

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Natural Resources Committee February 1, 2023  
Rough Draft

**BOSTELMAN:** All right, good morning, everyone. Welcome to the Natural Resources Committee. And I'll say that again, we've moved rooms, hearing rooms, so this is the Natural Resources Committee. So if you're here for a, for a different hearing, you need to probably go to the other end of the hallway. So this is the Natural Resources Committee hearing room for today. I am Senator Bruce Bostelman from Brainard, representing the 23rd Legislative District, and I serve as Chair of the committee. The committee will take up the bills and in the order posted. This public hearing today is your opportunity to be part of the legislative process and to express your position on the proposed legislation before us. If you're planning to testify today, please fill out one of the green testifiers sheets that are on the table at the back of the room. Be sure to print clearly and fill it out completely. When it is your turn to come forward to testify, give, give the testifier sheet to the page or to the committee clerk. If you do not wish to testify, but would like to include your position on a bill, there are also white sign-in sheets back on the table. These sheets will be included as an exhibit in the official hearing record. When you come to-- when you come up to testify, please speak clearly and loudly into the microphones. Tell us your name and spell your first and last name to ensure we get an accurate record. We will begin each bill hearing today with introducer's opening statement, followed by proponents of the bill, then opponents. And finally, by anyone speaking in the neutral capacity. We will finish with a closing statement by the introducer, if they wish to give one. We will be using a five minute light system for all testifiers. When you begin your testimony, the light on the table will be green. When the yellow light comes on, you have one minute remaining, and the red light indicates you need to wrap up your final thought and stop. Questions from the committee you may follow. Also, committee members may come and go during the hearing. This has nothing to do with the importance of the bills being heard. It is just part of the process as senators may have bills introduced in other committees. A few final items to facilitate today's hearing. If you have handouts or copies of your testimony, please bring up at least ten copies and give them to the page. Please silence or turn off your cellphones. Verbal outbursts or applause are not permitted in the hearing room. Such behavior may, may be cause for you to be asked to leave the hearing. Finally, committee procedures for all committees states that written possession letters to be included in the record must be submitted by noon, the last business day before the scheduled hearing on that particular bill. The only acceptable method of submission is via the legislator--

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Legislature's website at nebraskalegislature.gov. You may have-- you may submit a written letter for the record or testify in person at the hearing. Not both. Written possession letters will be included in the official hearing record, but only those testifying in person before the committee will be included on the committee statement. I will now have the committee members with us today introduce themselves, starting on my left.

**SLAMA:** We'll mix it up today. Senator Julie Slama, District 1: Otoe, Johnson, Nemaha, Pawnee and Richardson Counties.

**HUGHES:** Jana Hughes, District 24: Seward, York, Polk and a little bit of Butler County.

**BOSTELMAN:** On the far right.

**BRANDT:** Senator Tom Brandt, District 32: Fillmore, Thayer, Jefferson, Saline and southwestern Lancaster Counties.

**FREDRICKSON:** Good morning. Senator John Fredrickson: central west Omaha and Douglas County, District 20.

**JACOBSON:** Mike Jacobson, District 42. It's Lincoln, Logan, Hooker, Thomas, McPherson and three-quarters of Perkins County.

**J. CAVANAUGH:** John Cavanaugh, District 9: midtown Omaha.

**MOSER:** Mike Moser, District 22. It's Platte County and parts of Stanton County.

**BOSTELMAN:** Senator Moser also serves as Vice Chair of the committee. Also assisting the committee today is to my left, legal counsel Cyndy Lamm. And to my far left is committee clerk Laurie Vollertsen. Our pages for the committee today are John Vannes and Chrissy Gul-- Gulseth. So thank you both for joining us today and helping out. With that, I would invite Senator Armendariz to come up to open on LB599.

**ARMENDARIZ:** Thanks, Chairman Musselman and members of the Natural Resources Committee. For the record, my name is Christy Armendariz, C-h-r-i-s-t-y A-r-m-e-n-d-a-r-i-z, I represent District 18 in northwest Omaha and Bennington. I'm here to introduce LB599, a bill that introduces the advanced recycling process to Nebraska. The bill defines a regulatory framework for advanced recycling, including the facilities, process and materials. I think that we can all agree that it is our collective intent to positively impact climate change and

improve Nebraska's environment and the economy. Increasing the amount of plastic that can be recycled is one approach to enable a circular economy, strengthen our state's supply chains and reinforce its manufacturing capacity. Innovative technologies such as advanced recycling can take many of the plastics, which cannot be recycled via traditional methods and convert them into new high-value plastics, chemicals and other products. These new technologies offer the opportunity to reduce greenhouse gas emissions by up to 70 percent over new forms of crude oil extraction. Advanced recycling resembles the traditional manufacturing process by taking a feedstock and producing a new product. Rather than a form of disposal, this process should in turn qualify as use-- utilizing raw materials for a manufacturing process under existing state and local regulations. LB599 seeks to regulate advanced recycling as a manufacturing process while protecting human health and the environment. Much like the traditional manufacturing process, advanced recycling facilities will be subject to the federal Clean Air Act and Clean Water Act and NDEE authority. They also need to obtain operating permits and continue to monitor and report various air emissions and wastewater discharge as they operate. The bill states that advanced recycling facilities are subject to applicable NDEE manufacturing regulations for air, water, waste and land use. Studies have shown that the United States can support more than 150 advanced recycling facilities nationwide. That would result in 48,500 jobs, \$3.3 billion in annual payouts-- payroll, and \$12.9 billion in annual economic output. Our office has been working with director Jim Macy from the Nebraska Department of Environment and Energy on AM214 to ensure that the recovered feedstocks and post-use polymers will be stored in enclosed facility and that the owner or operator of an advanced recycling facility shall be responsible for the proper disposal of all post-use polymers or recovered feedstocks on the facility premises within 60 days of cessation of operation. Meaning, if they should close operation, they need to remove anything left behind within 60 days. That's in one of the amendments. We have also worked with waste management on AM213 to further define that the materials used in these facilities are presorted, cleaned and purchased. Twenty-one other states have passed similar legislation, including our neighbors, Iowa and Missouri. I encourage the committee to advance LB599 and make Nebraska a potential site for these advanced recycling facilities. This is an opportunity to encourage technic-- technological innovation, create new manufacturing jobs and promote a cleaner environment. Thank you and I would be happy to answer any questions, and I will have an industry expert testifying right after me to answer questions. I can just add

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that in my day, night, weekend job alongside this, we were faced with exponentially high recycling costs as China started limiting or refusing taking recyclables in the last several years, especially since the pandemic. So this is a great opportunity for Nebraska to figure out how do we recycle those plastics that we can no longer ship over to China and create jobs at the same time?

**BOSTELMAN:** Great.

**ARMENDARIZ:** Any questions?

**BOSTELMAN:** Thank-- thank you, Senator Armendariz. Are there questions? Senator Hughes.

**HUGHES:** So we're going to call this manufacturing, which it sounds like it is, would-- since it is advanced recycling, would they be eligible for grants from like the, like the, the-- we have a grant program. I'm sorry, I can't think of what it's called, the recycling-- I just lost the name of it, like the scrap tire money. We have grants that you can use for recycling. Would that qualify for that? And maybe you don't--

**ARMENDARIZ:** I don't know that, but the, the person that's going to talk after me--

**HUGHES:** I'll hold that question. [INAUDIBLE]

**ARMENDARIZ:** --probably does know. Because I bet you they have looked into all the grants that they have available to them.

**HUGHES:** OK. Thank you.

**BOSTELMAN:** Other questions from committee members? Senator Moser.

**MOSER:** Why is the bill necessary? Why wouldn't they just remelt or liquefy these plastics or whatever they're going to do? Why do they need to change the law?

**ARMENDARIZ:** So to change from a solid waste facility like our garbage, like waste management is, they want to be a manufacturing facility, which, which very closely--

**MOSER:** Waste management wants to do this?

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**ARMENDARIZ:** No, no, this advanced recycling wants to be a manufacturer, not a solid waste facility.

**MOSER:** What's the advantage in, I mean--

**ARMENDARIZ:** A cleaner, faster process to get up and running, get the jobs going. So the certification process is just easier through the manufacturing process itself so.

**MOSER:** Being a recycler is more of a burden than being a manufacturer, as far as regulation?

**ARMENDARIZ:** To my understanding, yeah, it is more difficult to be certified at that. But certainly the person speaking behind me will talk more on that. But that is my understanding, that it's a-- this process replicates a manufacturing. They are taking a raw material not unlike steel or cotton or-- and processing it, and then at the output is something different that we use.

**MOSER:** Are there certain types of plastic that this applies to?

**ARMENDARIZ:** Yeah, it's the, it's the ones that we can't normally recycle in our recycle bin.

**MOSER:** And there's like five or six different kinds of plastic.

**ARMENDARIZ:** Yeah, and I think it's like the numbers 4 through 7, if I'm recalling right, that we can't put in our recycle bin. So they--

**MOSER:** And so--

**ARMENDARIZ:** --one example of to me was the, the ties around the hay bales that farmers use that they can't be recycled. I just bought a house and there are straps that packaged the doors, those hard plastics. Certainly the trash cans that you put on the curb that the trash trucks pick up are those types of plastics.

**MOSER:** Thank you.

**BOSTELMAN:** Senator Fredrickson.

**FREDRICKSON:** Thank you, Chair Bostelman. Does the infrastructure for this already exist? Like, are these facilities already in existence or would these be required to be built and/or renovated to allow for this?

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**ARMENDARIZ:** These would be new and they would be all enclosed.

**FREDRICKSON:** [INAUDIBLE].

**ARMENDARIZ:** And I've asked about the noise, anything in the air or smells. And it does not appear that that is the case. There is no noise or smells.

**FREDRICKSON:** OK. And do we have a sense of where these might be located throughout the state?

**ARMENDARIZ:** I don't know yet. I know they have been talking to different communities about it.

**FREDRICKSON:** Thank you.

**BOSTELMAN:** Senator Brandt.

**BRANDT:** Thank you, Chairman Bostelman. Thank you, Senator Armendariz, for bringing this. To follow up on what Senator Fredrickson said, so we could locate these inside the city of Omaha?

**ARMENDARIZ:** I don't know if there's regulation inside the city that would limit it. We haven't gone that far yet.

**BRANDT:** I'll wait for another testifier then.

**ARMENDARIZ:** OK

**BRANDT:** Thank you.

**BOSTELMAN:** Seeing no other questions, will you stay for closing?

**ARMENDARIZ:** Sure.

**BOSTELMAN:** OK, thank you. I'd like to ask anyone who would like to testify as a proponent for LB599, please step forward. Good morning.

**PRAPTI MUHURI:** Good morning, Chair, Chairman Bostelman and members of the committee. For the record, my name is Prapti Muhuri, spelled P-r-a-p-t-i M-u-h-u-r-i, and I'm here today on behalf of the American Chemistry Council, also known as ACC. The ACC is a national trade association representing almost 200 global companies representing the chemical industry, including the leading manufacturers of plastic resins. Today I'm here to support LB599, which appropriately regulates advanced recycling as manufacturing. Increasing sustainability and

reducing plastic waste are extremely important for our industry. This includes enabling innovation to drive recycling rates upward. To date, Nebraska and much of the United States have been able to mechanically recycle things like soda and water bottles, milk jugs, detergent bottles and some tubs and lids. The latest EPA statistics show a 9 percent recycling rate for all plastics and a 13.8 percent recycling rate for plastics packaging. So that leaves a whole host of plastics that have either been sent to landfill or combusted for incineration. So we clearly have a challenging job by mechanically recycling complexly engineered packaging such as food pouches, plastic wrappings, foam products, tubs, etcetera. Additionally, economics, market demand and the recent restrictions from China have had a major impact. This is where innovation comes in, and viable plastics that can be turned into new products instead of being incinerated or sent to landfills can play a huge role. Advanced recycling, also commonly referred to as chemical recycling by the industry, is a process in which facility operators will essentially purchase already-sorted plastics after they've been used and convert them into raw materials for new chemicals and plastics. These are truly circular and environmentally friendly solutions that do not combust or burn the plastic material. There are many examples of how these technologies have already been implemented throughout the United States. I'll just name a few. One has announced that they're switching from their paper-lined drink cups to an all plastic cup made with 20 percent recycled plastics thanks to advanced recycling. Additionally, Herbal Essences, one of the highest profile brands of Procter and Gamble, has announced a partnership with Eastman Chemical to produce five shampoo and conditioner bottles made from 50 percent certified recycled plastic. And companies such as Warby Parker, Under Armor and others are bringing recycled materials to the eyewear industry via advanced recycling technologies. Now let's talk a little bit about the economic development and how it's promising for the state of Nebraska. If Nebraska became a hub for advanced recycling technologies and converted just 50 percent of the current landfill plastic feedstock in the state, it could generate nearly \$75 billion in economic output each year and up to 300 manufacturing jobs. Lastly, as manufacturing facilities, these technologies are also subject to federal, state and local environmental regulations, including the Clean Air Act and Clean Water Act. And 21 other states, including neighboring states of Iowa and Missouri, as mentioned, have enacted laws to ensure that these technologies are regulated as manufacturing. Lastly, it is very critical that advanced recycling companies looking to invest in the state that their technology will be properly and appropriately

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regulated as manufacturing, and that the products that they produce count as recycling and towards future recycling content targets. LB599 accomplishes these objectives and paves the way for Nebraska to be a national leader in reducing plastic waste. Thus, I ask for your support of LB599 to help bring added investments and [INAUDIBLE] to the state of Nebraska while increasing recycling, conserving resources and reducing plastic waste. With that, Mr. Chairman, I thank you for your time today and happy to answer any questions.

**BOSTELMAN:** Thank you for your testimony. Other questions from committee members? Senator Jacobson.

**JACOBSON:** Yes, thank you, Chairman Bostelman. I kind of looked through the bill. I'm trying to figure out why somebody is going to be against it. And I hate to have you make the case for any opponents, but-- and I know Senator Armendariz well enough to know that she wouldn't have brought the bill if this wasn't a pretty good deal. But tell me why we would be against this.

**PRAPTI MUHURI:** I think there are some misconceptions and understanding of the environmental benefits of advanced recycling. You know, if we look at plastics, it's a very ubiquitous material. After it's reached its end of life, there are several options on how to manage its end of life. So you can either recycle through traditional methods like mechanical recycling, but if that's not a good fit, then you're really options right now are to send it to landfill or incinerate it.

**JACOBSON:** But let me be clear. You're not asking for any money?

**PRAPTI MUHURI:** Correct.

**JACOBSON:** Thank you. Thank you. Thank you very much. And, and really, you're really looking for the ability to offer this as a manufacturing product. And at this stage of the game, anyhow, no one's being required to sort this and send it. They're actually going to purchase this from the individuals who have it. So I'm searching for the downside. I can't find it. So maybe there'll be some opponents. But thank you for your testimony. I appreciate it.

**PRAPTI MUHURI:** Thank you, Senator.

**BOSTELMAN:** Senator Moser.

**MOSER:** So why is this bill necessary? I mean, what can't you do in recycling plastic that current regulations don't allow?

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**PRAPTI MUHURI:** Thanks, Senator, for the question. The main difference between advanced recycling operators and solid waste disposal facilities is that they're not taking in garbage. They're already taking clean and presorted plastics. Additionally, they're purchasing material--

**MOSER:** Back up a second.

**PRAPTI MUHURI:** Sure.

**MOSER:** Who's taking clean and, and recyclable plastics?

**PRAPTI MUHURI:** The actual technology companies that are taking-- that are processing these plastics and turning them into [INAUDIBLE].

**MOSER:** The new companies that are going to--

**PRAPTI MUHURI:** That's correct.

**MOSER:** --reliquefy this plastic or whatever and remold it as something else or something. But why, why can't they just go by plastic and do whatever they're going to do to it, make it into a new product? What's the reason for another law? What's the law do to help you?

**PRAPTI MUHURI:** That's a great question. There isn't enough regulatory certainty in current solid waste statute.

**MOSER:** Or you're afraid once they get started, that we'll come along and say, hey, you can't do this.

**PRAPTI MUHURI:** No, not at all. It really, it really kind of delays the [INAUDIBLE] time for, for a new technology or a company to site a facility, get their permitting if there's that kind of ambiguity in current, current statute. So as a manufacturer, it's very clear that they're taking in a product that they're purchasing, already cleaned, presorted material and turning that into a raw material. They wouldn't be regulated as a solid waste manufacturer, as a solid waste disposal facility because they're not taking in garbage. So that's kind of a clear delineation there. I'll just give an example of a state where this regulation had not been enacted yet and a company came in and it was just months and months of time to kind of show that they're be eligible for the same permitting as any other manufacturing facility. And that kind of delayed the process of obtaining their permits and getting started. So having that regulatory, regulatory certainty in

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the state really just starts the process a bit sooner and brings the investment to the, to the state.

**MOSER:** Thank you.

**BOSTELMAN:** Senator Cavanaugh.

**J. CAVANAUGH:** Thank you, Chairman Bostelman. Thank you for being here. It's an interesting conversation. So how is, I guess we'll say aluminum cans is what I think of when I think of recycling. So you're saying this should be distinguished from converting aluminum cans into raw aluminum because why?

**PRAPTI MUHURI:** So I'll, I'll just give the example with plastics, because this is a different material that we're talking about right? So plastics that are normally mechanically recycled are kind of like your soda bottles, water bottles, etcetera, right? That leaves a whole host of plastics that just don't have end markets by being mechanically recycled. So essentially what these companies are doing are taking those used plastics cooling, condensing them, melting those plastics at high temperatures, cooling, condensing them. What comes out essentially is a liquid feedstock. That liquid feedstock is basically sold as a commodity to petrochemical offtake partners. They then take that as a replacement for virgin fossil feedstock. So it's truly a circular process. Senator Armendariz mentioned, kind of the, the wrappings for a lot of the, you know, items in her homebuilding process, that technically can be recycled. But if you were to put that in your blue bin and that would go to a material recovery facility, it wouldn't get turned into another product. It would probably go to landfill because our end markets right now are really supportive of what we call our number 1 and 2 plastics. That leaves a whole host of other plastics: 3s, 4s, 5s, 6s and 7s that have no home. So we're really creating a market opportunity for those other harder-to-recycle plastics.

**J. CAVANAUGH:** But I'm trying to understand your-- the distinction between this plastic and other recycling, because it sounds to me like you're taking a waste product, even though you, you're buying it from somebody, and you are sending it through a process and then coming out with a-- still a raw material, it's not a finished product. You're not a-- I assume you're not going to make these Warby Parker glasses there, right? You're going to make plastic that you sell to Warby Parker as a manufacturer, right? So you're an intermediary. How is

that different than whoever in Omaha, I guess is taking aluminum and turning it into raw aluminum material and selling it to somebody else?

**PRAPTI MUHURI:** So I would say as long as it's considered, as long as you're taking the plastic feedstock and turning into a raw material, that should be designated as a, as a manufacturing process. There is no incineration or combustion of the material, which is why it should be clearly distinct from a solid waste disposal process. I hope that answers your question, Senator, but happy to clarify.

**J. CAVANAUGH:** I don't think it does. Yeah. So are you saying that when I put out my-- I-- are you from Omaha? I guess you're probably not from Omaha. We, have, we, we had these small green bins for a long time, now we've got a big recycling bin. They put a whole bunch of stuff in there except for, well, plastics, we have that orange bag.

**PRAPTI MUHURI:** Right.

**J. CAVANAUGH:** Which is going to incineration is my understanding, right?

**PRAPTI MUHURI:** It's going to [INAUDIBLE] pyrolysis, which is a form of advanced recycling. So it's going to several different end markets.

**J. CAVANAUGH:** And you want to be distinguished from that and you want to be distinguished from the cardboard recycler, the aluminum recycler. And I'm trying to understand why we should treat this differently, because everything, I mean, all the things you're saying just sound to me like this is just a different version of recycling.

**PRAPTI MUHURI:** It's definitely a complementary version of recycling. I can't comment on all of the end markets for materials like aluminum and other formats and what they're-- what they get turned into. For plastic specifically, if they're not being sent to an incinerator and if they're not being landfilled, but they're being turned into a raw material valuable product, that should be considered a manufacturing process. Because going back into kind of closing the loop, if you will, and that's going into as a drop-in feed for producing virgin plastics.

**J. CAVANAUGH:** I mean, this almost seems like it's just a semantical argument about what recycling is. So a different question is this bill seems to exempt these facilities from local regulation. Is that right?

**PRAPTI MUHURI:** Local, local solid waste regulation.

**J. CAVANAUGH:** OK. So does it put them under a separate section then of local manufacturing regulation?

**PRAPTI MUHURI:** Correct. So they would be exempt from any solid waste permitting regulation. They would still be subject to all of the air, water usage and land use permitting, like any other manufacturing facility would be subject to.

**J. CAVANAUGH:** So what is the specific part of recycling regulation, local regulation that you want to get out from under and into the manufacturing regulation?

**PRAPTI MUHURI:** The, the mere point of not taking in any solid waste or garbage. Since they're not taking any type of mixed material, it's just plastics, that's why they shouldn't be subject to any of the existing solid waste regulation.

