion that if there was an authorized-- there-- like if, if we, the Legislature, granted this

power and we delegated our police powers to-- you know, why wouldn't-- I mean, like, maybe that's a question I could pose directly to the sheriff. But I'm just concerned that the notion of law enforcement saying that they wouldn't enforce something that would be told by the Legislature to do and we can follow up that in a different context.

PAT SULLIVAN: I think the difficulty is it's very similar to in the city, unless you've contracted with the county, the county does not enforce city laws and city regulate-- the police department for that city does. And so the county does not issue tickets on ordinances that the city introduces. This would be very similar to that same thing. An SID is producing an ordinance, but they have no police power to enforce it.

M. HANSEN: Gotcha. So the issue is we basically have mini cities that don't have much power or authority?

PAT SULLIVAN: Right. It would be a regulation without any horsepower behind it. And I-- and again, what I said before is you're starting to create little municipalities, if you will, that, at least in the metro area, all of these are at some point going to be in the city. And I would-- I'm not-- can't speak for the city, but I don't imagine that the city wants to deal with having all these regulations then be anticipated when they then annex them as well.

M. HANSEN: OK, thank you.

WAYNE: Do you have the bill in front of you or do you have a copy of it?

PAT SULLIVAN: Yes. Yeah.

WAYNE: So on page 7, line 4 through pretty much the 30.

PAT SULLIVAN: Oh, just a minute. On which page?

WAYNE: Page, page 7, sorry, lines 4 through 30. You just asked that you didn't know whether they had the powers. The powers are already listed in section (6) (a) and section (b) for those very narrow--

PAT SULLIVAN: Oh.

WAYNE: --narrow things.

PAT SULLIVAN: Just a minute. I don't know where my bill went.

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WAYNE: I got-- there's one coming to you. You just asked if-- you just said you didn't know. It's not a question. It's just for your information; page 7, line 30 going down-- 4 through 30. You-- read it any time you want. Not a question--

PAT SULLIVAN: Yeah.

WAYNE: --I was just showing you where they got them from. Senator Blood.

BLOOD: Thank you, Chairman Wayne. How are you today, Pat?

PAT SULLIVAN: I'm doing good.

BLOOD: I haven't seen you for a while. So we're actually blessed right now because you have a lot of knowledge about SIDs and municipal policy because you've been involved with that how many decades?

PAT SULLIVAN: 28 years.

BLOOD: OK. So I want to take advantage of that right now because you're always my go-to person when I have a question about SIDs. So I have concerns about this bill and you addressed part of the concern. Of course, we're worried about Sarpy County because we know that our county is very different than other counties. Would you say that it's accurate to say that one of the reasons that county is different is because, unlike other counties, our municipalities actually abut each other?

PAT SULLIVAN: Yes, it's lot-- butting heads and--

BLOOD: I didn't say that--

PAT SULLIVAN: --boundaries.

BLOOD: --but we, we know that's true. And you also brought up how law enforcement is already overwhelmed in our area because our population is, is so steady when it comes to Fourth of July.

PAT SULLIVAN: Um-hum.

BLOOD: And so for clarification, because we have so many SIDs in Sarpy County, if one SID had one rule and another SID had another rule, another SID had another rule, that would be counterproductive to what we've tried to do in Sarpy County. For instance-- the first example that comes to mind is the humane society, right? All the county--

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everybody got together and decided to put together the same rules so when the humane society would come to La Vista or Papillion or Bellevue, we all had the same policy so they wouldn't have to try and figure out what was what, right?

PAT SULLIVAN: Um-hum.

BLOOD: And they consistently continue to do that to make it easier for law enforcement. So would you say that, in that vein, it's the same principle, is that we're just trying-- our law enforcement is stretched so thin in Sarpy County and it's so hard to get people hired right now that it creates really an issue that pertains to public safety. Do you think that's fair?

PAT SULLIVAN: That's accurate.

BLOOD: OK.

PAT SULLIVAN: Yeah.

BLOOD: Sorry, it was a long question. I had to lead to it.

PAT SULLIVAN: That's all right.

BLOOD: You know me. I always do that, so. Thank you.

PAT SULLIVAN: And by the way, that's the first time I've ever heard somebody say that we are blessed because I was in the room. I'm going to take that to--

BLOOD: You are-- Pat Sullivan, you are Sarpy County.

PAT SULLIVAN: Senator Wayne, on this paragraph, was there a question on that or--

WAYNE: No, no, you didn't-- you, you mentioned that-- where some of those powers-- that you didn't know where some of those powers they currently might have had came from.

PAT SULLIVAN: Oh, oh, gotcha.

WAYNE: That's all. I was just--

PAT SULLIVAN: Oh--

WAYNE: --giving you a--

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PAT SULLIVAN: Perfect OK. Yep, thank you.

WAYNE: No problem. Any other questions from the committee? Seeing none, thank you for being here today.

PAT SULLIVAN: Thank you.

WAYNE: Any other opponents? Opponents? Anybody testifying in neutral capacity? I never know what's going on when NACO is testifying. Welcome to your Urban Affairs Committee

JON CANNON: Chairman Wayne and members of the Urban Affairs Committee, thank you for having me. My name is Jon Cannon, J-o-n C-a-n-n-o-n. I'm the executive director of the Nebraska Association of County Officials, otherwise known as NACO, here to testify in a neutral position on LB1108. And Senator Wayne, I'm with you. I was kind of-- I was trying to figure out why we were here because I've always, I've always kind of viewed neutral testimony as we, we care so much about this bill. We're going to tell you that we don't really care about it and that's obviously not, not entirely the case. You know, thanks to Senator Day for bringing this, this bill up. These are always great conversations to have. This is something that assigns a focused responsibility to a focused party or entity. It's not something that counties typically do. I would note that we have specific regulatory authority over fireworks for cities and NRDs. It's not something you see really that applies to counties. However, my understanding is that counties can regulate it through zoning ordinances and that, that is perhaps where counties are able to backdoor their way into this, this whole thing. Generally speaking, when I, when I pull all of our members of NACO-- and that's all 93 counties-- generally speaking, that's not something that counties have involved themselves in. I guess I, I would imagine Sarpy County does. Our fire departments can take care of these sorts of things, but generally speaking, we've got enough responsibilities that if the-- if, if an SID, sanitary improvement district, wants to handle it, they're certainly welcome to do so. It seems like a reasonable assignment of responsibility. The reason that we are here is because it has to be authorized by the, by the county board. And if we are the ones that have to authorize it, we're happy to work with SIDs or whomever else there is that would like to regulate this sort of thing. And with that, I'd be happy to take any questions you might have.

WAYNE: Any questions from the committee? Senator Hansen.

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M. HANSEN: Thank you, Chairman Wayne, and thank you for being here. I'm just still on this point about-- I guess I hadn't really gone down this thought path until it got brought up in the first testifier. So in SIDs, functionally, the law enforcement provisions and a lot of the oversight have to be done by county because they're outside the cities. Have you heard anything from any counties about the additional cost or burdens or difficulties in kind of having metropolitan areas be functionally only controlled by the counties, essentially?

JON CANNON: I have not, Senator. That's not something that's been put on our radar.

M. HANSEN: OK, that was all. Thank you.

JON CANNON: Yes, sir. Thank you.

WAYNE: Thank you. Any other questions from the committee? Seeing none, thank you for being here.

JON CANNON: Thank you, sir. Thank you.

WAYNE: Anybody else testifying in neutral capacity? Seeing nobody, there are one letter of opposition from Vincent Bellino, Bellino Enterprises, and that concludes the hearing on LB1108 and that concludes today's hearings.