**J. CAVANAUGH:** And I'm hearing you there. That's kind of the same conversation we're having. But I want to know, what is it, the regulation that is the problem? So you're making argument for why we should take care of the regulation, but what is the thing you want to get away from?

**PRAPTI MUHURI:** It's not to skirt or exempt from an existing regulation, it's just that these processes are not what solid waste facilities are doing. It's just a different process, right? When you have material coming into a material recovery facility, it's not just plastics. To your point, Senator, you get cardboard, aluminum. You get, you know, municipal solid waste. That's why they're subject to the regulation that's currently in existing statute. These advanced recycling companies are only taking in plastics and then turning them into a feedstock to make new plastics and chemicals. Therefore, the process in which they're doing it, the feedstock that they're taking in, is very different from any type of solid waste disposal facility. Therefore, the same permitting and regulation shouldn't apply.

**J. CAVANAUGH:** OK.

**BOSTELMAN:** So the material that you receive may or may not come from a-- the current waste facility. Are you also taking that-- would you also take that material in, say overages that may come from a from over-- from someplace if they can't sell whatever the widget is that those products would be coming in too for? I mean, I think one thing we're-- that we're talking about here is something going to the

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landfill as far as that process, you know, the, the refuse person comes by, takes it, takes your, your, your garbage, takes it to a facility. It can sort it out. Now you're taking that, that might be part of it. But what your-- I think what I'm hearing also, potentially there's other plastics out there that don't go through that process that you would be able to receive and, and put through the process of recycling. Is that--

**PRAPTI MUHURI:** Yeah, absolutely, Senator. It's a good point. So the, the incoming feed can come from, of course, you know, material recovery facilities or mechanical recyclers. It can also come from industrial commercial sources. If you think about the back of a grocery store has lots of plastic packaging wrapping around their pallets, that is recyclable material and a great feedstock for these type of technologies. So the advanced recycling companies will purchase that material as well to use it as a feedstock.

**BOSTELMAN:** Yeah. Senator Fredrickson.

**FREDRICKSON:** Thank you. Thank you for being here and for so diligently answering all the, all the questions we have. So I kind of wanted to follow up a little bit on Senator Cavanaugh's questions. From, from what I'm understanding, and I just wanna make sure I'm hearing this correctly. The-- this bill would enable us in the state to recycle plastics that we currently aren't recycling. Is that-- am I hearing that correctly?

**PRAPTI MUHURI:** That's correct.

**FREDRICKSON:** So, so is that kind of the real motive of this bill? It would be to sort of say, look, we have all these plastics that are currently going to landfill. This is a way to actually enable us as a state to, to recycle these as opposed to landfilling. Is that-- I know it seems a little bit simplistic, but is that sort of what the bottom line is here or--

**PRAPTI MUHURI:** Absolutely, Senator. And I appreciate the, the sentiments in the most simplistic terms. You know, there have been over \$7 billion in announced investments just to expand or build advanced recycling capacity. A lot of these companies are looking for new facilities, facilities to site. If they have that regulatory certainty that their process would be regulated as manufacturing, it's easier for them to consider that state or that location. And just like 21 other states have done that, have done that, we're looking for

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Nebraska to support the same. Additionally, you know, all the plastics that aren't mechanically recycled, you know, before 2017, before China stopped taking your plastics, that was going overseas. But now that that's, that's come to an end, we're really faced with the challenge of how do we recycle all of this other hard-to-recycle plastics. So this type of technology really provides great promise. But again, when you're coming into a state where the, the regulatory certainty is not there, it makes the process to get started a lot more difficult.

**FREDRICKSON:** Sure. I think I, you know, in general, I love this idea. I think my biggest concern would be sort of my question to Senator, to Senator Armendariz was just kind of location. And I'm sitting next to my farmer friend who very effectively asked if this could be in the middle of Omaha. I'm an Omaha senator, so I'm curious about that as well. And so, you know, I think location would be the one thing and sort of, you know, footprint on that so, yeah, but thank you.

**PRAPTI MUHURI:** Absolutely.

**BOSTELMAN:** Senator Jacobson.

**JACOBSON:** Thank you. I guess you mentioned regulatory certainty and, and I guess I'm kind of circling around to the, the question the three of us have had here in terms of so what regulation are we concerned about that requires this bill to be passed? Because it looks like this is very benign, that this is something that makes all kinds of sense. And so then you have to ask the question, why do we need it and what are we trying to skirt or what are we trying to avoid? So can you specifically tell us what, what would be-- what, what do you envision happening without this bill that's going to keep this from happening in Nebraska?

**PRAPTI MUHURI:** I'll try to answer that again, Senator.

**JACOBSON:** Perfect.

**PRAPTI MUHURI:** So all of the current existing permits required for a solid waste permitting process that works for, you know, material, materials recovery facility. However, for an advanced recycling technology, they shouldn't be subject to all of those, because they're essentially taking--

**JACOBSON:** Give us an example of what, what they would not be subject to.

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**PRAPTI MUHURI:** All of the land, you know, stormwater, all the permits required by a solid waste disposal facility. So just like any--

**JACOBSON:** OK, OK.

**PRAPTI MUHURI:** Let me compare it to a standard manufacturing process, right? If you have a potato chip factory, for example, they're still subject to all the appropriate regulations. An advanced recycling process, similarly, is manufacturing a product. Therefore, they should be regulated as other manufacturing facilities. Let's take, for example, emissions limits. You'll have someone from the state agency authority coming and doing emission stat testing for the products coming out. So the emissions limits and thresholds should be comparable to what other manufacturers are doing, not to what a solid waste disposal facility is doing, because they're essentially, in some cases, burning material, right? So we're not trying to skirt or avoid existing regulation, just regulate them appropriately.

**JACOBSON:** That, that answers my question. Thank you.

**PRAPTI MUHURI:** I'm glad you got there, Senator.

**JACOBSON:** That's what I was kind of searching for. Thank you.

**PRAPTI MUHURI:** Sure.

**BOSTELMAN:** Senator Moser.

**MOSER:** Well, I don't think that there would be-- I think the object of-- the idea of recycling plastics and using them over is a great thing. But what the questions kind of keep circling around here is what regulation would be a hindrance to reusing these plastics in the manner that you're suggesting? Give me an example of one regulation or even two, whatever, that would be a hindrance. Why are we, why are we exempting you from those rules? You know, what, what's going to be the problem?

**PRAPTI MUHURI:** Yeah, so I don't think it's about regulation being a hindrance. I'll give an example of a state where this type of legislation, legislation had not yet been passed and a company came in looking to obtain the necessary permits. So what they found after all of the data that they provided and the products that they're producing that they would be exempted from, like, solid waste permits. So it's really up to the state authorities to make that determination. We want to avoid the process of that arduous, you know, however many months it

takes to figure out, OK, should an advanced recycler be regulated as X, as Y, as Z and just give the regulatory certainty to say, if you come into the state of Nebraska and they, and they recognize that advanced recycling should be manufacturing, we can give you the necessary permits to get up and going. And I think that really speaks to the 21 other states that have passed similar legislation and the nearly \$7 billion in announced investments just for these type of technologies alone.

**MOSER:** What do they-- how do they reuse the plastic? Do they use a solvent to melt it or do they heat it or what, what's the process?

**PRAPTI MUHURI:** Yeah, so it varies. Advanced recycling can be-- it's really an umbrella term. It could be a number of different technologies. You could use pyrolysis, which basically uses heat to melt the plastics. Cool and condense them, you get liquid hydrocarbons and then those vapors are cooled and you get a liquid feedstock. You can use technology such as depolymerization, that's really taking the plastics, converting them into their building blocks. So at the monomer level. Those monomers are then used to make virgin-like chemicals and plastic feedstocks. I gave the example of, you know, eyewear lenses. That has been very successful and done at a commercial, commercial scale because of a depolymerization technique which falls under the advanced recycling umbrella that's in this legislation. So it's a number of different types of technologies. You mentioned solvent, Senator. There are solvent-based processes where you can use a catalyst or a solvent base, whether it's glycol, alcohol, methanol, to further conden-- transform the plastics back into their original building blocks.

**MOSER:** And the raw materials you make could be like pelletized plastic, or it could be a liquid?

**PRAPTI MUHURI:** Yeah, in most instances it's basically a liquid feedstock, very similar to crude naphtha, and then that gets put into a storage tank, then shipped to, let's say, the petrochemical offtake partners. They basically put that in a steam cracker, blend that with virgin fossil-based feedstock. And then what they're producing is a circular plastic resin, and that gets made into new packaging.

**MOSER:** Well, obviously there's a whole lot more to this than what most of the senators are going to know anything about. So I appreciate your patience in explaining it. Thank you.

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**BOSTELMAN:** Senator Brandt.

**BRANDT:** Thank you, Chairman Bostelman. Real quick, so in agriculture, we use a lot of 2.5 gallon plastic jugs for our chemicals. And so we, we use the chemical, we triple rinse the jug. But I, I would assume that all the 2,4-D or the glyphosate [SIC] is still embedded in the walls of some sort. Generally, our co-ops have done a admirable job of taking these drugs back and then they go to a recycler. So in the examples that you give and, and I don't know what the number is on the bottom of these jugs, I assume it's 4, 5, 6 or 7, this manufacturer is taking those raw materials in just like a waste disposal company did or does now. Is that a correct statement?

**PRAPTI MUHURI:** Correct. It's what they do after with the material.

**BRANDT:** Well, absolutely. After. But what I'm saying on the front end, this is going to look a lot like they're taking those chemical jugs or pop bottles or whatever and that waste stream is a facility like what we've got now, it's just coming out the other end. You're making a higher value product. You're adding value to the product, and I think that's admirable. But I, I would think some of the existing rules would apply to a manufacturer like this if you have a mountain of, of material out there that hasn't been processed yet.

**PRAPTI MUHURI:** So the way that I'd answer that is twofold. One, as you mentioned, the, the kind of front-end process can be very similar to how a mechanical recycler is doing it, right? You know, sorting, drying, melting the plastics. But what's happening at the, at the kind of the back end, like you said, Senator, is it's really being turned into a high-value raw material product. What might be helpful as a follow-up is kind of a side-by-side of existing Nebraska solid waste statute with manufacturing statute and kind of a, a line-by-line comparison on why the advanced recyclers should really be seen as a manufacturer.

**BRANDT:** Because I need a little clearer understanding of what we're trying to change here. So thank you.

**PRAPTI MUHURI:** Happy to do so. Thank you, Senator.

**BOSTELMAN:** Thank you for your testimony. Thank you for answering our questions. We appreciate it. I'm sure as committee, if we have additional questions we want to ask, we'll, we'll, let's do it with

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maybe the next testifier or when we would get done with the hearing, if that's OK. All right. Thank you for your testimony.

**PRAPTI MUHURI:** Thank you, Senator.

**BOSTELMAN:** Next proponent for LB599, please step forward. Anyone else like to [INAUDIBLE] as a proponent? Good morning and welcome.

**KJERSTEN HYBERGER:** Thank you for your time. My name is Kjersten Hyberger, that's K-j-e-r-s-t-e-n H-y-b-e-r-g-e-r, I'm just representing myself. Overhearing the conversation, I just wanted to try to add a little clarity. And I think if we back up to maybe our homes, and most of us have a trashcan and a recycling bin. And so we self-sort those two streams and the trash. And they're both considered solid waste. And so a solid waste hauler comes and picks up our trash and it goes to the landfill. Our recycler is also a solid waste. That's what they do. So they take in the recycling. And then, like you said, there are plastics, cans, cardboards. And at that facility, they sort through all of those materials that come in. And so they're not at the Lincoln recycling facility turning the cans into something. They're not a manufacturer. But what they do is they sort that material and there's another company that will take cardboard and turn it into something else. There's another company-- and when we say recycling, I'm going to use the term "traditional recycling", as we have all known it. So those recyclers would send aluminum to aluminum processors and the 1, 2, 3 plastics to the people that deal with those plastics. And then there's the stuff that they get and there's nowhere to send it. We used to send a lot of those hard plastics to China. And China said, we're not doing it anymore. That force Americans to start innovating and saying, oh, well, I'll take that and turn it into a value-added product. And so where all of the recycling raw materials go, they go to manufacturers. So it's not that advanced recycling is trying to skirt our regulations. It's that if a company came to Nebraska and said, we want to do this advanced recycling, we only have regulations for solid waste. So they would maybe try to fill out those permits and then the people at the solid waste would be like, you're not doing what we do. So what this does is it creates a framework of, of regulations for a manufacturer that deals with those 4 or 5, 6 and 7s to come in and start taking those products and doing that recycling here in the state. Whereas right now, if we don't have anywhere to send them, they go into our landfill. And so it's just an innovation of a new industry that hasn't existed before. So therefore, we have not yet put up the regulatory framework to allow it to come to Nebraska. Those companies are going to go to the 21 states that

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already have the framework and are saying, come here, we'll take your tax money and we'll work with you. That's all.

**BOSTELMAN:** Thank you for your testimony. Are there questions from committee members?

**HUGHES:** So the solid waste company is the recycling company that comes and takes it from our bin. And then I'm going to go to John-- to Senator Cavanaugh's question. They take the aluminum cans and send it to like a smelter or whatever, and is that considered a manufacturer then?

**KJERSTEN HYBERGER:** I believe so. In my understanding of the process, yes.

**HUGHES:** So, yeah. And that, and what we're talking about here is one of those entities.

**KJERSTEN HYBERGER:** Exactly.

**HUGHES:** And that's why they shouldn't be called-- but, but the--

**KJERSTEN HYBERGER:** So they're not--

**HUGHES:** --confusion is it's never been in the United States before--

**KJERSTEN HYBERGER:** Right.

**HUGHES:** --so some places are like, oh, I think it's solid waste, but it's like, but it's not really, but it's not-- and that's what we're just making it definitive that this is a manufacturing process, just like the aluminum can smelter or the milk jug guy--

**KJERSTEN HYBERGER:** Exactly.

**HUGHES:** --that makes it into [INAUDIBLE].

**KJERSTEN HYBERGER:** Advanced recyclers won't even deal with all of those things. They're not taking in waste.

**HUGHES:** They're the one product--

**KJERSTEN HYBERGER:** They, yeah.

**HUGHES:** --that-- they're the one after. It's from--

**KJERSTEN HYBERGER:** Exactly.

**HUGHES:** --your doorstep then it's solid waste and then it's all the next step.

**KJERSTEN HYBERGER:** Exactly.

**HUGHES:** OK.

**KJERSTEN HYBERGER:** It's like when we have tree limbs and things, those get sorted to different, you know, it doesn't go to the trash, it goes to then the people that deal with that.

**HUGHES:** So it's almost like a new-- it's not a new category, but it's a new type of manufacturing that we don't define yet.

**KJERSTEN HYBERGER:** Correct.

**HUGHES:** OK.

**BOSTELMAN:** Any other questions? Senator Cavanaugh.

**HUGHES:** Sorry. Then that goes to mine. So would this company be able to get grants from like a recycling fund? Or can only solid waste companies get grants from-- do you know what I'm saying.

**KJERSTEN HYBERGER:** That would be above my-- I couldn't answer that.

**HUGHES:** Yeah, that's fine. OK.

**KJERSTEN HYBERGER:** But I, I would think that because 21 states have done it, there are federal programs and things just like there are any other especially environmental.

**HUGHES:** Thanks. Sorry.

**BOSTELMAN:** Senator Cavanaugh.

**J. CAVANAUGH:** Thank you, Chairman. Thank you for being here. I would just point out there is a section of the statute that specifically adds the definition of advanced recycling facility to the Waste Reduction Recycling Incentive Fund.

**KJERSTEN HYBERGER:** Oh, OK.

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**J. CAVANAUGH:** So that's the very back of the-- so Senator Hughes asked one of my first questions. And so I guess the follow-up question to that is, this is a long statute that's got a lot of definitions and changes in it. Wouldn't it just be easier to add a definition of this advanced recycling, or whatever we wanted to call it, into the section that covers those secondary markets of aluminum, paper and other things?

**KJERSTEN HYBERGER:** I haven't read the bill and [INAUDIBLE] I-- and it's-- I haven't read the whole bill. I would think so, but then that, that is at the discretion of Nebraska. Is that how we want to handle it? Just add it to what we have and make that new category? But what if I understand the woman before me was saying, those statutes, the regulations are for solid waste facilities and they wouldn't be taking in the--

**J. CAVANAUGH:** Ones that they feel like they're currently covered by. But you're saying there is somewhere in our system has contemplated this exact scenario that we're talking about just for different materials.

**KJERSTEN HYBERGER:** Yes. Yes.

**J. CAVANAUGH:** And so this is a-- I would assume, I guess, that it's been addressed and successfully been done by those other individuals in a, maybe a different way.

**KJERSTEN HYBERGER:** I would share the assumption with you. Yeah.

**J. CAVANAUGH:** OK. It's probably something we're not going to solve today because it would take some looking, but--

**KJERSTEN HYBERGER:** Yeah, I just wanted to kind of bring it up--

**J. CAVANAUGH:** You and I can just talk about it right now, how we want to both look it up later.

**KJERSTEN HYBERGER:** Sure.

**J. CAVANAUGH:** Thanks.

**KJERSTEN HYBERGER:** Thank you for your time.

**BOSTELMAN:** Seeing no other questions, thank you for your testimony. Is there anyone else would like to testify as a proponent for LB599,

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please step forward. Any other proponents? Seeing none, anyone would like to testify in opposition to LB599, please step forward. Good morning.

**LASH CHAFFIN:** Morning. Good afternoon, Senator Bostelman, members of the Natural Resources Committee. My name is Lash, L-a-s-h, Chaffin, C-h-a-f-f-i-n. I'm going to explain a little bit how local government recycling programs work and why we're opposed to the bill as written. However, I think before I get into that and give a little history of what's happened in the last 30 years, I want to talk-- I want to answer some of the questions. Because some of the questions do directly relate to some of the League's opposition. One, nothing in Nebraska law needs to change in order for somebody to take the off-plastics. I'm all for creating markets, but nothing in Nebraska law needs to change in order for somebody to take 5, 6, 7, 2 plastics. There's actually right now in Omaha, a manufacturer is starting to do that. We just had him speak at a League conference, it's called Firstar Fiber. They're starting to take styrofoam, other plastics. They didn't need a change in the law to do this. So this doesn't authorize new-- nothing in Nebraska law prohibits those plastics being taken today. As a practical matter, no one recycles them because there isn't a market for them. And, and chemical manufacturers of advanced recycling would become a market, but that can be done under the guise of current, current rules under Nebraska law. So I think, you know, that's something-- we're not we're not saving the state from this by changing the law. The creation of the market would save, would, would create those marketing, those, those opportunities. And that's an important distinction that I think might be getting lost here at this point. That said, how do-- how does recycling work in Nebraska? And I think you're going to see behind me some boots-on-the-ground folks that actually do the recycling day to day. And, and they're not necessarily thrilled with the concepts of this bill. And I think several of you have appeared to have read it. One-- OK, here's how recycling works in Nebraska and how it's funded. OK, the backup in Nebraska and the initiation of it was property taxes, always property taxes are part of recycling programs. And that, that is, that's-- right or wrong, that's something we would like to avoid, but it's always there. Secondly, folks who pay to buy the recycled goods, now, that's the preferred funding source. That comes and it goes and it varies from day to day. You know, if someone comes, comes to the city of Holdrege, Holdrege has a very active recycling program and says, I want to buy your aluminum cans, or we'll even compete to buy your aluminum cans. They pay for it. There's some money. So sometimes, not

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always, but sometimes there's a revenue stream within the recycling program and sign the goods. Thirdly, recycling programs rely on the sheer willpower of volunteers. And, and this is, this is incredible. And it's an incredible story. And, you know, someday the committee maybe needs to hear the story of the recycling volunteers out there. I know several of you have been involved with local government and you've seen that in action. There, there's some very devoted volunteers to recycling. And then fourth, there are two state funds that provide grants. And there's, there's one-- the first fund was, was, I'm going to oversimplify. It was in 1979, it's called something like the Litter Reduction fund. And that's the one that's funded by Popeyes and a few other sources. But it was in 1979, it was the bottle bill that created that. And then secondly, in 1992, when the state said, oh, by the way, cities and counties, you have to have licensed landfills. You can't have dumps down by the river anymore. They created a second fund called the Waste Reduction and Recycling Fund, and that's the fund that's funded by \$1.25. It's a whole bunch of sources, but it's \$1.25 per ton fee when you dump at the landfill. There's a-- the tire fee is in there. There's a business, a chorus-- a business fee, there's a whole bunch of fees that go into that. And both of these funds also provide grants that help stabilize the, the recycling programs across the state. And, and to it, those funds get spent. They get, they get spent and they get spent on great projects. And, and I guess so from the League's perspective, one, we are-- we're reluctant to let anybody dilute that, those two existing funds. A new source. Yeah, I think someone if they've got a great project, they should be able to participate in it. But we don't want to-- we want to make sure they're not diluted. And because those already get spent. And as Senator Cavanaugh identified, this bill does amend the, the second fund and make them eligible for the Waste Reduction and Recycling fund moneys. And then secondly, the language on page 6 dealing with the exemption from local regulations, the, the subsection (3), I'm not quite sure what that means, but obviously if this is a recycling-- part of recycling program, it should be tied in with the other municipal rules and regulations that bring recycling programs together. Or, or if this is an attempt to exempt it from zoning and land use regulation, clearly we oppose that. So at either level, it's a little unclear how it's, how it's written, but we oppose that language and, and any, any addition to the, to the fund. So think I see I'm out of time, but--

**BOSTELMAN:** Thank you for your testimony. Questions from committee members? Senator Fredrickson.

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**FREDRICKSON:** Thank you for being here. Thanks for your testimony. So I heard your opposition to some of the regulations in here. And I don't know if Senator Armendariz is open to amending the bill, but should those amendments be there, would you be willing to work with her office on that?

**LASH CHAFFIN:** Oh, absolutely. We--

**FREDRICKSON:** OK.

**LASH CHAFFIN:** --would love to work with, with the Senator on those.

**FREDRICKSON:** The other question I have for you is I can appreciate your concern, but what I'm wondering is if we weren't to do something or if we weren't to move forward with something like this, what, what do you suggest we do do with these 4, 5 or 6 plastics that we can't currently recycle?

**LASH CHAFFIN:** Well, I don't think the Legislature needs to do anything. You know, and there were some question I liked, perhaps you should talk to a manufacturer in Omaha who's already taking, he's taking styrofoam, he's taking the off plastics. He's just starting to do it. It's a gentleman named Dale Gubbels and his Firstar Fiber. And so I don't think there's any barriers that the Legislature needs to remove at this point. And, and, again, the, the question of-- I mean, I've been around solid waste regulation, but I worked with DEQ when they-- or at the time it was DEC when they wrote the initial regulations, and site permits are tiered. OK? A solid waste management site via federal regulation is, it's kind of fancy liners and all kinds of stuff. However, other facilities aren't as rigorous. A municipal tree dump, you have to get a permit, but it's not as rigorous of a permit. A recycling center might have to get a permit, depending on how it's structured. Even, you know, the potash facilities at the big coal-fired power plants, they have to get a permit and they have to get a solid waste manage permit. But they're, it's a pretty clever-- it's a pretty clever system in that the permits are based on the complexity of the, the use itself. So, you know, again, a tree dump is not treated-- oh, they have to get a permit. It's not treated the same. It's-- they're not called tree dumps, they're called-- there's a fancy, fancy word for it.

**FREDRICKSON:** But, but you're suggesting that there's already places in Nebraska that are taking these products?

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**LASH CHAFFIN:** Yes, I am. And hopefully I know some of the recycling groups are going to pose this too. Maybe they can give you a lot more detail on what-- all I know is we had two weeks ago, we had a League conference where city officials from the state gathered. We had, we had the guy speak.

**FREDRICKSON:** Got it.

**LASH CHAFFIN:** So I know he exists because I sat through his talk.

**FREDRICKSON:** Thank you.

**LASH CHAFFIN:** So.

**BOSTELMAN:** Senator Hughes.

**HUGHES:** First of all, how did you get the name Lash? I have never met anybody name Lash.

**LASH CHAFFIN:** Well, well, Senator Moser has known each other for long-- we've had this conversation before. No, it was a, it was a family name. It was a last name that I got--

**HUGHES:** I love it.

**LASH CHAFFIN:** --got carried down.

**HUGHES:** Cool.

**LASH CHAFFIN:** Although I grew up in a small town. So I didn't realize that it was an unusual name because I grew up in a small town and everybody else knew Lash so.

**HUGHES:** It's super unique. Who administers the grants from the Waste Reduction and Recycling fund?

**LASH CHAFFIN:** They're administered by the Department of Environment-- NDEE.

**HUGHES:** NDEE. So Senator Fredrickson asked this, if they, like that part bothers you and then the, the local restriction. But I would argue that if you're going to be a brand new manufacturing firm, there's so many regulations that go into place that that would be taken care of. But couldn't-- I don't know, and I-- maybe that's a question for the NDEE. What are their requirements when somebody comes to them for a grant? You know, the city of Seward is going to do a

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tire cleanup day or whatever. I mean, they could, they can say yes or no to a company like this. Advanced recycling comes in and wants-- and they're like, no, we're going to save it more for a local municipality cleanup, whatever. I don't know what the kind of projects are. But is there just like this huge worry that these companies are going to come in and just take all that money? And if so, that's our NDEE's prerogative as well.

**LASH CHAFFIN:** That was-- I think that's the exact analysis. I think that is, the fear of the city officials I've talked to in the last couple of days, their fear is that the fund [INAUDIBLE].

**HUGHES:** So the cities are worried--

**LASH CHAFFIN:** Yes.

**HUGHES:** --about this company coming in and kind of absorbing [INAUDIBLE].

**LASH CHAFFIN:** You know, and it's a mixed bag because they want a new market, but at the same time, they don't want it at the expense of existing programs.

**HUGHES:** Their own stuff. All right, thank you. Thanks for coming.

**BOSTELMAN:** Seeing no other questions, thank you for your testimony.

**LASH CHAFFIN:** Thank you.

**BOSTELMAN:** Next opponent, please. Anyone else like to testify in opposition? If you are going to testify, if you can move up to the front, there's three seats there, so we kind of move through these a little quicker. That would be good. Good morning.

**HALEY NOLDE:** Good morning. I'm going to have to lean in close. My name is Haley Nolde, H-a-l-e-y N-o-l-d-e, I am the executive director of the Nebraska Recycling Council. I am here on behalf of the Nebraska Recycling Council in opposition of LB599. The NRC is a nonprofit organization whose mission is to maximize the economic and environmental benefits of resource recovery in the state. The recycling industry is part of my daily conversations and professional life. And while I am curious about advanced recycling, the most pressing issue we have is access to traditional recycling. I'm choosing not to focus on the feasibility of recycling-- of advanced recycling, but the issue of these facilities competing for grant funds

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when communities in our state don't have access to recycling at all. I understand that household hazardous waste or HHW facilities in the state are not specifically mentioned in the Integrated Solid Waste Management Act like what is proposed for advanced recycling. But they can still be funded. To that point, there are household hazardous waste facilities in the state right now that don't have adequate funding to dispose of hazardous materials with potential to end up in drinking water. Adding any new type of facility should be under the same rules and regulations as the current ones. The American Chemistry Council is openly involved with pushing this type of legislation and has worked with ExxonMobil regarding chemical recycling. I don't feel that it's right that small nonprofits in Nebraska would potentially be competing with that magnitude of corporations. What I feel is most important for the Nebraska Recycling Council to share is data from our most recent statewide municipal survey. Only 214 out of the 312 communities that responded have access to traditional recycling, and the issue of funding or cost was mentioned at least 50 separate times by the clerks. One-third of the communities in the state don't have access to recycling, and NRC believes the first priority should be to stabilize recycling in the state and all before new-- the grant funds are shifted to new technologies. Lastly, I think this conversation raises the question of who is benefiting from this proposed change. Organizations such as Keep Nebraska Beautiful or the Nebraska Recycling Council have statewide reach, and we assist businesses, organizations, residents, regional entities every single day. How do advanced recycling facilities provide public benefit to a state that has not yet even been able to establish traditional recycling? Thank you.

**BOSTELMAN:** Thank you for your testimony. Do we have questions from committee members? Seeing none, thank you for your testimony. Next opponent, please, on LB599. Good morning.

**AL DAVIS:** Good morning, Senator Bostelman, members of the Natural Resources Committee. My name is Al Davis, A-l D-a-v-i-s, I am a registered lobbyist representing the 3,000 members of the Nebraska chapter of the Sierra Club. And we are here today to oppose the advancement of LB599 for a number of reasons. While recycling is a commendable endeavor and worthy of support by all Americans who care about the environment, there are a number of things about the bill which cause our members concern. It is worth noting that the bill is formatted differently than many bills. Senators should compare new language with the stricken language to be sure that all portions of the stricken language are reproduced in the bill. And if you dig into

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the bill, you'll see that there are about four or five pages of stricken language, but it's also sort of repeated, which is not the way I'm used to reading bills. I'm just pointing that out. There are clauses in the bill which exempt the industry from regulation by any political subdivision, and some important language is not defined. For example, the word council is used many times in the bill with no definition. City Council, business council, church council, I don't know what it is. On page 2, lines 21-23, the bill specifically describes what this industry is not, and that definition could easily be used to prohibit regulation of the industry under any of, any of the laws applying to those industries. This is repeated in lines 29-31 on the same page, and that's page 2. And as you move through the bill, you will see that the industry has exempted itself from state and local regulation under the Integrated Solid Waste Management Act. It also appears to exempt the raw materials from regulation as solid waste, which is an erosion of current state and local laws today. The bill also states that the product is not produced through incineration, but the use of steam and other high temperature materials. To reform these plastics should be subject to clean air laws, and the bill appears to exempt the industry from that regulation as well. This is a new industry. It would be a mistake to exempt a new industry from regulations which should be in place to protect the land, water, people and livelihoods of Nebraska's residents. Poor regulation produced a disaster in Mead, Nebraska, and that wasn't pretty. Please do not advance the bill. And thank you.

**BOSTELMAN:** Thank you for your testimony. Do we have any questions from committee members. Senator Cavanaugh.

**J. CAVANAUGH:** Thank you, Chairman Bostelman. Thank you, Mr. Davis, for being here. I noticed the same thing you did, it kind of bugged me about it was hard to read.

**AL DAVIS:** Very hard.

**J. CAVANAUGH:** So you went through listed a bunch of stuff they exempted from and we're talking about they should be regulated as manufacturing, not as recycling. And I had--

**AL DAVIS:** That's what they claim.

**J. CAVANAUGH:** Right. But for the sake of argument, say that they're supposed to be really good at manufacturing, not recycling. Where in this bill does it establish that they are regulated as such?

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**AL DAVIS:** As solid waste.

**J. CAVANAUGH:** No as manufacturing? If they--

**AL DAVIS:** I don't think it does.

**J. CAVANAUGH:** I read a whole lot of sections where it says: exempted from, exempting from. I don't see any section that says: subjected to.

**AL DAVIS:** Right. I don't see anywhere in the bill it says that.

**J. CAVANAUGH:** OK, so I'm just not-- it's not just me that's missing it?

**AL DAVIS:** No, I don't think so.

**J. CAVANAUGH:** OK, thank you.

**BOSTELMAN:** Seeing no other questions--

**AL DAVIS:** Thank you.

**BOSTELMAN:** --thank you for your testimony. Anyone else like to testify in opposition to LB599? Any other opposition? Seeing none, anyone that would like to testify in the neutral capacity on LB599, please step forward.

**BLAIR MacDONALD:** Good morning.

**BOSTELMAN:** Good morning,

**BLAIR MacDONALD:** Chairman Bostelman and members of the Natural Resources Committee, my name is Blair MacDonald spelled B-l-a-i-r M-a-c-D-o-n-a-l-d, and I appear before you today as the registered lobbyist for the Nebraska Beverage Association to testify in a neutral capacity on LB599. The Nebraska Beverage Association has been representing the nonalcoholic beverage industry and local distributors of Coca-Cola, Pepsi and Keurig Dr. Pepper Snapple in this state for over 40 years. My comments today also represent the neutral position of the Nebraska Grocery Industry Association. The Nebraska Beverage Association, as well as the Grocery Industry Association, have a long history of supporting recycling in the state. When our members read LB599, they were immediately concerned for the recycling organizations that we have long supported. Our organizations felt the need to weigh in today as industry supporters of recycling, because we want to

ensure that our local recycling programs are not negatively impacted by this legislation. As you've heard, local organizations like Keep Nebraska Beautiful and the Nebraska Recycling Council receive grants from the Department of Environment and Energy to fund community recycling programs, projects and recycling education across the state. One of the existing state cash funds, which we've discussed earlier, is the Waste Reduction and Incentive Fund. This bill would allow chemical recycling facilities to also qualify and apply for grants from the Waste Reduction and Incentive Fund. This would be-- put chemical recycling projects in direct competition for state funding with our local recycling nonprofits that are already creating great recycling initiatives and projects across the state. Our associations believe the Waste Reduction Incentive fund should continue to prioritize grant funding for our local recycling nonprofits as it was originally intended when it was put in place in 1990. The other issue we see with this bill is that advanced chemical recycling would not be subject to any local municipal or county oversight. The bill would exempt municipalities and counties from adopting or enforcing ordinances and regulations regarding chemical recycling under the Integrated Solid Waste Management Act. Not only would chemical recycling be able to apply for state funds, but they would then be exempt from local oversight of how the funds are used in communities across the state. Our traditional recycling facilities and projects are subject to municipal oversight, as are local nonprofit recycling projects. We believe chemical recycling should also be subject to the same regulations and ordinances as other forms of recycling and waste management, which is what we are talking about today. It may be an unintended consequence, but the Nebraska Beverage Association and the Nebraska Grocers wanted to ensure that local community recycling programs remain unharmed by this bill. That is why we're appearing in the neutral position on LB599 and we'd ask that the committee take into consideration our concerns when considering this bill. Veering from my prepared testimony, if this is about state funding to help support an emerging industry of manufacturing of chemical recycling, we do think that there would already be funds that would be-- they could apply for potentially under the Nebraska Imagine Act as a manufacturer. So what we're, what we're talking about here is the solid waste reduction, the Waste Reduction Incentive fund, which is already funded by fees, as Mr. Chaffin was previously speaking about, fees that are regarding waste management. If they're deeming that they are not waste-- solid waste management industries, why would they be applying for state funds that are going towards reduction of waste

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management? I'll leave it there. I'll take any questions that you may have.

**BOSTELMAN:** Thank you for your testimony. Are there questions from committee members? Seeing none, thank for your testimony. Anyone else like to testify in the neutral capacity on LB599? Any other neutral testifiers? Seeing none, Senator Armendariz, you are welcome to close on LB599.

**ARMENDARIZ:** Hi. Thanks. I want to thank everybody for testifying today, learned new things, and I always welcome any new information that I can learn from, from anyone. I want to reiterate that we worked closely with the Nebraska Department of Environment and Energy on this, and they raised any concerns and we addressed all of them appropriately. Now, I know there were some, there were some questions that weren't quite answered by senators here. And, and I know our testifier as a proponent is probably really, really deep in her industry, and we all are not. So I tried to pull out some lay information from what she was saying and the conversations I've had with her before. So if I can try to explain the difference between their company and a solid waste facility would, and I'm guessing here, a waste management that takes all of our garbage to a landfill might have regulations around that landfill that they need to turn over that waste every so many days or bury it or remove it. Or maybe they have water runoff that needs to be tended to or drained or processed in a particular way. This is not that at all. It's an enclosed facility with raw materials that then they process. It doesn't have open air piles of garbage laying around that would need to be processed the same way a solid waste facility would need to be regulated. And so I hope that clarifies a little bit more of the questions of what they're trying to avoid. They're just trying to classify themselves appropriately, not avoid anything. Does that help at all? And I don't know if I can ask that question.

**BOSTELMAN:** Thank you, Senator, Senator Armendariz. Are there any other questions?

**HUGHES:** It sounds like one of their biggest issues is applying for grants.

**BOSTELMAN:** Sorry, Senator Hughes.

**HUGHES:** What did you say?

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**BOSTELMAN:** I'm sorry. Nothing, we're just supposed-- I need to identify you for the record before you speak. That's OK.

**HUGHES:** Sorry, Christy. Oh, so it sounds like some of the biggest opposition was specifically for that Waste Reduction and Recycling fund, right? That's taking money-- you, you sell your tires. Money goes to it, it's for waste, you know, reduction. And then is that a dealbreaker in this legislation or is that something that-- I don't know.

**ARMENDARIZ:** I don't think it is. I don't think it is, but--

**HUGHES:** Or do we talk to the NDEE and say, I think you need to favor clearly state, local, and I don't know. What were your thoughts hearing that?

**ARMENDARIZ:** I hesitate, I hesitate the protective mentality because I think this is in addition to.

**HUGHES:** Yeah.

**ARMENDARIZ:** These are plastics that aren't going to be recycled. They're going to a landfill.

**HUGHES:** Yep.

**ARMENDARIZ:** And without a better alternative for those, I would hate to try to protect the little bucket over here that isn't going to address those. We no longer can ship these to China. We have to find somewhere to put them. Are we going to ship them to Staten Island or are we going to find a place in Nebraska that's now going to take on these exponential amounts of plastic that we were shipping to China? And there were a lot. And I do know Firststar Fiber and I believe, and I could be wrong, that they do a lot of paper recycling and cardboard. I know in my personal experience that's what they do. They, they might not be addressing still these hard plastics that nobody is addressing that are, for lack of a better ability to recycle them, they're going to the landfill. I think it's a great oppor-- opportunity to create manufacturing, highly technical jobs in this manufacturing process and bringing more people to the state to fund our economy and our tax base.

**BOSTELMAN:** Senator Jacobson.

**JACOBSON:** Thank you, Mr. Chairman. Well, it seems to me that as I look at this, the issue really isn't-- if you're, they're removing waste that otherwise would have gone to a landfill, I don't have a problem with them accessing the fund. I think the bigger issue here is regulation and what is appropriate regulation for this particular industry. Seems to me that that's what the bill is trying to get to. And, and I guess I would have some concerns about eliminating the broad overreach of any kind of municipality or county oversight as just a blanket. And that's where my concerns would be, is it looks like the work needs to get done in how this industry would be regulated, should be regulated. And there seems to be some pretty broad exemptions in here that what I think is giving people indigestion. And, and I think that's probably where the concern is. I don't think we should be running from competition. I don't think we should be denying them access to the fund if they're truly removing, you know, solid waste from the landfills, they should be access-- have access to the fund. To me, it comes down to the regulation, what's the right regulation? And I have to agree with Mr. Davis that, you know, somebody came up with the bright idea to allow discarded seed corn to go to Mead, and look at the mess we have there. So we just want to make sure there aren't any unintended consequences. So I think that's where the, where the indigestion is and probably where we need to continue to do some work.

**ARMENDARIZ:** I appreciate that. Thank you, Senator.

**BOSTELMAN:** Senator Moser.

**MOSER:** Well, after listening to this discussion, I can see where there could be conflicts because there might be regulations about taking all types of recycling at some facilities. You know, some recyclables are commercially viable, you know, aluminum, steel, cardboard, sometimes clean white paper. But bottles, glass, there's very little market for, some of the plastics, there's no market for currently. So I could see that, you know, there might be regulations to require a recycler to take plastics, even though they're not profitable and try to cover that cost by selling paper, aluminum, steel and those things. So I could see, you know, that that could be a conflict as we move forward. And that may be one reason that these chemical companies don't want to be trying to recycle cardboard and stuff when that's not their business. They want to do the plastics. The, the other part of it that I didn't think of right away until the gentleman from the League of Municipalities talked about it a little bit more specifically, though, the recycling fund gives grants to cities and nonprofits for operation

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of their recycle center. You know, just operational costs. Cardboard mailers, aluminum cans bins, trailers to go out and park out into the community to collect recyclables. When I was mayor of Columbus, we got conveyors to convey materials into the recycle building, and I could see where a manufacturer could have way more use for those funds and they could draw that fund down pretty quickly because the money kind of trickles into that fund, you know, a dollar here, a dollar there. And then and, and so many people depend on it. And if somebody swamped the fund and even if they are doing a good thing, it may put all these little, little recycle centers at-- put them out of business. You know, most of them have volunteers that run it. They don't get a salary. We lost money on our recycling center in Columbus. We finally got out of it and just let the commercial people recycle the things that are commercially viable. And, and because it was \$50,000 a year we were losing in our recycling, and we had one or two people employed there and then a bunch of volunteers. So thank you.

**BOSTELMAN:** Seeing no other questions from the committee, there were no position letters received. I will note for the record that Senator Armendariz did provide AM213 and AM214, and she did explain both in the opening. With that, we will close the hearing on LB599. Thank you all for coming today.

**MOSER:** OK, now we'll open the hearing for LB565. Senator Bostelman, you have the floor.

**BOSTELMAN:** Thank you, Vice Chairman Moser. Good morning, members of the Natural Resources Committee, my name is Bruce Bostelman, B-r-u-c-e B-o-s-t-e-l-m-a-n, and I represent Legislative District 23. I'm here today to introduce LB565. Nebraska has a tremendous opportunity to lead in the growing hydrogen economy, benefiting Nebraskans as creating new products and markets for our ag industry, providing high-quality jobs, including in rural communities, solidifying access to the fertilizers necessary for Nebraska and our region, and providing more food security for the people we feed around the globe during a time of international energy and fertilizer shortages. The federal Regional Clean Hydrogen Hubs program, or H2Hubs, was part of a larger \$8 billion Regional Clean Hydrogen Hubs program funded through the Infrastructure Investment and Jobs Act, the IIJA. The program proposes to establish 6 to 10 regional clean hydrogen hubs across America. These clean hydrogen hubs will create networks of hydrogen producers, consumers and local connective infrastructure to accelerate the use of hydrogen as a clean energy resource. During the 2022 Nebraska legislative session, LB1099, a bill to create the Nebraska

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Hydrogen Hub Industry Working Group, was passed and signed into law. A work group was appointed by Governor Ricketts. The industries represented by the working group included Monolith Materials, Werner Trucking, Union Pacific, Nebraska Farm Bureau, Tallgrass Energy and Nebraska Public Power District. They have taken the lead on this effort. They've worked with a leading engineering firm on sophisticated linear programming modeling to put forth a competitive proposal. There is potential for more than \$1 billion, \$1 billion of matching dollars from the federal government-- federal program for the projects identified in our regional hub application. This would serve to accelerate the development of production, transportation and ultimately consumption of hydrogen-related products in Nebraska and other partner states. Nebraska, Iowa and Missouri have jointly formed the proposed Midcontinent Clean Energy Hydrogen Hub, MCH2, and recently submitted a proposal to the Department of Energy in response to the release of the DOE's Regional Clean Hydrogen Hubs funding opportunity announcement. Of the 79 proposals submitted to DOE, only 33, one of which was Nebraska, Iowa and Missouri proposal, were encouraged to move to the next phase. Nebraska Public Power District has taken the lead role in pulling together industry partners to put forth this competitive proposal. While working closely with the Nebraska Department of Economic Development and other state agencies, it's helpful that the subject matter experts have taken the lead. The H2 hubs will be a central driver in helping communities across the country benefit from clean energy investments, good-paying jobs and improved energy security. This opportunity gives Nebraska and our agricultural producers and industries an opportunity to further diversify their product offerings and revenue streams. With hydrogen-enhanced biofuels, including sustainable aviation fuel from ethanol, renewable diesel for trucks, tractors and trains, it helps create better, more secure access to the fertilizer necessary to continue being a leader in global ag production. And it creates an opportunity for our transportation industries and electric generating utilities to further diversify their fuel sources. The next steps, including submitting a full application to DOE, will require significant additional engineering and modeling. Showing the DOE the production capabilities necessary connective-- connective infrastructure to move the hydrogen and hydrogen-related products and the potential consumption in the state. The engineering and modeling will be needed, as are projects-- as the project progressed to the FOIA timeline, which are approximately 2 to 3 years for the first set of projects to get off the ground. LB565 allocates \$250,000 in the FY '23-24 and \$250,000 by '24-25 from the General Fund to the Department

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of Economic Development for the purpose of providing grants to any public power district that serves a majority of counties in the state. The grants are to be used for engineering and modeling work to prepare and support the state in competing for one of the United States Department of Energy's Regional Clean Hydrogen Hub designations and associated federal funding. There will be more testifiers behind me that will be able to answer more technical questions, but I'll try to answer any questions you may have. Thank you.

**MOSER:** Senator Brandt.

**BRANDT:** Thank you, Vice Chair Moser. I'm excited about this. Thank you for bringing this bill, Senator Bostelman. So the national hydrogen hub designation, if, if we're fortunate and we get that or are part of that, what is that worth?

**BOSTELMAN:** Potentially-- well, those behind me probably can answer that. But it's a \$1 billion project.

**BRANDT:** And that would be just our region would--

**BOSTELMAN:** Through our region.

**BRANDT:** --be a \$1 billion project. OK. I will wait for the other testifiers.

**BOSTELMAN:** They can correct me, if I'm wrong.

**BRANDT:** Will do. Thank you.

**MOSER:** Other questions from the committee? Senator Hughes.

**HUGHES:** So what public power districts would qualify for this? And I know you said NPPD is kind of taking the head, but are they coming together for this, all of them? Or has does that--

**BOSTELMAN:** Primarily it would be NPPD. OPPD probably could be considered, but NPPD covers most of the state.

**HUGHES:** Yeah, OK. Thank you.

**MOSER:** Any other comments? Thank you, Senator. Anybody else to speak in support of this bill?

**COURTNEY DENTLINGER:** Good morning, Vice Chair Moser and members of the Natural Resources Committee. My name is Courtney Dentlinger,

C-o-u-r-t-n-e-y D-e-n-t-l-i-n-g-e-r, I'm vice president of customer service and external affairs at Nebraska Public Power District. And we are the largest electric generator in the state of Nebraska. I did want to just moment and address a question that Senator Hughes had asked. We have been taking the lead at NPPD on this effort, as Chair, Chairman Bostelman indicated. However, we are working very closely with the other large power generators in the state, including OPPD and LES. So I wanted to start by thanking Chairman Bostelman for bringing the bill and for his support for this effort. We are also very excited about this opportunity. As he noted in his opening, this is a tremendous opportunity for Nebraska and for our region when it comes to hydrogen. NPPD has been working on the hydrogen hub opportunity for more than a year. We've pulled together a diverse group of industry leaders, as noted by Senator Bostelman, including Farm Bureau, Union Pacific, Werner Trucking, Tallgrass Energy, and of course, our longstanding collaborators, Monolith Materials, who is an innovative, clean hydrogen producer in the state. And there are many others we're working with across Nebraska and as Senator Bostelman indicated, into Iowa and Missouri on this effort, including those in the energy industry, manufacturing, agriculture and transportation. It's a rather complex topic, a lot of nuance and many connections to our state's existing industries. But I'll do my best to give a very high-level overview, complementing what Senator Bostelman shared with you. And I would be delighted to answer any questions that you may have. So you might wonder why is an electric utility interested in hydrogen? There's many reasons. First and foremost, beyond our mission to reliably serve Nebraskans, NPPD is committed to the economic development of our great state. We serve all or part of 84 of Nebraska's 93 counties, whether at wholesale or retail. Our in-house economic development team works hand in hand with local and state economic development partners to grow and diversify our state's economy. NPPD decided to take the lead on this opportunity because after conversations with our partners at DED, we understand how incredibly busy they are rolling out funding opportunities that were made available through ARPA dollars. And in addition, we do have the subject matter experts on staff. I would be happy to refer any detailed chemistry-related questions to those subject matter experts. We're a leader in renewable and biofuels production in Nebraska, and those industries are a huge market for the corn and soybeans we grow. Our hydrogen hub proposal identifies opportunities to further diversify those product offerings from those industries, including sustainable aviation fuel and renewable diesel. These additional clean fuels for trucking, heavy machinery, ag equipment, locomotives and

airplanes will provide continued and expanded markets for those, for those industries and for our agricultural economy. Many of the potential projects that we're looking at related to this opportunity would actually be located in rural areas of the state, bringing tremendous capital investment and high-paying jobs to the entire state, which would help stem rural outmigration. In addition, it offers the opportunity for production of clean ammonia right here in Nebraska, reducing the reliance on imports of this critical agricultural input. Access to domestically produced fertilizer is increasingly important, as exemplified by the fertilizer shortages caused by the Russia-Ukraine conflict. This has benefits not only for Nebraska and our region, but for the entire United States and for global food security. In addition, NPPD believes having diversity of fuel for our generation portfolio is important. It allows Nebraskans to have increased reliability, but also affordability and resiliency. We're ahead of the curve on studying the potential use of hydrogen for electric generation, given our work with Monolith Materials. We're also exploring opportunities with hydrogen-related fuels such as methanol. In addition, nuclear power plants such as Cooper Nuclear Station here in Nebraska can be utilized to produce hydrogen through electrolysis, which could complement the reliable clean electricity we produce to power Nebraskans. As Senator Bostelman noted, this bill would provide state funding to offset some of the cost that NPPD has incurred for sophisticated economic modeling to prove the production capabilities in Nebraska, the necessary connective infrastructure needed to move the hydrogen and associated projects-- products and the projected consumption in our region, all required for a successful hub application. As he noted, this is a fiercely competitive opportunity. However, we have made it past that first hurdle. And the wonderful thing is-- sorry, I'll wrap up here-- any of the modeling that we're doing, even if we don't receive the significant funding available from the federal government and the hydrogen hub designation, is going to benefit the furtherance of the hydrogen economy in the state of Nebraska and the region. And with that, I'd be happy to answer any questions.

**MOSER:** Senator Hughes number two.

**HUGHES:** I am not number two.

**MOSER:** Oh, you'd be number one now.

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**HUGHES:** I am number one now. Or we can say like the female version. OK, see, now I'm distracted. OK, sorry. The-- where are we? You said we're narrowed down to the top three?

**COURTNEY DENTLINGER:** No. There will be 6 to 10 hydrogen hub designations from the federal government.

**HUGHES:** OK.

**COURTNEY DENTLINGER:** There were 79 concept papers submitted--

**HUGHES:** Yep.

**COURTNEY DENTLINGER:** --last fall, and 33 of those were given the green light to move forward to the full application, which will be due in--

**HUGHES:** So it's--

**COURTNEY DENTLINGER:** --April.

**HUGHES:** --33 or competing for about seven spots.

**COURTNEY DENTLINGER:** Yes.

**HUGHES:** So we got a 1 in 4.5 chance. OK, thank you.

**MOSER:** Senator Fredrickson.

**FREDRICKSON:** Thank you, Vice Chair Moser. Thank you for being here and for sharing your, your expertise and insights. I, I'm excited about this as a possibility as well for our state, especially for the rural areas and high-paying jobs. I think that's important that we have opportunity across the state, so that's, that's very encouraging. Can you educate us a little bit about the timeline? You mentioned the second phase is due in April. When might, might we expect to kind of have more of a sense of where this is going to go for the state?

**COURTNEY DENTLINGER:** Yeah, the targets are kind of ever-moving with the federal government. I saw a joke earlier about what it means when you hear specific terms. Soon for the federal government may mean two months. So but we hope sometime yet this year we will be given an indication on whether or not we receive that hub designation. Now, initially, they are looking at 6 to 10. We do believe there will be a second phase and this is going to position us very well. Putting the modeling together for this is going to position us well going forward

into the future for the, the hub efforts. What they're looking to do at the federal level, this truly is a regional effort and they want to identify regional hubs. We think we're very well positioned being in the center of the country and with the transportation infrastructure that we have with I-80 and I-29 and others. In addition, some of that connective infrastructure that's really important. There is an ammonia pipeline that runs through Nebraska, Iowa, Missouri with a significant amount of ammonia moving every single day. And that infrastructure is going to be critically important as well. But we also have the consumption, ready-made consumption in the state and other hubs will struggle with that. They'll have to ramp up consumption, whether it's in transportation or with industry. Here, because Monolith and others would be able to produce ammonia, we have the ammonia market here with our agricultural economy. And so it will help us scale up much quicker than others.

**FREDRICKSON:** And do you believe we have the workforce for something like this?

**COURTNEY DENTLINGER:** Well, actually, Senator Bostelman's got another bill in that would help to build workforce in the hydrogen space and also in the advanced nuclear space. I think it's an incredible opportunity. I have a background in economic development, care very much about this state, and also the rural areas of the state. These jobs will largely be located in rural areas and they're going to be very good-paying jobs. So I think we've got a great opportunity to hopefully help reverse some of the outmigration that we've seen.

**FREDRICKSON:** That's great. Thank you.

**MOSER:** Senator Brandt.

**BRANDT:** Thank you, Vice Chair Moser. Thank you for your testimony. Regardless of whether or not we win the designation, we still want this bill to go forward because we can still do hydrogen and discover uses for it in the state of Nebraska. And that's really the purpose of this bill is it's exploratory in nature. It allows NPPD to make industry aware of the opportunities here in the state of Nebraska. Would that be a fair statement?

**COURTNEY DENTLINGER:** Absolutely, yes.

**BRANDT:** Because Monolith is in my district and it's, it's a wonderful addition to the district, it was originally built to supply hydrogen

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to the Sheldon plant right next door to burn in the plant in lieu of coal. Why did that not happen?

**COURTNEY DENTLINGER:** So Monolith actually, one of the reasons they came to Nebraska, besides really liking public power and the stability that we offer and the low rates, there was an opportunity for us to offtake the hydrogen. But their facility was actually put in place to produce carbon black, clean carbon black.

**BRANDT:** Right.

**COURTNEY DENTLINGER:** So we actually had a, an agreement in place that would allow us to study that opportunity. And we did do detailed modeling and engineering to determine what would it take to actually burn hydrogen at Sheldon Station. And we included off-ramps in that agreement if the costs ended up being too high, because we asked Monolith to help cover the cost for the conversion. And what happened was, indeed, as we did that modeling, the costs were significantly higher than what we originally agreed to. And Monolith found another opportunity, which is also incredible for the state, to actually produce hydrogen utilizing-- or excuse me, produce ammonia utilizing that hydrogen. We are still looking though at potentially utilizing hydrogen at Sheldon Station, and as well as other fuels. One of the great things about hydrogen is you can convert it to ammonia, you can convert it to things like methanol, and it's easier to store. So it's a great way to store energy. And I think as we saw a couple of years ago during a winter weather event, having that onsite fuel is incredibly important from a resiliency and reliability perspective. And it's again, why we are very much in favor of having a diverse generation mix.

**BRANDT:** All right, thank you.

**COURTNEY DENTLINGER:** Absolutely.

**MOSER:** Other questions from the committee? So Monolith is still producing carbon black?

**COURTNEY DENTLINGER:** Yes.

**MOSER:** And the hydrogen was kind of a byproduct to their separating the carbon black from the chemicals they were using.

**COURTNEY DENTLINGER:** Yeah.

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**MOSER:** And so not burning the hydrogen wasn't the end of the world for them because they were able to make fertilizer with it, which is worth a princely sum. And so you're not upset by that?

**COURTNEY DENTLINGER:** Oh, no, absolutely not. We have a great working relationship with Monolith, and our service territory covers a lot of agricultural producing land in Nebraska.

**MOSER:** Well, I know, I wasn't-- I didn't ask the question correctly. It wasn't that you'd be upset. But there was a good purpose that evolved from the relationship with Monolith.

**COURTNEY DENTLINGER:** Oh, yes.

**MOSER:** It's kind of what Senator Brandt was saying. Why, why didn't it continue? Well, they found a better purpose, a more economical purpose--

**COURTNEY DENTLINGER:** Yes.

**MOSER:** --to that.

**COURTNEY DENTLINGER:** Absolutely. And we, you know, we wrote the contract specifically in that way because they've got to make a business decision. So no hard feelings whatsoever. We work very closely with Monolith. And Amy Ostermeyer will be coming up to testify, I believe, immediately following me and can answer additional questions. But I'm happy to talk about the relationship that NPPD and Monolith have.

**MOSER:** Senator Brandt, do you still have a question?

**BRANDT:** Yeah. Real quick, for the record, so you are the largest supplier of electricity in the state of Nebraska?

**COURTNEY DENTLINGER:** Correct.

**BRANDT:** When OC2 is built, who will be the largest user of electricity in the state of Nebraska?

**COURTNEY DENTLINGER:** Monolith Materials.

**BRANDT:** Thank you.

**MOSER:** OK, other questions? Thank you very much for your testimony.

**COURTNEY DENTLINGER:** Thank you.

**MOSER:** Anybody else here to speak in support? Welcome.

**AMY OSTERMEYER:** Thank you. Good morning, Vice Chair Moser, members of the Natural Resources Committee. My name is Amy Ostermeyer, that is spelled A-m-y O-s-t-e-r-m-e-y-e-r, I am the executive vice president of development at Monolith. I am also-- proudly serve on the gubernatorial appointed Hydrogen Hub Working Group that was created by the Legislature last year. Happy to be here today. Obviously many of the questions you asked of Courtney are really appropriate for Monolith. I do want to thank you for the time, taking the time to consider this important legislation. LB565 is a necessary step in Nebraska's hydrogen hub journey and helping to boost our chances of driving significant investment into Nebraska. I will not reiterate everything the previous testifiers discussed. Instead, I do want to introduce those new committee members to Monolith and provide an update for those members who are already know a bit about us. Monolith is a clean-- a producer of clean hydrogen and carbon black. Our proprietary process uses carbon-free electricity to convert natural gas into these two coproducts without producing any carbon dioxide in the process. Our flagship location is known as Olive Creek 1, is located in Hallam, Nebraska. It was completed in 2020 and is successfully running and selling carbon black to customers today. Company headquarters, along with our world-class research and development center, are located in Lincoln, Nebraska. Today, Monolith employs more than 150 Nebraska workers in highly paid, highly skilled clean energy jobs and plans to grow that number in 2023 by an additional 10 percent. Olive Creek 1 is about \$120 million in investment, capital investment in the state of Nebraska. Due to the growing demand for both clean hydrogen and carbon black just after completing construction of the first facility in 2020, we began our expansion plans to-- plans in Nebraska as well. That expansion project is called Olive Creek 2 Construction of Olive Creek 2 is anticipated to begin most likely at the end of '23, early 2024. It's about a three-year construction cycle, and so we expect to begin production out of that facility in 2027. The Olive Creek 2 expansion project will increase clean hydrogen production to nearly 60,000 tons annually. And as we've discussed in Nebraska, we will convert that clean hydrogen into carbon-free anhydrous ammonia, enabling the production of 275,000 tons of clean ammonia annually from Hallam, Nebraska. The facility will be over \$1.5 billion capital investment in the state and will create another 200 jobs here. Monolith's goal is to sell that ammonia locally to farmers in the region, helping to secure a local supply

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chain for this essential resource for Nebraska farmers. Currently, most anhydrous ammonia is imported into Nebraska, and now that we've provided this method to produce it here, we're incredibly excited about securing that supply chain of this essential product. Given the existence of Monolith's current commercial scale hydrogen producing plant and our plans to already expand in Nebraska and become the world's leading clean hydrogen producer, a Nebraska-based regional hub has a distinct advantage that would capture this existing production source of clean hydrogen situated in the central United States, creating a unique ability to connect all of the hubs that will be created from coast to coast-- coast to coast, throughout the heartland. The next phase of our energy transition in the United States and in the globe is clean hydrogen. The production of clean hydrogen allows us to decarbonize these much harder to decarbonize sectors such as ammonia production, while creating hundreds of high-paying jobs, advanced manufacturing jobs right here in America. Our proprietary clean hydrogen technology is critical to the success of the Midwest hydrogen applications, hydrogen hub application. And we do anticipate that a portion of the hub funding will be requested to directly support the expansion of Olive Creek 2. With that, I'd be happy to answer any questions that committee members have today.

**MOSER:** Questions for the testifier? Senator Cavanaugh.

**J. CAVANAUGH:** Thank you, Vice Chairman Moser. And thank you, Ms. Ostermeyer. Is that right?

**AMY OSTERMEYER:** Ostermeyer

**J. CAVANAUGH:** It's obviously exciting. I just got to pile on with everybody else about how exciting this is. But so you just, at the very end there, you said you would expect that the hub money would be-- if we get that federal money would be to go to--

**AMY OSTERMEYER:** A portion of the dollars could go to the production facility. That's right.

**J. CAVANAUGH:** And so the timeline matches up to the development of the production facility?

**AMY OSTERMEYER:** It does as, as the previous testifier commented, our full application is due April 7. We expect-- there's a little bit of ambiguity in terms of exact timelines coming from the federal government and some of those have shifted since the bill was passed,

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but we expect interviews to begin and decisions to be made in the back half of 2023. As I mentioned earlier, we're working towards beginning construction at the earliest, the back half of '23, early 2024. And if that timeline comes together, that works well. Of course, additional funding like this, we would time the app-- the beginning of construction based on those decisions as well.

**J. CAVANAUGH:** OK. But you're still going to build it even if we don't get the money?

**AMY OSTERMEYER:** We are.

**J. CAVANAUGH:** OK

**AMY OSTERMEYER:** We are.

**J. CAVANAUGH:** And then in terms of, you know, you said you guys are basically unique in your process. Does that put us in a strong-- and I guess is that asking for your opinion about whatever. Is in your opinion are we-- do we have a unique application in this because of our-- the placement of Monolith here?

**AMY OSTERMEYER:** We do. I think that the existing facility, coupled with our already-existing plans that are already designed and we're just finishing the final engineering design work with Kiewit on construction of the facility, puts us well ahead of other hub applications across the country. It's a very competitive process. We're, you know, 1 of 33 applications today. And you know, as you look across the country, many of those are still very much in the concept phases. And so the fact that we're ready to begin construction within a year of actually getting funding is a significant advantage to this hub.

**J. CAVANAUGH:** Great. Thank you.

**MOSER:** Senator Jacobson.

**JACOBSON:** Thank you, Vice Chair Moser. Or-- yes, Ms. Ostermeyer, I guess I'm-- I'm a little curious about you made the shift from really what you were going to deliver to NPPD, one of the anhydrous ammonia production, which is great. I think from a farmer perspective, I really appreciate that. But we also recognize that, you know, anhydrous ammonia has really rocketed higher over the last two years. Amazing how we get shortages when the price of corn goes up. But what where do you see this happening, assuming we get this project and you

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expanded your, your capacity, how elastic is that price of, of anhydrous? In other words, if we start getting anhydrous ammonia back to historic levels, is that still going to work for you from a profitability standpoint? Will you be shifting out of anhydrous into something else than just hydrogen? Or how reliable will that anhydrous production be?

**AMY OSTERMEYER:** It's a great question. So when we made the decision after, you know, consulting and partnering with NPPD to transition from selling hydrogen to them to producing anhydrous ammonia, prices were very different for ammonia at that point. We always take a conservative approach. Our business model is one that we need to be economically viable without any sort of federal incentives or state incentives. And so we are very comfortable with, with where the price of ammonia lands in our business model that will continue to be able to be profitable moving forward based on where we've used the price per ton in our economic models. It's very, very competitive with prices around the 2019, 2020 timeframe.

**JACOBSON:** And if I'm not mistaken, I think last I looked on anhydrous ammonia, you're about \$1,300 a ton retail wholesale. I'm hoping that one day we get back to maybe half that number. I'm not sure, that might be wishful thinking.

**AMY OSTERMEYER:** Yeah.

**JACOBSON:** But I get-- so if you were looking at, say, getting half the wholesale price, are we still-- are you still competitive and you'll make that work?

**AMY OSTERMEYER:** We are still competitive and viable with that price as well.

**JACOBSON:** Thank you.

**MOSER:** Senator Hughes.

**HUGHES:** Thank you, Senator Moser. And I've decided I'll be known as the "younger" Hughes.

**MOSER:** Well, the other one that was such a force that being compared to him is a pleasant comparison.

**HUGHES:** Anyway. All right, sorry. Got to have a little brevity, right?

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**MOSER:** Levity. Well brevity too. Brevity might be more important.

**HUGHES:** Brevity might be better.

**SLAMA:** We don't have brevity on this committee.

**HUGHES:** We need both. See now it's just going way too long. This is a curiosity question. You guys make clean or carbon-neutral hydrogen and then carbon black. I'm just curious. Carbon black goes into-- does it make tires? Is that what--

**AMY OSTERMEYER:** The primary use of carbon black is it goes into a tire. So a third of every tire on the planet is made up of carbon black today.

**HUGHES:** OK.

**AMY OSTERMEYER:** Today, carbon black is produced by burning a bottom-of-the-barrel form of oil to make it. So a tremendous amount of CO2 is emitted from that process. So today we are able, Monolith makes that carbon black without emitting any CO2 and can be a direct replacement for that carbon black. But anything black, plastic or painted black contains carbon black. So we're literally surrounded by carbon black, not only in tires, but the drink that you have there on your, on your table has carbon black in it. The ink in my pen, batteries. It's literally everywhere.

**HUGHES:** Thank you.

**MOSER:** So you get points for being ecological and producing carbon black without bad byproducts.

**AMY OSTERMEYER:** We do. We do. Our goal is to be the low-cost, high-value provider of both products. So we will sell those products in a competitive way. We think that's important in, in energy transition to be cost-competitive. And our process allows us to do that because we have two products that we produce.

**MOSER:** Maybe that will get you some bonus points in the selection process too.

**AMY OSTERMEYER:** That's right. The overall project, we do think advantages the hydrogen hub for Nebraska, Iowa and Missouri significantly because of those features.

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**MOSER:** Other comments? Thank you very much for your testimony.

**AMY OSTERMEYER:** Thank you.

**MOSER:** Appreciate it. Anybody else to speak in support?

**ANDREW DUNKLEY:** Morning.

**MOSER:** Good morning and welcome.

**ANDREW DUNKLEY:** Members of the Natural Resources Committee, my name is Andrew Dunkley, A-n-d-r-e-w D-u-n-k-l-e-y, and I'm with the Nebraska Farm Bureau. I am excited for this exciting, exciting project, to quote our earlier conversation. LB565, as has been mentioned, the Nebraska Farm Bureau serves on, on the hub committee that was formed after last year's LB1099 was passed. We thank everybody who has, who testified on this. And I'm not going to belabor their points, especially as I do not have a scientific background. However, agricultural [RECORDER MALFUNCTION]--

[BREAK]

**BOSTELMAN:** All right. Good afternoon. Welcome, everyone, to the Natural Resource Committee. This is a Natural Resource Committee hearing. This afternoon, we'll have a couple of bills come up. It's just not confusing if you're here for another bill outside Natural Resource Committee is probably across the hall or down the hall. I am Senator Bruce Bostelman from Brainard, representing District 23, and I serve as Chair of the committee. The committee will take up the bills in the order posted. This public hearing today is your opportunity to be a part of the legislative process and to express your position on the proposed legislation before us. If you're planning to testify today, please fill out the green testifier sheets that are on the back table of the room. Be sure to print clearly and fill-- fill it out completely. When it's your turn to come forward to testify, give the testifier sheet to the page or to the committee clerk if you do not wish to testify but would like to indicate your position on a bill, there are also-- there is also white sign-in sheets back on the table and these sheets will be included as an exhibit in the official on record. When you come up to testify, please speak clearly into the microphone. Tell us your name and spell your first and last name to ensure we get an accurate record. We will begin each bill hearing today with the Introducer's opening statement, followed by proponents of the bill, then opponents, and finally, by anyone speaking in the

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neutral capacity. We will finish with a closing statement by the introducer if they wish to give one. We will be using a five-minute light system for all testifiers. When you begin your testimony, the light on the table will be green. When the yellow light comes on, you have one minute remaining. And when the red light indicates, you need to wrap up your final thought and stop. Questions from the committee may follow. Also, committee members may come and go during the hearing. This has nothing to do with the importance of the bills being heard. It is just part of the process as senators may have bills to introduce in other committees. A few final items to facilitate today's hearing, if you have handouts or copies of your testimony, please bring up at least ten copies and give them to the page. Please silence or turn off your cell phones. Verbal outbursts or applause are not permitted in the hearing room. Such behavior may be cause for you to be asked to leave the hearing. Finally, committee procedures for all committees states that written position letters to be included in the record must be submitted by noon, the last business day before the scheduled hearing on that particular bill. The only acceptable method for submission is by via the Legislature's website at NebraskaLegislature.com-- .gov. You may submit a written letter for the record or testify in person at the hearing, not both. Written position letters will be included in the official hearing record, but only those testifying in person before the committee will be included on the committee statement. I will now have the committee members with us today introduce themselves, starting on my left.

**HUGHES:** Hughes 2.0 [INAUDIBLE] Jana Hughes, Legislative District 24, which is Seward, York, Polk, and a little bit of Butler County.

**BRANDT:** Senator Tom Brandt, District 32: Fillmore, Thayer, Jefferson, Saline, and southwestern Lancaster Counties.

**JACOBSON:** Senator Mike Jacobson, District 42: Lincoln, Logan, Thomas, McPherson, Hooker, and three fourths of Perkins County.

**MOSER:** Mike Moser, District 22, Platte County and most of Stanton County.

**BOSTELMAN:** Senator Moser also serves as Vice Chair of this committee. Also assisting the committee today, to my left is legal counsel, Cyndi Lamm. And to my far left is committee clerk, Laurie Vollertsen. Our pages for the committee this afternoon are, let's see, Trent Kadavy and Landon Sunde. With that, we will begin today's hearings with our

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first one being LB556. Welcome, Senator Brandt. Senator Fred-- just for the record, Senator Fredrickson joined us on the committee.

**BRANDT:** Good afternoon, Chairman Bostelman and members of the Natural Resources Committee. I am Senator Tom Brandt, T-o-m B-r-a-n-d-t. I represent Fillmore, Thayer, Jefferson, Saline, and southwestern Lancaster Counties. Today I'm introducing LB556, which would allocate grants to community action groups who implement weatherization projects. The harsh winter months in our state can cause energy bills to skyrocket, making it challenging for low-income families to make ends meet. This is where community action groups come into play because they have a proven track record of delivering effective weatherization services to those in need. Community action groups have a long history of providing vital services to low-income families and communities in Nebraska. This legislation would allocate funds to these community action groups so they can do more weatherization projects. Weatherization projects have high staffing costs because of the need for repair teams specialized in performing energy audits. The current federal formula limits how many dollars can be used for labor cost, making it difficult to use all of the funds associated with the program. Also, hiring these crews has become very competitive. An annual grant will greatly increase their ability to deploy weatherization funds and complete more projects in their communities. These grants would go through the Nebraska Department of Environment and Energy, and we are working within NDEE to clean up some of the issues they have with the bill as it is written, such as clarifying when a grant program would start, how the funds will be awarded and used, and how the funds will be distributed among the community action groups. Following me will be community action groups that can better explain the problems they run into administering these weatherization programs. With that, I would be happy to answer any questions. And we did hand out a handout from NDEE; and on the bottom of this, it shows the agencies in the state of Nebraska that administer weatherization funds. So there's, I think, seven, eight, seven community action groups. And then in Douglas County, Habitat for Humanity runs these weatherization programs.

**BOSTELMAN:** Senator Jacobson.

**JACOBSON:** Senator Brandt, thank you for bringing this bill. I guess I have a question. My understanding is a couple of years ago or a few years ago there was money that was allocated through, I believe, through DHHS, and they were supposed to send 10 percent of this money for winterization-- weatherization projects. My understanding is that

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didn't get accomplished. And the money got to, I think, DED at the time late and it never got distributed and then ended up getting distributed through DHHS and that was turned up in a Performance Audit report. So it looks like this time we're going to go through directly into-- to NDEE. So hopefully this will actually happen. And I guess, I mean, I'll ask the other questions for the presenters. I'm just curious as to how this would be admitted-- how it would be distributed, how the-- how those grants would be-- the grantees would be selected. I know it's spreading across the three districts, but I-- I guess, again, I would think \$250,000 would go pretty quickly.

**BRANDT:** Right.

**JACOBSON:** And so just making sure that we've got [INAUDIBLE]

**BRANDT:** Senator Jacobson, the situation you referenced is a one-off. That was a one-time federal, essentially kind of like an ARPA grant to the state of Nebraska. Statute in Nebraska says 10 percent of LIHEAP, low-income home heating and whatever program, needs to go to weatherization. And when those 10 percent funds move from DHHS over to NDEE, NDEE is the clearinghouse for these agencies that actually take the applications in the state for, think of storm windows on older homes in your community for the elderly or a furnace or insulation. And the-- we didn't-- it wasn't necessarily that that caused this problem because there's about four or five different federal programs that give us weatherization funds. The problem becomes in that federal program, you are only allowed to use so much of that for labor to install the weatherization. And this was brought to us by Habitat for Humanity. They actually run their own crews where a lot of these action agencies will use local-- local contractors. But they're having problems finding these people, too. Because they can't use those federal dollars to access more labor to use the money up in a timely fashion, they sent back over \$1,000,000 in Omaha that could have went to weatherization. So what we're kind of doing here is this-- we're giving them the funds to hire those people they need to use up the weatherization funds to help these people in need as opposed to sending that money back to D.C.

**JACOBSON:** Thank you.

**BOSTELMAN:** Senator Hughes.

**HUGHES:** And I'm just looking at so we have the funds here. I mean, they're already allocated. You're not requesting money from somewhere.

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And it looked like there's \$4.1 million. But for four years, I mean, correct me if I'm wrong, it's 750 a year for four years, which is \$3 million. Is this something that might go on if it's successful?

**BRANDT:** The-- the-- the request initially came from Douglas County, which is Habitat for Humanity. They do a whole congressional district.

**HUGHES:** Uh-huh.

**BRANDT:** And we said to make this fair--

**HUGHES:** To do it for everyone.

**BRANDT:** --we would give each congressional district a like amount,--

**HUGHES:** OK.

**BRANDT:** --\$250,000 for this. And when Ms. Rockenbach comes up here, she's a director for all these community actions, she can probably explain in a little more detail--

**HUGHES:** Perfect.

**BRANDT:** --on maybe-- maybe the ones that serve Seward or North Platte in how it works out there.

**HUGHES:** OK. Thank you.

**BOSTELMAN:** Senator Moser.

**MOSER:** But the \$250,000 is from the General Fund.

**BRANDT:** The \$250,000 would come from the General Fund.

**MOSER:** But it's going to be used to supplement these other funds that are being held.

**BRANDT:** It would be used-- it would be used to hire labor so we can use up these federal funds. If we don't use the federal funds, we have to send the federal funds back.

**MOSER:** What's the time deadline to [INAUDIBLE]

**BRANDT:** She'll be able to answer that more effectively probably. Usually the fiscal year on-- on the feds runs out on September 30.

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**MOSER:** OK. Thank you.

**BOSTELMAN:** So I do have one question. So are we-- does the bill ask for three quarters of a million dollars for each year for three years?

**BRANDT:** Yes.

**BOSTELMAN:** So 2023--

**BRANDT:** And that was one of the questions that because there was an emergency clause on it, we will be coming with an amendment, those three things that I listed, clarifying when the grant program would start. NDEE was requesting that it doesn't start until July 1 when our fiscal year starts. Because if this passes with the emergency clause on May 30, then we would only have one month-- then they would be obligated to expend these funds just for the month of June, because that's in the current fiscal year. So there are a couple of the small things on there that they wanted to see changed, and we will be coming with an amendment on that. And if there's some stuff today that-- that gets brought up that we need to work on, we're more than willing to do that. This bill was-- was brought at the last minute.

**BOSTELMAN:** OK.

**BRANDT:** So.

**BOSTELMAN:** Thank you.

**BRANDT:** All right.

**BOSTELMAN:** Will you stay for closing?

**BRANDT:** Yes, we will.

**BOSTELMAN:** OK. Ask any proponents for LB556 to please step forward. Good afternoon.

**TINA ROCKENBACH:** Good afternoon, Chairman Bostelman, members of the Natural Resources Committee. My name is Tina Rockenbach, T-i-n-a R-o-c-k-e-n-b-a-c-h. I'm the executive director for Community Action of Nebraska. We are the state association representing all nine of Nebraska's community action agencies, currently serving all 93 counties in Nebraska. I'm here to testify in support of LB556 as it relates to the request for creating capacity grants for nonprofit organizations that administer weatherization services. The map that's

being distributed to you shows each community action agency's service area. So as Senator Brandt referenced, you can use that to cross-reference with the other map you were given. Currently, seven of our nine agencies administer weatherization services. Throughout the state, weatherization services are administered among a network of nonprofit service providers such as Community Action and Habitat for Humanity. Weatherization services are in extreme demand, with all of our agencies reporting significant client waiting lists for these services, ranging from six months to a year or more. Our agencies work diligently to prioritize projects to serve the most vulnerable populations, including the elderly, disabled, and families with young children. The improvements we are able to make to our client's homes not only reduce the heating and cooling expenses for those homes, but it also ensures that their homes have proper heating and cooling systems to handle Nebraska's various weather conditions. Our most vulnerable populations should not be concerned with expenses related to these improvements, and our weatherization programs are done with little or no cost to them. Additional state funding for these projects would have a tremendous impact on our ability to help families and reduce waiting lists. Our agencies currently fund weatherization projects through federal funding streams specific to weatherization. Those funds are regulated by the Department of Energy for projects to stay within an average cost per unit or ACPU through a preset formula. The approximate cost of the ACPU currently is running between \$7,000 and \$8,000. Our biggest challenges fall within our ability to expand capacity while not pushing expenses past this ACPU. All project-related expenses that are covered by the federal weatherization funds must be calculated into this formula. Therefore, when trying to address capacity such as trucks, equipment, storage, supplies, additional crew, our agencies have a limit on how much they can spend without driving that ACPU too high. The availability of state funding would allow our agencies to expand the capacity of weatherization programs. Our agencies have limited crews and many have struggled to grow their internal crews, excuse me, due to competition for higher wages in the private sector for those that are trained in weatherization contracting. When agency crews are maxed out, or for agencies who do not have their own crews, outside contractors must be booked to complete these tasks. Contractors are currently in high demand and unfortunately their availability slows our progress significantly. Relying on the ability to book outside contractors also greatly diminishes our agency's abilities to take on more ACPU-based federal funding for weatherization. We must be able to have the infrastructure in place to ensure we can spend additional federal

funding within that fiscal year timeline, which is difficult if an outside contractor is a major effector of the process. Most recently, our agencies have been unable to receive several million dollars for weatherization as they were only given three to four months to spend it. Typically, one weatherization project takes an average of five to six months to complete, and that is with no significant problems discovered. Additionally, we are all aware of the growing cost of goods and services, especially in the construction industry. Every area of Nebraska is affected differently by the straight cost in relation to the ACPU. In larger cities such as Lincoln or Omaha, costs are significantly higher across the board for all components of the process comparative to the rural balance of the state. However, as I mentioned earlier, we are seeing the same level of waiting lists across the state. As those costs continue to increase, it only further complicates the ability to stay within the ACPU. So on behalf of our entire network, I am asking that you support this funding effort to allow networks such as ours to be able to properly expand their service departments. It is extremely difficult for our agencies to continually make decisions on who we can help within the budget limits set. There is always someone in need of quality, energy efficient heating and cooling, especially in older homes. Community Action prides itself on always having the solution, and we appreciate the ability to be able to continue that. Thank you for your time, and I'll do my best to answer any questions that you have.

**BOSTELMAN:** Thank you for your testimony. Senator Fredrickson.

**FREDRICKSON:** Thank you, Chair Bostelman. Thank you for being here to testify. I had a couple questions. So, you know, you mentioned a waitlist of six months to a year. And that-- that-- that concerns me quite a bit, especially when you think about some of these vulnerable populations who might be more susceptible to the impacts of adverse weather. So-- so the need for this seems high. Can you shed a little bit of light on the, you know, the federal funding? And, you know, we're speaking to the risk of having to send some of that back. How much funding are we potentially talking about having-- losing here?

**TINA ROCKENBACH:** So it depends on the area. Each agency area is allocated a different amount, again, based on that formula. The numbers that I've looked at that were just released for FY '23, we're talking millions

**FREDRICKSON:** Uh-huh.

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**TINA ROCKENBACH:** Anywhere averaging to an agency, anywhere from \$300,000, \$400,000 all the way up to more than 2 or \$3 million. The issue with weatherization is it's not just an application where they come in and say, hey, I need my furnace replaced. That may start the conversation. But the federal regulations that come with this program are certain things have to take place before that's replaced. One of the significant things is having an energy audit done, and that has to be done by someone who is certified in being able to go into the home and do that audit because there may be more than just a furnace replacement. Maybe, as Senator Brandt said, maybe there's windows involved, it's things like that. And so that takes a process. So the five to six months I talked about for one project is from application to finish. And then when we look at issues with supply, issues with contractors waiting on those, that just further pushes them back. Our Southeast Agency, in fact, told me yesterday that they have a waiting list in every single county. That is many people long, many months long. And just recently here, only a year ago, they were still trying to service people that had been on a waiting list since 2016 and 2017. So the more we can bring that money in, but what happens is as those expenses are pulled from the federal side, it's just considered all expense for program support. And so our weatherization directors are concerned because there's only so fast they can expand because they have to stay within that ACPU when they average all their expenses based on the number they serve.

**FREDRICKSON:** Got it, yeah. Thank you.

**TINA ROCKENBACH:** Thank you.

**BOSTELMAN:** Senator Jacobson.

**JACOBSON:** Yeah. I'd like to follow back up again with OK, so we're dividing these dollars between the three congressional districts,

**TINA ROCKENBACH:** Correct.

**JACOBSON:** But obviously your individual community action agencies, service areas, looks like most of your areas are in the 3rd Congressional District and then you've got overlap in the 1st and 2nd.

**TINA ROCKENBACH:** Correct.

**JACOBSON:** So you've got some inside 1st and 2nd outside that would go in the 3rd as well.

**TINA ROCKENBACH:** Correct.

**JACOBSON:** How do you go about identifying-- I'm assuming you're working with your partners in each of those areas and then probably down at the county level. And so how do you allocate who gets to the top of the list to be included in getting a grant from a priority standpoint? And I've got a follow-up to that so go ahead.

**TINA ROCKENBACH:** Sure. So as far as priorities for the agencies, every agency with all the programs that they do, they're required to do community needs assessments. And then based on their area, each agency has their own separate ED or CEO. And so they will make their decision based on what their ask would be. So when they make the grant application, they would be doing it on behalf of their agency. Now, in a situation like this where we are working together, our agencies do an amazing job of coming together and saying, OK, we have this amount we want to apply for this entire congressional district. Let's work together and not over-- overask or overbid each other. And so the great thing about us is even though we have all these different areas, we're constantly working together, constantly referring back and forth. And that's where I come in, where I help facilitate those discussions. As far as priority on need, one of the things that we have already talked about are the length of those waiting lists. What are the needs that are on those waiting lists? And as part of that application process, they essentially go through, for lack of a better word, an audit of the individual situation. So there may be some people on a waiting list, but if somebody comes in with a more dire situation, that's how they manage a prioritization on their waiting lists. And so those are the things that we discuss when we come together to apply for funds such as these.

**JACOBSON:** Well, my follow-up to that is I guess I'm just looking in my legislative district and I'm thinking about the overwhelming need that's there.

**TINA ROCKENBACH:** Yes.

**JACOBSON:** And is there anything that could be done that they can-- we can do locally to be able to either go out and contract, hire--

**TINA ROCKENBACH:** Yeah.

**JACOBSON:** --an energy auditor who can go out--

**TINA ROCKENBACH:** Right.

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**JACOBSON:** --and start doing a whole bunch of audits and get contractors lined up that are willing to go out and just go from one house to the next--

**TINA ROCKENBACH:** Yes.

**JACOBSON:** --and make it happen? Would that help jumpstart what they're doing? It-- it-- it's hard to let federal money go back to the federal government when we could use it here in Nebraska.

**TINA ROCKENBACH:** Absolutely. And in fact, in the Panhandle, so our northwest agency, which is number 8 on your map, covers for weatherization, covers both their area as well as the CAPWN area. They've actually just recently testified locally with their city and their county for this exact reason. And-- and what can we do? What can you do on the local level, whether it's allocating funding to hire or working together to get somebody through the county or through the local areas? And that is a key component as well for our agencies is really dialing down to that local level. A lot of the things and a lot of the programs that our agencies do are a great match to leverage other programs where the county can benefit, the city can benefit as well. And those are the conversations that need to be happening and continue to happen. This is not going to be fixed overnight, but that is exactly some of the conversations that our agencies are starting to have.

**JACOBSON:** Great. Thank you.

**TINA ROCKENBACH:** You bet.

**BOSTELMAN:** Senator Hughes.

**HUGHES:** So thank you. Thanks for coming.

**TINA ROCKENBACH:** You bet.

**HUGHES:** So I'm still, OK, so the \$250,000 per district that you get is that-- I thought it was at first because they-- you couldn't use the money toward labor as much, only a certain amount.

**TINA ROCKENBACH:** Right.

**HUGHES:** So that-- so I was like, oh, OK, well, then that makes sense. We're going to come in and help cover the cost of labor because the

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fed-- federal money covers the actual cost of the equipment and you know, all that stuff.

**TINA ROCKENBACH:** Sure.

**HUGHES:** But then you're saying this ACPU--

**TINA ROCKENBACH:** Right.

**HUGHES:** --is-- are we really-- so the-- the fed money is the \$7,000 to \$8,000 and then maybe our mon-- the state money is another \$2,000 to help finish it out. Is that-- which is it I guess?

**TINA ROCKENBACH:** Right. You're on the right track. So essentially what the state funding would do is it's going to allow, as our-- as our agencies look at their budget for the client projects, everything that's spent per project, which includes labor, is subject to that ACPU.

**HUGHES:** Right.

**TINA ROCKENBACH:** And so what they can do is if labor, which is, that is the biggest issue, what they can do with the state funding then is as this comes in, because it's not subject to that federal formula, it doesn't have to [INAUDIBLE]

**HUGHES:** Oh, it doesn't count in it.

**TINA ROCKENBACH:** Correct. Yeah. So the biggest constraint being labor, that is where those dollars would be allocated to whether it's bidding higher for wages to hire and add to their crews that they have in-house or being able to secure more contracts because it would mean they could get to more projects and maybe get a contractor that could commit to, for example--

**HUGHES:** [INAUDIBLE]

**TINA ROCKENBACH:** --to the degree audits and kind of knocking them out. Correct.

**HUGHES:** Thank you.

**TINA ROCKENBACH:** You bet.

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**BOSTELMAN:** So my question is understanding, are you-- kind of follow up with Senator Hughes, does a grant you get for weatherization from federal allow for both operating costs as well as weatherization?.

**TINA ROCKENBACH:** It does. It-- what it looks at is everything involved cost-wise to make that project happen.

**BOSTELMAN:** So is that-- is it-- what we're talking about here, is it because of a lack of labor force or is it because of rates are being paid to those who are doing the work?

**TINA ROCKENBACH:** It's a combination. The ones that don't have their own crews, it's a significant labor force issue. The ones who do have their crews are trying to expand their crews, but they're getting outbid when they make offers because the private sector is offering them more money.

**BOSTELMAN:** So on the federal funds that come down, is there a limitation as to how much you're allowed to pay for those crews, those workers?

**TINA ROCKENBACH:** I don't know. And I can find the answer to that. From what I understand, they look at that budget-wise and try to do a fair wage, but yet still trying to keep their crew cost to a certain level so that it doesn't go out of that ACPU, especially if cost of goods would go up.

**BOSTELMAN:** The other question that I think Senator Jacobson referred to funding in the bills talks about congressional districts, but yet the funds are actually, when NDEE does it, goes by county. And we have some crossing counties, crossing congressional districts. How are we going to resolve that?

**TINA ROCKENBACH:** How, sorry [INAUDIBLE]

**BOSTELMAN:** How would we-- how-- how is that going to get resolved? Because we're-- we're using two different.

**TINA ROCKENBACH:** Right.

**BOSTELMAN:** --formulas, two different areas to look at funding.

**TINA ROCKENBACH:** Right. So in those counties that are split, as far as our agencies, we would have to make that decision internally of which agency would be asking for that county. In Omaha, Habitat for Humanity

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covers Douglas County. We don't cover that county at all for weatherization. We do have an agency there. They don't do weatherization. And so that is-- that is a further conversation that we would have to have on what would be the best strategy to be able to do that.

**BOSTELMAN:** The NDE is going to set up the process,--

**TINA ROCKENBACH:** Correct.

**BOSTELMAN:** --not your agency.

**TINA ROCKENBACH:** Correct.

**BOSTELMAN:** So NDE is going to have to [INAUDIBLE] clear this up if-- if funding is allowed, how to set up in the process--

**TINA ROCKENBACH:** Correct.

**BOSTELMAN:** --to provide the funds. So I guess that's one question that I'm not sure NDE knows how-- how best to do that. Something's got to be answered so.

**TINA ROCKENBACH:** Yeah.

**BOSTELMAN:** OK.

**TINA ROCKENBACH:** Yeah.

**BOSTELMAN:** Any other questions? Seeing none, thank you for your testimony.

**TINA ROCKENBACH:** Thank you all.

**BOSTELMAN:** Next proponent for LB556. Good afternoon.

**TRACIE MCPHERSON:** Good afternoon. My name is Tracie McPherson. I'm the public affairs and advocacy director for Habitat for Humanity of Omaha. Today I'm here on behalf of--

**BOSTELMAN:** Excuse me. Sorry. Spell your name, please.

**TRACIE MCPHERSON:** And I had that in my notes. T-r-a-c-i-e M-c-P-h-e-r-s-o-n. Thank you. Today, I'm here on behalf of Habitat Omaha and the 117 families we served through our weatherization program in 2022 and the almost 200 families we plan to utilize the

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program with this year. I'm here to voice support of LB556. While most people know Habitat Omaha builds new homes, we also work hard to preserve the current housing stock. One of the ways we do this is through our weatherization program. We consider it an important service to the community, especially for low-income homeowners and even renters experiencing high heating and cooling bills who are living in unsafe and unhealthy conditions. While there are many challenges in administering this program, one of the biggest is the federal formula, which you've heard, we're required to use for reimbursement for the service. The current federal funding comes with an average cost per unit, ACPU that folks have been talking about. This is all of the labor staff, salaries, project and program materials, vehicles, etcetera, divided by the total projects completed. That average is around \$8,000 per unit. We currently exceed the Department of Energy's ACPU, but we can't easily lower that for a couple of reasons. To do so, we would have to hire another field crew that could do-- complete more projects. This is making it a challenge for us to spend the funds allocated for weatherization. If we do more projects, we will drive down the ACPU. But the minute we hire a second crew, purchase the tools they need to do the job, we've just increased our total costs, which negatively offsets the gains made by increasing production. So we're working hard with the one crew that we have to try to get as many projects as we've done so that we can still stay within that ACPU. Another reason we have a higher cost per unit average and have a hard time spending the funds is the cost of wages in Douglas County. We have to pay more money in Omaha to acquire a qualified construction worker who could perform the duties. Plus, the weatherization tech is required to be certified as an energy auditor, which requires another level of expertise and sometimes that comes with a little more money. As of right now, the only place-- well, there are a few places to receive this training, we usually send our folks to New Mexico. We're told that's the place to send them, and we do so. Energy auditors are not common in our state. We found that out. Again, we can only hire so many people and pay a certain amount that is not considered competitive because of the ACPU formula we must adhere to. Right now, our weatherization techs make 21 bucks an hour. To give you a comparison, my son, who's a junior in college with a very low skill set, had an internship for 25 bucks an hour. And he sat at the dining room table all summer and didn't have to move. Now, let's talk about the actual work being performed and why it often takes more time. While the work involved in weatherization seems simple, right, things like replacing a door, caulking a few windows, or a quick replacement of an old appliance with an Energy Star rated

one, it's not simple. This work is far from simple. The majority of the homes we weather-- we are-- we weatherize are much older housing stock, some of them are 100 years old and maybe even older. It's not unusual for the crew to find windows and doors with cracks so big you can see the daylight pouring through. Can you imagine how that feels during a Nebraska winter? Replacing a door to a house this old often requires extra time and attention because a door size is not standard. This requires specialized attention to prep the old space to ensure the new door or window will work. Our crew often waits for weeks for that custom-ordered door to be delivered. As most of us know, any custom order for your home takes more time and special carpentry work that has to happen in order to complete the project. A simple appliance delivery could take half a day. Again, a home built in 1929, let's say, frequently doesn't have doorways wide enough for a new appliance to enter. So the crew has to remove the door and sometimes even the door frame to install the new appliance and then put everything back together. Another simple task is adding insulation to the attic that doesn't have none. Just this week, our crew went out to do just that and had to halt work because of bats. Yeah, it's not glamorous work. So they have to wait for Animal Control to give them the clearance to go back in, which probably won't happen until spring. So therefore, more time having to go back and to complete that job. This work is critical in our community. We know the challenges and we also see the results. This program provides families the opportunity to save money on utilities, allowing them more cash for groceries, to increase their savings, or to simply age in place in their own home. LB556 will allow Habitat Omaha to help more families to do these things and so much more. Any questions?

**BOSTELMAN:** Thank you for your testimony. Questions from committee members? Senator Fredrickson.

**FREDRICKSON:** Thank you, Chair Bostelman. Not a question, more of a comment. I want to just shout to your son. I'm sure his skill set is a bit higher than his loving mother said it was.

**TRACIE McPHERSON:** Well, I don't know. I don't know that he's worth 25 bucks an hour, but he's getting there.

**FREDRICKSON:** And also just a comment of appreciation for the work Habitat does for-- for Omaha and for [INAUDIBLE].

**TRACIE McPHERSON:** Thank you.

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**FREDRICKSON:** Yeah.

**TRACIE McPHERSON:** Thank you.

**BOSTELMAN:** Next testifier for LB556. Proponent for LB556 step forward. I'd ask if you're going to testify just as a person's testifying to come populate the seats up front a little bit. That just kind of helps a little bit on time management for us. I'd also like to, for the record, note that Senator Cavanaugh joined us. So thank you. Good afternoon. Welcome back.

**AL DAVIS:** My name is Al Davis. I'm the registered lobbyist for the 3,000 members of the Nebraska Chapter of the Sierra Club here today to testify on LB556, which provides assistance to nonprofits across the state to administer weatherization programs across Nebraska. The bill requests a modest increase in funding to nonprofit entities that are charged with administering the programs. Nebraska's housing stock is fairly old, and there is a considerable demand for weatherization on the part of low-income individuals who struggle paying their utility bills each month, especially during the bitter cold temperatures we've been dealing with currently. I have some personal experience with the program trying to help an individual I knew who is juggling house payments, insurance, utilities, groceries, etcetera, on her small Social Security check of \$1,255 per month. And this is in Lincoln. We applied for weatherization funding in August and waited over ten months as she moved up the waiting list. But she ultimately was gone from the home before certification ever took place. In fact, it was about two months after that that they called me, had listed the residence for sale. And they called me and they said, we're ready to come and do the evaluation. By that time, of course, she'd moved to an assisted living facility, so she was ineligible for the funding from that point forward. So I just think that indicates that we have a huge demand for this. And if we can facilitate in some way moving more people into the program who qualify, I think would be great. Many rural Nebraskans rely on propane for home heating, while urban dwellers use natural gas often. Propane prices are up over 80 cents per gallon from two years ago as you probably know, if you've got a propane tank. By enabling more rapid assessment and installation of energy conserving techniques, we can provide our rural senior citizens more disposable income and a more comfortable life. And those are both laudable goals. In addition to that, you also will have more disposable income, which can generate more tax dollars for the state of Nebraska from these folks. So I urge you to move the bill to the

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floor where it can be debated quickly. And I understand there's an e-clause on it. I would hope that that would be enacted. Thank you.

**BOSTELMAN:** Thank you for your testimony. Are there questions from committee members? Seeing none, thank you for your testimony.

**AL DAVIS:** Thank you.

**BOSTELMAN:** Next proponent for LB556, please. Good afternoon.

**KENNETH WINSTON:** Good afternoon, Chairman Bostelman and members of the Natural Resources Committee. My name is Kenneth Winston, K-e-n-n-e-t-h W-i-n-s-t-o-n, and I'm appearing on behalf of Nebraska Interfaith Power and Light in support of LB556. I've provided some written testimony. I won't read it for you because you can obviously read it yourselves. But I just wanted to indicate our support for a number of reasons. Particularly, we think it's an important social justice issue to provide additional funding to assist in weatherization for low-income Nebraskans. And Mr. Davis indicated and previous testifiers had talked a bit about the benefits that weatherization can provide, making homes more comfortable and reducing their energy bills and reducing, and also can help the utilities by reducing the number of unpaid bills that they have to try and collect on. And it also can create jobs for the people who do weatherization work. And the reduced energy use also reduces the amount of greenhouse gas emissions into the atmosphere. And I just wanted to also mention that in addition to this, there-- at least-- at least LES and OPPD have their-- have some programs that assist low-income people with weatherization projects. I know that there are probably some other utilities that I'm not aware of that do that as well. And so we'd encourage their cooperation with and support for the utility programs. I would also encourage the state to seek all available federal funds that-- that can be used for this purpose. So with that, I conclude my testimony. Thank you.

**BOSTELMAN:** Thank you for your testimony. Are there questions from committee members? Seeing-- Senator Cavanaugh.

**J. CAVANAUGH:** Thank you, Chairman Bostelman. Thank you, Mr. Winston, for being here. Are you aware of any federal funds that you want to throw out there or suggest that we might go after?

**KENNETH WINSTON:** Well, in particular, there's funds available through the Inflation Reduction Act that they can be specifically used for weatherization projects. And so that would be one that I think the

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state-- and it's a situation where the state will need to apply for to receive those funds. So I would encourage-- there's actually a bill, LB560, which I believe will be heard by the Appropriations Committee that addresses that particular issue.

**J. CAVANAUGH:** Is that the fund you're talking about?

**KENNETH WINSTON:** Yes. It addresses the state seeking Inflation Reduction Act funds.

**J. CAVANAUGH:** Thank you.

**BOSTELMAN:** Other questions from committee? Seeing none, thank you for your testimony.

**KENNETH WINSTON:** Thank you.

**BOSTELMAN:** Next proponent for LB556. Any other proponents for the bill? Anyone like to testify in opposition, opponent for LB556? Any opponents? Seeing none, anybody like to testify in the neutral capacity? Seeing none, Senator Brandt, you're welcome to close. As he comes up, we do have five proponent letters and one in neutral letter.

**BRANDT:** And I would assume the neutral was NDEE.

**BOSTELMAN:** Correct.

**BRANDT:** Yeah. Because they said they were going to be neutral and we're going to work with them on-- on fixing some of the things they asked for. So when executive director Rockenbaach was up here, she told you that contractors in outstate Nebraska are in very high demand. And the other thing that nobody mentioned, and maybe Senator Jacobson knows this, but any time you try and do anything with the federal government, if you want to be a contractor to do this, there's a stack of papers about that thick that you have to fill out, even if you're just a one-man shop handyman. And it deals on everything that you can imagine with the federal government. And I know in my area, we used to have some contractors that did this work. And they-- they got very discouraged because of that. And they just said we are-- the money was good, but they just got tired of messing with that. So that kind of hinders a little bit on finding who wants to do this. Ms. McPherson from Omaha, same problem, hard to find labor. They're already paying 22 bucks an hour. They did 117 homes last year. Their hope is this year when this passes, that they'll be able to ramp that up to 200. And I guess, you know, when I was in engineering, we looked

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at ROIs. So we're going to spend about \$250,000. And based on the numbers that I saw from Habitat the other day, and I apologize I didn't get you those numbers, but they-- they had about a million and a half dollars they had to return. You know, this is about a 6x return. This is a pretty good ROI for the money. And it's going into a segment of our society that can really use the help. So with that, I would answer any questions.

**BOSTELMAN:** So my question, to understand this, they turn-- money was sent back. Federal money was sent back because the time frame, shorter time frame.

**BRANDT:** I believe. Yeah. There's an expiration date on the money. Yes.

**BOSTELMAN:** And that's passed.

**BRANDT:** Yes, that passes every year. Yes.

**BOSTELMAN:** So is this going to be a reoccurring fund that you're asked-- that's being asked for?

**BRANDT:** Well. I believe so, yeah.

**BOSTELMAN:** So this is a-- this is a setup to fund every year at this amount.

**BRANDT:** The way it stands right now, yeah.

**BOSTELMAN:** OK. And because the question, my thought was-- was previous years, you know, is it more because it was condensed time so we didn't have enough time?

**BRANDT:** Well, previous--

**BOSTELMAN:** Normally we ask--

**BRANDT:** Go ahead.

**BOSTELMAN:** --six months or whatever it is. And now we only have three so [INAUDIBLE].

**BRANDT:** No. I think the time frames are the same. But previous years there were more people looking for work. You had a bigger labor pool. The furnaces didn't cost as much. The storm windows didn't cost as much. I mean, it's-- it's the same thing everybody's facing with

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supply chain and labor problems in the state. It's just-- it's just affecting another segment of Nebraska.

**BOSTELMAN:** OK. Not, I mean, I'm just trying to make sure I understood so. Senator Jacobson.

**JACOBSON:** Just a quick, very quick question. I appreciate you mentioning the thick binder of what it takes to get certified. You know, I just keep thinking about people that might be looking, have a little more time on their hands, might be home inspectors. With the velocity of home sales reducing, they may have a little more time and it might be worth their time to get certified. They're used to going into homes. They're used to doing a lot of home inspections. They might be a natural to be able to be used as contracted home energy inspectors. It just seems to me we got to take advantage of the people that are out there in-- in those districts today who can go out and maybe get dually certified to be able to go out and get some of this done.

**BRANDT:** Well, I think executive director Rockenbach is more than willing to work on any public-private partnerships here. You know, think outside of the box. You know, if North Platte has somebody that the city can keep on their payroll yet work with Community Action, they will find a way to do this.

**JACOBSON:** I agree. Yeah. Thank you.

**BRANDT:** Yeah.

**BOSTELMAN:** Any other questions? Seeing none, thank you. That will close our hearing on LB556 Next, we'll thank those who came in for that hearing. Our next hearing is LB769. Crowded out there. We'll just kind of left the room settle down first, so. OK, I think with that, we'll open on LB769. Welcome, Senator Holdcroft.

**HOLDCROFT:** Thank you. My first bill of 2023. Good afternoon, Chairman Bostelman and members of the Natural Resources Committee. For the record, my name is Senator Rick Holdcroft, spelled R-i-c-k H-o-l-d-c-r-o-f-t, and I represent Legislative District 36, which includes western and south Sarpy County. I am here to introduce LB769, which was brought to me by the Sarpy County and Cities Wastewater Agency. For a little background, LB253 was passed in 2017, having been introduced by former Senator Sue Crawford and cosponsored by former Senator Jim Smith. It was also co-sponsored by current Senators Mike

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McDonnell and Carol Blood. This bill amended the Interlocal Cooperation Act, allowing local governmental units to establish an interlocal agreement to provide essential services and facilities such as a regional agency. The idea of governmental agencies working together to seek efficiency, fund cost savings, find cost savings and provide essential government infrastructure is one that makes a lot of sense to me. The Sarpy County and Cities Wastewater Agency south Sarpy wastewater expansion runs directly through my district. Essentially, it is my district. This is a critical project that has been well planned and is currently under construction. However, it is now suffering the consequences of the post-COVID economic and supply chain crisis. I am pleased to have expert testimonies for you today to speak more specifically to this project. Behind me you will hear from Don Kelly, chairman of the Sarpy County and Cities Wastewater Agency, the Honorable David Black, mayor of Papillion and board member of the United Cities of Sarpy County, Karen Gibler, President and CAO of the Sarpy County Chamber of Commerce, Josh Chrvat, executive director of Grow Sarpy, and Pat Sullivan, representing a coalition of homebuilders in the Omaha metro area. You should have a copy of the amendment I filed, AM102. AM102 properly captures the purpose of this legislation. LB769 with AM102 will provide a one-time \$60 million transfer from the state's Cash Reserve Fund to the Department of Natural Resource-- Resources' Critical Infrastructure Facilities Cash Fund, which will provide a grant to an entity formed through the Interlocal Cooperation Act to aid in funding the construction of a wastewater system. Chairman Bostelman and members of the Natural Resources Committee, thank you for your consideration of LB769. I'm happy to answer any questions you may have, although I may defer to those behind me to better answer your questions.

**BOSTELMAN:** Thank you for your opening. Questions from committee members? Senator Jacobson.

**JACOBSON:** Thank you, Chair-- Mr. Chairman. Senator Holdcroft, I'm just curious, did they apply for ARPA money last year and why-- that seemed like it was a perfect funding source for this particular need.

**HOLDCROFT:** I'll have to defer to, to Don Kelly to answer that question, but I don't think it was eligible. But I'll let him address that.

**JACOBSON:** OK, I, I did-- just struck me on that it's sewer and that seemed to be something that would be eligible under ARPA.

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**HOLDCROFT:** Well, it's, it's sewer, but it's also, you know, development of a new wastewater system--

**JACOBSON:** Yeah, OK.

**HOLDCROFT:** --where none exists--

**JACOBSON:** Yeah.

**HOLDCROFT:** --so it may not-- like I say, I don't think it was eligible, but again, I'll let him--

**JACOBSON:** Sure. No, no problem. I'll-- hopefully, he'll answer that question for me. Thank you.

**BOSTELMAN:** Senator Brandt.

**BRANDT:** Thank you, Chairman Bostelman. Thank you, Senator Holdcroft, for bringing this bill. Sewers don't come cheap; \$60 million. What-- if we would have passed this the last time, do you remember what that fiscal note was?

**HOLDCROFT:** There was no fiscal note with the last bill. The bill only established the, the organization that allowed this-- these entities, these separate entities to come together. It did give them some authority to levy taxes, but they chose not to do that and to try and fund the project through, through fees, essentially, as they, as they hooked up a system. But again, Don, Don will be able to address--

**BRANDT:** OK. I'll--

**HOLDCROFT:** --that in more detail.

**BRANDT:** --I'll wait for that. Thank you.

**BOSTELMAN:** Senator Hughes.

**HUGHES:** Thank you, Senator Bostelman. Thanks for coming, Rick. I got a picture of you and your first bill with the number. So I'll--

**HOLDCROFT:** OK, great.

**HUGHES:** --send that to you.

**HOLDCROFT:** Put it on Facebook.

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**HUGHES:** It's kind of exciting when you have your first bill. It's very exciting, as a freshman can attest. And maybe you're not the person, but what, what was the original-- like, what's your projected cost of the whole project? What was it to begin with? Do you have some of that information?

**HOLDCROFT:** We do have that information. Don's got that and--

**HUGHES:** Don's going to come with it.

**HOLDCROFT:** --again, I'm going to pass that onto Don.

**HUGHES:** I will wait for Don then. Thank you.

**HOLDCROFT:** Don's the man.

**HUGHES:** Don is the man.

**HOLDCROFT:** I have set him up.

**HUGHES:** Perfect. Thank you.

**BOSTELMAN:** Thank you for bringing the bill and your opening.

**HOLDCROFT:** And I will stay for closing.

**BOSTELMAN:** I'd like to ask for anyone who would like to testify as a proponent to LB769. Please step forward. Good afternoon.

**DON KELLY:** Good afternoon, Senator Bostelman and the Natural Resource Committee. My name is Don Kelly, D-o-n K-e-l-l-y. I'm a Sarpy County commissioner representing District 1. And for the last five years, I've also served as chairman of the Sarpy County and Cities Wastewater Agency. I'm testifying in support of LB769 and I thank Senator Holdcroft, Sanders, Blood and Day for their support and foresight. Over the last 25 years, Sarpy County and our five city mayors have explored how to best open up the southern half of our county to development. That all changed on September 17, 2017, when all six entities came together under Interlocal Agreement Cooperation Act and formed the Sarpy County and Cities Wastewater Agency. And I wish I had an acronym for that because I know you were in the Air Force and you would appreciate that, but we don't. It's a, it's a long-winded name. This is, however, the first co-op, co-op-- collaborative partnership of its kind in the state of Nebraska. Over the last five years, Sarpy County and the cities have been able to recognize their shared

interest and the benefit of cooperation and support of a collective partnership. This partnership is on the precipice of finalizing one of the most important economic engines in the state. The reason I am appearing before you today is to request state funding to help us finalize phase one of this project. Between 2017 and 2022, the Sarpy County agency-- wastewater agency designed, developed, and began constructing a 23-mile-long sewer trunk line that will support the development of 42,000 acres of shovel-ready projects. To date, no property taxes-- oh, and I might point out we have a map in your package that kind of shows you that project. To date, no property taxes have been used to fund it. Now, Sarpy County has committed solely, singularly \$82 million to support the effort. And we're, we're-- we were definitely prepared to complete the project based on our initial project cost estimates. When the project was bid last spring, the projected cost had unfortunately dramatically increased. The initial cost was estimated at \$70 million for the trunk line. The final bid came in at over \$130 million. The increase in cost was attributed to the dramatic increase in labor, materials, equipment related to a number of factors beyond our control. Some of those included COVID labor shortages and supply, supply train-- chain issues. The pipe alone, for instance, increased from \$7 million to \$12 million. I mentioned a few moments ago that no property taxes have been used for this project. The initial project budget of \$70 million was funded by a state revolving loan from the Nebraska Department of Environmental Energy [SIC]. Sarpy County signed on as a guarantor of this SRF loan. In the event the agency could not make the payments, Sarpy County also placed \$5 million in a reserve fund, along with a pledge of 2 cents of our constitutional tax levy if needed. Myself, along with my colleagues on the county board, weighed all the risks and rewards along with financial modeling and concluded that the rewards far outweighed the risk. And even in a worst-case scenario, the risk we felt was tolerable at a cost of \$70 million. But now that the cost has dramatically increased, we are gravely concerned that if we do not have the state support and instead we need to fall back on additional loans to finish the project, there's a high likelihood we would have to turn to property taxes to help fund the project. The Sarpy County Board of Commissioners is committed to working with Governor Pillen and the Legislature to find a way to lower property taxes. In fact, during my ten years on the board, we've lowered taxes twice, including last year, when we reduced it by 4 percent to 28 point-- 28.5 cents per \$100 valuation. Our desire to partner with Governor Pillen and the Legislature to create valuable infrastructure, spur economic development and control property taxes is why I'm here

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today. Passage of LB769 will allow us to finish the 23-mile trunk line and, and not-- do that without having to levy new property taxes. I'm going to be followed by a whole host of experts that are going to talk about the economic impacts of this project and the value that it brings not only to the citizens of Sarpy County and our whole region, including the Omaha area, but the state of Nebraska. Thank you.

**BOSTELMAN:** Thank you for your testimony. Senator Hughes.

**HUGHES:** Thanks for coming. Thank you, Senator Bostelman. Thanks for coming and thanks for the numbers that I asked for originally. You are not alone in feeling the effects of COVID and things like that with projects. For example, Seward is also doing a sewer remodel and it has skyrocketed with, you know, supply chain, cost, etcetera. How do I tell-- let's say we give state funds to this Sarpy County project-- and maybe that will come in the people after-- so that you guys don't have to pay for it with property tax, which is just from the people that are benefiting from that. How do I tell my district that some of their tax money is going to help Sarpy County on a sewer project there at their cost, from their tax dollars?

**DON KELLY:** Well, thank you, Senator, for the question. I guess what I would tell you is that you could tell your constituents that rising water floats all boats. And when I say that, what I mean is that we are going to create thousands of acres of development that's going to create jobs. And those jobs are going to bring people and schools and quality of life and businesses that are going to pay income taxes and sales taxes that's going to funnel back into the state of Nebraska. Now, past performance doesn't always guarantee future results, but Sarpy County has been building sewer systems for 30 years and we have not once used property tax to do that. So what this \$60 million will do will give us a jumpstart so that we can get that chalk line built. And once that truck line is built, we already have developers lined up waiting for-- with shovel-ready products, with the platting and zoning all done, waiting to start construction. And when that construction starts, those funds will start flowing. Even by very pessimistic economic estimates, I would say that the rate of return on this will be annualized to the state at over 20 percent return on investment per year. The numbers are pretty astounding. We, we, we've done the economic analysis. We've hired experts to study it. They project over 30 years, the payback to the state of Nebraska in terms of economic activity is \$15.3 billion; all of that for a \$60 million investment. Now, I'm not a market expert or an investment expert, but that is a pretty significant rate of return. Even if it only pays to have that

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much, it's still a win for Nebraska. And, you know, as a local elected official, my job is to provide great public safety, great infrastructure, which this project will provide, and high quality of life. And if I can do all that without raising taxes, then that's a win. That's a win for Sarpy County. It's a win for the whole region that we live in, but it's also a win for the state. It's the proverbial win-win-win because the state will benefit for years and years and years from the sources that flow out of Sarpy County back into the coffers down here in Lincoln.

**HUGHES:** I will look for those numbers. Thank you.

**DON KELLY:** You bet.

**BOSTELMAN:** Senator Moser.

**MOSER:** What's to keep you from creating an SID and charging the people that connect to it sewer fees and then pay off the bonds that you borrow to build the project?

**DON KELLY:** That, that-- well, we're not necessarily going to create SIDs, although SIDs will be created as development occurs. But that is exactly the plan; once the trunk lines end, then they--

**MOSER:** Why not use that to do-- put the truck line--

**DON KELLY:** Well--

**MOSER:** --in and then--

**DON KELLY:** --it's \$130 million before you can start charging connection fees. So it's essential that we get this truck line in because that's, that's the prerequisite for allowing folks to be able to flush toilets down, down [INAUDIBLE]. So, so the goal is, is once this, this trunk line comes in, we pay for the system through connection and use fees. And it becomes-- that, that will fund future truck lines that will extend out toward the Gretna area and western Sarpy County. If you look at that map, you see our project only extends-- basically if you divide Sarpy County east and west, Highway 50 runs pretty much right down the middle of Sarpy County. This project only takes care of the eastern part of that, of that area.

**MOSER:** If you're going to have all that economic activity, you would think there would be funds there to pay off those bonds if you, if you created an SID and built that project yourself. I think Senator

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Hughes's comment is, you know, if we do this for one town, even though it's a great thing for the community, we have projects all over the state that we could fund. And it's difficult to have specific legislation for one area to give them money to build a sewer.

**DON KELLY:** No and I, and I understand that. And I do understand that all politics are local. But if there is another more significant infrastructure project that's currently being proposed anywhere in the state of Nebraska that will-- could bring \$15.3 billion back to the state, I don't know.

**MOSER:** Did you apply for ARPA funds?

**DON KELLY:** What's that?

**MOSER:** Did you apply for ARPA funds?

**DON KELLY:** Not only did we apply for ARPA funds, the county contributed \$7 million of our ARPA funds toward this project.

**MOSER:** But you didn't apply for any as, as the consortium or whatever that's--

**DON KELLY:** No.

**MOSER:** --building it. OK. Thank you very much. Appreciate it.

**DON KELLY:** Thank you, Senator.

**BOSTELMAN:** In, in 2017, LB253 gave bonding authority to counties, to the counties, sanitary improvement districts and other entities entering into interlocal agreements to bond for the purpose of building wastewater facilities. It gave those entities authority to use levy tax funds to pay back the debt. Are the grant funds under LB796 intended to supplement bonded funds or replace the need for them?

**DON KELLY:** That's a great question. You know what, I'm not a financial expert on the financing, but we have people behind me that will be able to answer that--

**BOSTELMAN:** OK.

**DON KELLY:** --question for you--

**BOSTELMAN:** Thank you.

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**DON KELLY:** --so I will defer to them.

**BOSTELMAN:** Senator Jacobson.

**JACOBSON:** Well, again, I don't want to add to the-- pile onto the situation here, but I too have concerns that, you know, there's-- every place across the state is looking for-- we're all short of housing. We're all trying to figure out how to build more housing. It's very expensive to build subdivisions. I can tell you in my district in North Platte, they're building a new packing plant. There's going to be-- it's going to create just under 900 jobs. But we got-- also looking at a rail park. It's going to create additional jobs there. We're trying to figure out how we're going to fund and build out housing, which is going to need infrastructure, which is going to need new subdivisions. And we're going to do it-- probably, we're going to have to do it with, with, with our own funding sources. And likely, I think, as Senator Moser indicated, you know, you have the ability to do an SID. You have the ability to go out and do connection districts. And I just frankly have concerns that, that we're, we're targeting one area with this when we've really got needs across the state and, and everybody can make that same claim. If you, if you add up all of the benefit across the state from funding everybody at smaller amounts, we'd probably come out with a similar output. So I guess I'm just concerned that that's great you're not using property tax, but you have that available to you and that's what we have to do. And so we've got to figure out how, how we can make all that work. And so that's where my concerns are. And I guess I'm still feeling like, you know, ARPA was available the year ago. It was federal funding. A lot of money went to Omaha. Some of it could have gone to Sarpy County. I'm, I'm still scratching my head as to why this wasn't funded with ARPA a year ago. But I'm good-- that would be my question is, is why wasn't it used with ARPA? Because this is hard money here. We've got a long list of people that want dollars this year and it's going to be-- and, and the Governor's budget made it pretty clear that there's about \$200 million left. And I think in Banking Committee alone, there was \$270 million with the request so far and I haven't added up the numbers here, but it's a big number, so.

**DON KELLY:** Yeah.

**JACOBSON:** I'm just telling you that's where my concerns are.

**DON KELLY:** No and I-- and that's fair, Senator. I guess I would tell you that we didn't receive enough ARPA funds to cover all the requirements. I mean, we, we were in the-- we used a lot of our funds to build the jail because of the significant overcrowding in the penitentiary system. Our, our jail was above capacity. So we're in the midst of doing a ribbon cutting in a couple of weeks on an \$80 million facility that's not only going to increase our daily population from 140 to 360, but it's also going to provide services we've never been able to arrive, particularly in mental health needs of the inmates that come through our facility. But-- and I do understand your regional concern, but this, this-- if I understand the purpose of the Critical Infrastructure Facilities Cash Fund, I can't think of another project that's more appropriate for that kind of funding for, for this type of activity. This activity is going to hit the, the most important infrastructure that, that an area needs to grow. And so I think it's, I think it's a marriage, really a perfect marriage here of, of, of what a fund was created for and its use. So I just hope, you know, that you consider the fact that the payback will not-- certainly will benefit Sarpy County, of course it will. But, but the payback I think is for the whole state of Nebraska because the return on investment is very significant and you'll hear some of the details on that here shortly by following testimony.

**JACOBSON:** Thank you.

**BOSTELMAN:** Senator Brandt.

**BRANDT:** Thank you, Chairman Bostelman. Thank you, Commissioner Kelly, for testifying today. So looking at your map on the back here.

**DON KELLY:** Yes.

**BRANDT:** From an engineering standpoint, is this orange line the high ground in Sarpy County?

**DON KELLY:** So, so what you-- if you look at that map, what you see, that orange line is a ridge line. It's a geographical ridge line that runs from the northwest of the county to the southeast. Everything north of that ridge line is Seward. And all that sewer runs, all that infrastructure runs down to the Missouri River to a plant that's operated by the city of Omaha, Omaha. Everything south of that ridge line, with the exception of the city of Springfield, does not have sewer infrastructure.

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**BRANDT:** So would it be-- if I remember correctly, the population of Sarpy County is--

**DON KELLY:** It's 200,000.

**BRANDT:** OK.

**DON KELLY:** This project will allow it to grow to about 350,000--

**BRANDT:** So--

**DON KELLY:** --over the next 25 years.

**BRANDT:** There's 2 million people in the state. You have 10 percent of the population.

**DON KELLY:** Yes, we do.

**BRANDT:** And virtually all of your towns of population are north of this orange line. I mean, there's, there's nothing significant south of the orange line today, is there?

**DON KELLY:** The city of Springfield is the only city that falls completely outside of that yellow line-- or orange line.

**BRANDT:** And so then this, this will cause development.

**DON KELLY:** It certainly will.

**BRANDT:** So, I mean, using what Senator Hughes and Senator Jacobson and Senator Moser and myself, you know, yeah, the deck is kind of stacked against you in that we're out-of-towners, but you've got \$60 million, you got 2 million people. Everybody in Nebraska is-- kicks in \$30-- you know, you guys have at least 10 percent of the population.

**DON KELLY:** Yes, we do.

**BRANDT:** I mean, I mean, it's a place to start.

**DON KELLY:** Yeah.

**BRANDT:** So we always ask for a lot and, and see what you can get, right?

**DON KELLY:** Well, yeah. Yeah, I guess so. That's a good point, Senator.

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**BRANDT:** I appreciate it. Thank you.

**DON KELLY:** You bet.

**BOSTELMAN:** Senator Cavanaugh.

**J. CAVANAUGH:** Thank you, Chairman. Thank you, Senator Brandt, for asking that question because I was kind of curious about that as well-- about the, about the ridge line, not about the-- you know. Just clarifying question for you, you just said that this is what this fund is intended for. But my reading of the bill was we're-- the bill is asking us to take money out of the Cash Reserve and put it into this fund. It's not that this money is already in the Critical Infrastructure Facilities Cash Fund. Is that-- am I misreading it or--

**DON KELLY:** What the-- what this money will allow us to do is complete the construction of our trunk line, which will open up the whole southern half of the county for development.

**J. CAVANAUGH:** But my-- I guess--

**DON KELLY:** Yeah. No and I understand, right? I think Senator Holdcroft's amendment was to, to sort of address that--

**J. CAVANAUGH:** OK. Thank you.

**DON KELLY:** --change the verbiage on it.

**BOSTELMAN:** Seeing no other questions, thank you for answering all the questions.

**DON KELLY:** Thank you.

**BOSTELMAN:** We appreciate you coming in. Next proponent for LB769, please.

**DAN HOINS:** Thank you, Chairman Bostelman. My name is-- and members of committee. My name is Dan Hoins, D-a-n H-o-i-n-s, testifying on behalf of the Sarpy County wastewater agency. My-- and I didn't plan to testify today. I'm the affectionately referred to sewer tsar. I've managed this project for five years in Sarpy County from-- at a very granular level. I wanted to come up and be able to address the funding questions because they're very good questions. There's just connecting points that I'd like to make here. And, and first, out-of-towner. I'm a Thayer County native, Senator Brant, so go Deshler Dragons. Not many

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people say that. But spent my adult career primarily in Sarpy County. You're going to hear from Mayor Black. I spent 17 years working for him as his city administrator. The reason I left five years ago-- I think, Senator, you mentioned being an engineer. The Papillion city engineer walked in and was trying to explain this to me, a retired cop, what a ridge line is. I wanted him to go to the meeting and he said, it's not an engineering problem. It's a governance problem. You got to figure out how everybody can cooperate. We can engineer this thing pretty easily. A couple of years later, I resigned to go manage this project for the county in cooperation with the five cities and the cities of Omaha. So just some context. So from a funding perspective, certainly for a question about property tax and I don't take issue with any of your maps-- or math. Chairman Kelly indicated that we had a \$70 million state SRF loan. Sarpy County back-- created a backstop for that, saying that when or if the agency revenues don't come in as expected, they would tax up to 2 cents of our constitutional levy. To do that, they also put in the \$5 million reserves. That was for the initial \$70 million coming in. Then last spring, we got hit with the-- all of the, the supply chain issues and the increase in costs that were all in there. But the question, Senator Moser, I think on SIDs, being a city guy that created probably 40 or 50 SIDs during my tenure in the city of Papillion, what Chairman Kelly was trying to explain, this trunk line has to go in first and something has to service that debt. And the first ten years, it's a greenfield project. It doesn't cash flow the first ten years. After that, years 20 to-- or 10 to 30, pretty substantial increases come in there. But the, the question on the \$70 million has already been backed with, with the 2-cent levy. SIDs are the follow-up option over this next ten years to help service the debt on the \$70 million. I'm going to pause there even though my light's not off because I really-- I didn't plan on testifying today but again, being the sewer tsar-- and my wife says she knows more about this than she cares to-- go ahead, Senator.

**BOSTELMAN:** Are you finished?

**DAN HOINS:** I'm done.

**BOSTELMAN:** Senator Hughes.

**HUGHES:** OK. See, I'm following the rules. Thank you, Senator Bostelman. What is the plan if you do not get the \$60 million?

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**DAN HOINS:** The first thing the Sarpy County commissioners will have to decide is whether or not to continue the project. We awarded the bid for the first half last year. If we can't fund it, the Sarpy County Board of Commissioners will have to decide to award-- because the entire project has been bid. That's how we get \$130 million. If we can't fund it, then they'll have to decide to potentially take other loans out, to which the Sarpy County board would have to issue a levy on property tax. We have an opinion from the county CFO and I think it's a fair opinion. He said, if the county takes additional loans out between 70 and 130, there's a high likelihood that property taxes up to the 3.5 cents may have to be used. So step one, Senator, will the county board pass the tax? I don't know. They've been pretty committed to lowering property taxes. The second would be to abandon the project and leave this huge gap unresolved and not get the full benefit of the project. And so that would be how I would respond to that.

**HUGHES:** Thank you.

**BOSTELMAN:** So the question I had asked Mr. Kelly and maybe you already answered was is the grant funds under LB796 intended to supplement bonded funds or place them? Do you--

**DAN HOINS:** No.

**BOSTELMAN:** --already have bonded at all?

**DAN HOINS:** No. We, we have issued, we have issued no bonds on this project yet. It's all--

**BOSTELMAN:** So you have bonding authority.

**DAN HOINS:** Yes, we do.

**BOSTELMAN:** So you can.

**DAN HOINS:** Yes.

**BOSTELMAN:** OK, so this is to use them in-- use the funds instead of bonding.

**DAN HOINS:** A potential bond that would require a property tax levy, yes. And I think Senator-- the ARPA. I forget which one had the ARPA question. Did I answer your question there, sir, before I address ARPA?

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**BOSTELMAN:** So-- yeah, I mean, the question is are the grant funds under LB796 intended to supplement bonded funds or place, place them if needed? And I think what your answer is, is it replaces them.

**DAN HOINS:** No.

**BOSTELMAN:** You don't do bonding.

**DAN HOINS:** Well, in the context of bonding, yes, it's not-- we have \$70 million in the bank to do the first two segments. After that, we have no more funding and then it would require the issue of bonds, which have not-- has not taken place yet today, Senator.

**BOSTELMAN:** Right, understand that. If you receive the \$60 million, you won't have to bond. If you don't receive the \$60 million, you may have to bond.

**DAN HOINS:** Yes, that is correct.

**BOSTELMAN:** OK. Thank you. Senator Jacobson.

**JACOBSON:** Well, I'm, I'm back to that point. I mean, you got \$70 million cash on hand. You go out and you do a bond for more than the balance that you need. You've got cash on hand, service the debt on the bonds until you can get the project done. You're going to have all this growth. You're going to do connection districts. You're going to-- you would be able to get revenues back from that and you don't have to do property taxes. So it seems to me you've got all the tools available without even having to go to property taxes at this point, but you've got a cost overrun and now you want the state to pick up the additional cost. And that's where I've got the rub on this thing because, you know, I think everybody else is faced with the same issues that you're faced with. I get it. You've had massive growth. I get it that you see that there's significantly more growth. And so you can fix that. If you're convinced the growth is coming, then you've got \$70 million on hand. You bond for a little more than what the balance is and you've got some cash reserves to be able to use to service the debt on the bonds until the back end is ready to get revenue coming in. So I don't even think you got a timing problem here. But again, I-- that's where my concerns about and I guess you-- I'm the one that asked about ARPA. So if you want to add something on terms of the ARPA, I'd love to hear that.

**DAN HOINS:** Well, thank you. If I may, Senator, just a quick comment on the timing. Timing is everything. You are very accurate in your

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analysis of how we're going to generate the revenue, but when we generate it.

**JACOBSON:** Well, I'm a banker and I have-- do kind of understand finance.

**DAN HOINS:** Yeah. Well, you know better than me. And so it's all of the projections that we have, and that comes from Ernst and Young and our local fund. Ten years, you know, to get this thing in and start the fees to catch it. And so not using property tax and servicing the debt on the initial bond, we're already paying that back at about \$1 million-- well, it's \$1 million a year on that first \$70 million. We're already paying that and haven't started really collecting substantial revenues. But in terms of ARPA, ARPA, the Sarpy County was, was authorized and given \$36 million for ARPA. And the Sarpy County commissioners pledged \$7 million of the 36 to this project. So it wasn't-- from my perspective, we didn't have the chance to apply or pursue or anything else. The county saw the need for the agency, frankly, because I get paid by the county not by the agency, but I manage this project. And so there was seven of the \$36 million that they transferred over to the agency. So they got this-- about \$82 million in Sarpy County, yes, sir.

**BOSTELMAN:** Any other questions? Seeing none--

**DAN HOINS:** Thank you.

**BOSTELMAN:** --thank you for your testimony. Next proponent.

**DAVID BLACK:** Thank you, Senator Bostelman, members of the Natural Resource Committee. I'm-- my name is David, D-a-v-i-d, Black, B-l-a-c-k. I'm the mayor of the city of Papillion and I'm also representing the United Cities of Sarpy County, which is Bellevue, Papillion, La Vista, Gretna and Springfield. Then I'm also representing the Sarpy County and Cities Wastewater Agency. Mr. Kelly provided an overview of the LB769 with AM102 and the growth of Sarpy County and bottom line. It was the cost overruns. My perspective is more from the regional and the economic development. The leg-- you're right. The leg-- there's a lot of talk about the Legislature passed LB253. That was on a 46-0 vote with no opposition at the hearing. And then four months later, the sewer agency was formed. We built the growth management plan. We had the high-level design, the initial sources of funding, the user rates and fees established and then created the interlocal with the city of Omaha in 2020 for a treatment

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plant to lower some of the operational costs. So it was the Legislature that recognized the critical need for Sarpy County to grow. The Governor signed the bill in Sarpy County and the five cities are rising to the challenge. Leading up to that 2017 vote, Sarpy was experiencing historic growth. Since 2010, we've seen 26 percent in population, the fastest-growing county in the state. Second and third fastest are Douglas and Lancaster, slightly below that. Metropolitan Area Planning Association, or MAPA, they did a study called Heartland 2050 to see what the Metro would look like in the year 2050. They projected in that study Sarpy County to grow 94 percent by 2050, absorbing almost the same number of people that are projected to go into Douglas County. So Sarpy County is an economic engine for the state of Nebraska and without the completion of the project, our growth is going to slow dramatically and potentially even stop in some cases if that infrastructure is not built. The land north of the ridge line is quickly disappearing. The agency-- there was a mention of a study that was done from an economic perspective. It was a group called the Hunden Strategic Partners and study is available if you want to see it, looking at the 30 year impact. And they projected in year ten that there would be more than \$225 million in income tax and sales tax to the state and that grows exponentially to \$1.4 billion annually by year 30. And that's the \$15.7 billion number that Mr. Kelly had referenced that is new tax revenue for Nebraska over the next 30 years, not to Sarpy County. So it is a direct and significant contributor to Nebraska's ability to grow the entire state without putting the burden on property tax. Hunden went on to say \$37 billion in net new spending, \$24 billion in net new earnings and over 4,700 new full-time jobs over that 30-year period with that southern half of Sarpy opened up. So without the additional funding in LB769, the projected state revenues, the job creation, the earnings and spending will be delayed significantly. That's the funding in the bill that keeps the regional project moving forward at, at its original pace. Without the additional funding, the state-- the project will then-- it will be completed, but it's going to slow down dramatically, putting off the benefits to the state probably decades. Again, the-- we don't see the, the need for the additional dollars as a lack of planning. We see it as the unforeseen with the COVID, the supply chain, everything else that's been talked about, there are connection fees that are being used to fund the annual debt service on the loans that's funding the project. However, the connection fee rates on, on the southern part of the county with the increase of this project are getting to the point that the development community may not be able to absorb much higher, which is why we're not looking to raise the connection

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fees. And then on the property tax, as Commissioner Kelly pointed out, the concern with the raising it is we're all trying to monitor the property taxes statewide and even locally. Papillion has been trying to lower the levy. We've done that the last-- we've done that 2 percent each of the last two years. Using the county's levy authority to tax all of the residents of Sarpy to fund the project hurts the efforts that the county and the cities have been making to be good stewards of the dollars. So in closing, I just want to reiterate that the investment in Sarpy County from the historic cash reserves of the state gives a direct return back to the entire state, the \$15.7 billion, challenged to find another project in the state that gives that type of return. I'll just wrap up, Sarpy chamber and our economic development group will be testifying in support. The Papio NRD has. The city of Omaha, I think, is putting a letter in. And again, emphasize that as far as we're aware of, it's the only regional system in the state of Nebraska where we've gotten seven entities, cities and counties coming together for economic development and making this kind of impact on the state. So I just encourage your support. Take time to attempt to answer one question. I think there's been a little bit of confusion on the \$70 million when we're talking bonding authority and that type of thing. There was a mention that that's cash on hand. So if you're looking at the balance sheet, the \$70 million is not cash on hand. It's a loan. A bond is a loan. If you're doing bonding, you're borrowing money. We went and got a loan from the state of Nebraska. So in effect, our law-- our SRF loan from the state was in lieu of going and getting a bond of that same amount. So we have that debt on the balance sheet, not the cash on hand, if that clarifies any of that.

**BOSTELMAN:** Senator Fredrickson.

**FREDRICKSON:** Thank you, Mayor Black, for being here and testifying. I am not a Sarpy County resident, but I am a neighbor in Douglas County. And I know some of my colleagues here talked about being out-of-towners so I like to think of myself as Sarpy County friendly. As a-- so, you know, I think there's a compelling argument to be made here, certainly given the fact that Sarpy County is the fastest-growing county in, in the state. And I think there's an economic argument, without question, to be made here. To some of my colleagues' questions, though, I, I am curious if, if the state were unable to fund this at the full \$60 million, what are the other options available to you to supplement this in order to move this forward?

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**DAVID BLACK:** A lot of that's going to come probably-- some of that question is going to end up being to the county board, who is a member of the agency, but they're the ones who the legislation got the bonding authority. The cities did not, so through the interlocal. Some of that might be directed to them. The-- if there is not the appetite for the county to raise taxes and if the market won't support raising connection fees, I think the immediate practical impact is we finish the portion of the project that we've started, which if you're familiar with the area, it's about 78th Street, 84th Street east so basically would benefit Papillion and into Bellevue. The segment that would not be completed is the segment probably between Papillion and Springfield at Highway 50. That's where that gap would end up being that would not be initially funded. So then the question is just how long does it take to raise the funds to do that? And that was my idea, my comment then of probably delay the project years or a decade. Because at that point, you're going to have to have the organic development that comes along from the first segment then to draw the revenue out of that to help fund the next one and the pace of development, that's probably a 10- to 20-year conversation.

**FREDRICKSON:** Thank you.

**BOSTELMAN:** Senator Hughes.

**HUGHES:** Thank you. Thanks for coming. Has Sarpy County-- do they levy a sales tax? Would a sales tax be more palatable than a property tax increase? Is that an option for a project like this?

**DAVID BLACK:** The city's-- Papillion is at its constitutional authority or the legislative granted authority on sales tax. I believe the other cities are too and the county does not--

**HUGHES:** But can a county--

**DAVID BLACK:** --levy sales tax.

**HUGHES:** Can you do a county sales tax?

**DAVID BLACK:** There's no county sales tax.

**HUGHES:** Can you?

**DAVID BLACK:** I don't believe we have the authority.

**HUGHES:** You can't. You don't have the ability?

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**DAVID BLACK:** No. Legislature has not granted that authority.

**HUGHES:** Thank you.

**DAVID BLACK:** Thank you.

**BOSTELMAN:** I think that's all we have for today.

**DAVID BLACK:** Thank you.

**BOSTELMAN:** Thank you for coming in and testifying. Next proponent for LB6-- LB769, please.

**KAREN GIBLER:** Hello, Chairman--

**BOSTELMAN:** Good afternoon.

**KAREN GIBLER:** --Senators. Thank you for having us here today. My name's Karen Gibler, K-a-r-e-n G-i-b-l-e-r. I'm the president and chief administrative officer for the Sarpy County Chamber of Commerce. Sarpy County has over 5,000 businesses that we currently serve. We also serve a large population of the Douglas County and Cass County businesses that utilize the Sarpy chamber. I'm here as a representative of our board of directors and we also have a government committee that is comprised of business leaders, elected officials, Offutt Air Force base. Unanimously, both groups had voted for support for LB769. Part of this support comes from that Sarpy County is uniquely integral in the growth of the state of Nebraska. As Senator Fredrickson had just said that it-- everybody's aware of the 15-year growth, almost 20 years' growth of and we're on the fast track nationally for that growth. We are in an ideal economic hub right in between Omaha and Lincoln. So we have-- we're just primed for a financial impact for the entire state. I think that we've addressed some of the numbers. We've talked about some of the funding. We haven't addressed being able to have the population to support the growth when we have-- we're-- nationally, we have become known for a hub for data centers. We have five data centers right now. When one comes, they all start coming. I don't know that we have in the rest of the state that reputation that those data centers could go. I don't know that you would have the employee base to support those. We have 1,500 people working on Facebook every day or Google. They're massive. We're now becoming a hub for distribution centers. We've got Amazon. We've got-- FedEx has just opened a huge data center. Amazon is hiring 2,000 people. I don't know that anywhere else in the state can support these kinds of businesses that are coming in with the employment. And

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we're drawing from Omaha and Lincoln. We're seeing people from Cass County come up and work in these positions. So I'd really like for you guys to think about that when you're talking about investing in the state and in a community that's going to be able to continue to support those economic development in such a major way. Some things that I kind of wanted to highlight today is just in Sarpy County, right on I-80 and 370, we had a 18 percent increase in growth. We're the third-largest population in the state of Nebraska. We are the smallest landmass, but we're only 40 percent developed. So when you guys are looking at that map, 60 percent we have more to develop. That means right now, we have 42,710 acres of undeveloped land; 8,400 is slated for business, the rest of it would be residential low-income housing. We are able to adjust and re-- out-- rezone our land to support more businesses. Obviously, workforce is important to help support those businesses. Let's see, we currently have 67,000-- 67 taxable-- 67,000 taxable properties. With the completion of the sewer system, we'll be adding an additional 97,000 taxable properties. The construction impacts from the development will be significant, including an estimated \$17 billion in local labor spending, supporting more than 227,000 jobs. The state tax-- taxes from construction-related spending are estimated at \$2.6 billion. We are definitely talking about in a significant amount of money. Sixty million dollars is a large sum of money, but when you look at the billions in revenue this project brings, the entire state continually year after year-- at year 30, we already heard \$1.4 billion every year. There shows value in the investment. Nebraska has a fiscally strong balance sheet and the project will ensure the continuation of tax income while lessening the burden to the rest of the state and any tax hikes.

**BOSTELMAN:** Thank you for your testimony

**KAREN GIBLER:** Yep.

**BOSTELMAN:** Are there questions? Mr. Brandt.

**BRANDT:** Thank you, Chairman Bostelman. Thank you, Ms. Gibler, for testifying today. We have done some things for Sarpy County. I know on the books right now we've got the "X Project" that is kind of a combination of Douglas and Sarpy and, and that's at DOD, \$2 billion DOD project. We allocated, I believe, Senator Sanders last year, 50 million. You guys-- I think that was the number we gave to help with the base and some of the improvements there.

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**KAREN GIBLER:** Yep, yep.

**BRANDT:** We really appreciate what they've done. I believe we gave something for the runway reconstruction as the state of Nebraska because we value that. These data centers, our Performance Audit-- usually, they all apply for the Nebraska Imagine Act or the Nebraska Advantage Act are some of the, the highest-costing jobs to the taxpayers in the state, quite often in excess of \$200,000 a job. So I think the state's been very generous in, in-- and it isn't just Sarpy. I mean, the money gets spread around the state, but I can tell you District 32 has none of these sites and so you have the means to self-generate income, which I would kill to have that in a lot of my counties, you know, just, just to stop declining and just stabilize and bring in some of the businesses. Please look at District 32 if we don't have enough room. We would, we would like that. So, yeah, I, I guess I'm open minded enough to look how we can help you guys develop. It does help the state of Nebraska and maybe \$60 million isn't the number, but maybe there's a number there that we can, we can all live with.

**KAREN GIBLER:** And we, and we would like to in turn, do what we can to help support you guys as well. I think that is we are continually growing and we're adding \$1.4 billion to the state. It only impacts the smaller communities by taking some burden off of their tax dollars by us generating that revenue. And I truly believe that that is really how we're helping our sister communities.

**BRANDT:** All right, thank you.

**KAREN GIBLER:** Yep. Thank you.

**BOSTELMAN:** Seeing no other questions, thank you for coming and testifying.

**KAREN GIBLER:** Thank you.

**BOSTELMAN:** Next proponent for LB769, please.

**JOSH CHARVAT:** Good afternoon, Chair Bostelman and members of the Natural Resources Committee. My name is Josh Charvat. That is J-o-s-h C-h-a-r-v-a-t. I'm testifying in support of B769. I want to thank Senators Holdcroft, Blood, Day and Sanders for their leadership on this bill. I currently serve as the interim executive director for Grow Sarpy. Grow Sarpy is the economic development organization that serves Sarpy, that serves Sarpy County, its five cities and the

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business community. Grow Sarpy is a proud partner of the Greater Omaha Economic Development Partnership and I am proud to voice the support of the Greater Omaha Chamber as a part of this testimony. Five years ago, Sarpy County had just announced the landing of the Facebook data center along Highway 50. At this time, we commissioned an internal study to look at the build-out of this corridor between Highway 370 and the city of Springfield. That study estimated that it would take around ten years for the roughly six square miles of remaining land to be developed. Barely four years after that study was completed, no developable land was available on the market. What was primarily undeveloped just over five years ago now contains 6.4 million square feet of development, primarily in the form of data center, manufacturing and distribution. This area has been the landing spot for transmiss-- transformational economic development projects, including the Meta/Facebook data center, the Google data center, the relocations and expansions of Oxbow Animal Health and Omaha Box, as well as a number of distribution facilities. These projects have infused billions of dollars into Nebraska, have brought new companies to Nebraska, have created thousands of jobs in Nebraska, and have kept Nebraska businesses in Nebraska. With the construction of the south Sarpy sewer, we can continue to attract and keep businesses growing in Nebraska. Without it or with a delayed construction, we would undoubtedly lose projects to neighboring states or be completely overlooked. To help illustrate this opportunity, I will share that Grow Sarpy submitted for 33 new-to-market projects in 2022; 25 of those projects were manufacturing projects looking for industrial ground and none of those projects that we moved to the final stages of consideration. This is a direct result of our lack of shovel-ready sites and these manufacturing projects initially considering our area are getting larger to the tune of hundreds of millions of dollars in capital investment and hundreds of high-paying jobs. To land a project like this, you need labor force and a shovel-ready site. Situated between Omaha and Lincoln, we have the labor force, but we have no large manufacturing sites. The south Sarpy sewer project is poised to solve this problem. Upon full build-out, it will support for 42,710 acres of shovel-ready development sites. Until then, we will continue to see projects pass our state, as we lose projects in Kansas City, Des Moines, among other markets. I want to emphasize this information because it illustrates the economic development potential of this area. Like much of the nation, we saw demand for industrial space skyrocket in late 2020. Since then, we've had local companies seeking to stay and expand in Nebraska, as well as new regional and national developers seeking to invest in our market, reaching out to our

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organization to inquire where they can find a site and building in Sarpy County. Our response to tell them is that product is coming line-- online in 2024 if they can wait. Sometimes they can, oftentimes they cannot. In an industry where speed to market and cost of businesses-- and cost of doing business are at the top list of decision-makers, failure to act now will knock Sarpy Nebraska out of the conversations of these businesses. Lastly, I want to address the critique that this bill would primarily affect only economic development in Sarpy County. The out-of-state projects we work with do not have a preference for one county or city over the other. Companies are not looking to be on one side of a county line. They're looking for a site that has access to workforce, utilities and transportation. Sarpy County's location along Interstate 80 between our two largest labor forces checks two out of those three boxes. And with your support, we can ensure that the third box is checked and continue to attract Nebraska businesses. This is why I firmly believe that with the demand we have right now from in-market and out-of-market projects looking to grow here, failure to pass LB769 will not only squander opportunity, it will be akin to putting up a closed for business sign on Nebraska's front door. I urge your support for LB769 and would be happy to entertain any questions.

**BOSTELMAN:** Thank you for your testimony. Questions from committee members? Have the easements been purchased for this project?

**JOSH CHARVAT:** I would refer that back to the county folks behind me.

**BOSTELMAN:** OK. Thank you. Thank you for test-- testifying. Next proponent for LB769. Good afternoon.

**PAT SULLIVAN:** Good afternoon, Chairman Bostelman and the other senators that are part of the Natural Resources Committee. My name is Pat Sullivan. I'm representing ENDC. ENDC is the Eastern Nebraska Development Council. It's made up of a number of people involved in the development of not just Sarpy County, but the Fremont, Blair, Douglas, Omaha area, as well as even Cass County as well. I'm here to testify with respect to this bill and the effect, in a sense, that's going on in the development community. I think there was mention that-- I'm representing home developers, but we also represent a number of industrial developments, commercial developments and so forth in this area. And as an initial matter, what I would say is I'm not asking you to make an expenditure of \$60 million. I'm asking you to make an investment of \$60 million. And going back to Senator Jacobson's comments with respect to projects that they have going on

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in North Platte and that they would like funds, if it's an economic catalyst and it is good for our state, as a Sarpy County taxpayer, I'm more than willing to see those money go to the North Platte area to accelerate or be a catalyst for those projects. I think that's probably one of the key things that we have here is that we invest in what is going to bring revenue and what is going to make income for the state. There's been a number of discussions about having the SIDs do this. I think the problem that we're running into-- and it's kind of a double-sided coin-- by the time you put in all the other expenditures if there are infrastructure to develop, the debt ratio for those SIDs get to such an extreme that we are getting pushback from our cities already without having this additional expense that our debt ratios are too high. And not just from the city, but it would also be from our underwriters who have to look at the debt that they're going to absorb. This sewer to development is what seed is to a forest. We have to put down a lot of sewer and once that sewer is put down, everything else is going to get put down by development. And this will accelerate the growth or for that matter, maintain its momentum. We are pushing up against areas that we do not have sewer and we do not have the funding yet for it. It would take several years to get the funding if we can't do that. If we can get to the-- the money upfront now, a lot of these projects that have been waiting or otherwise are leaving because we can't get this on fast enough would now be able to get on track and be able to proceed. That acceleration is acceleration in income taxes and revenue. So from our-- from my standpoint, from the developer standpoint, we're seeing this as an investment and not an expenditure. It has unbelievable returns for the state and I would support any other project, not as-- that has less attributes than this, but does look like it's going to be a positive revenue producer for the state, for the state to get involved with that local area and support it so that it can move forward and, and grow and maintain this, this growth. When I say we're bumping up against a wall, we are bumping up against a wall. And a lot of these large projects that we're getting from out of state are running out of spots. We cannot get the, the sewer put in and get the funding or the tax support to do that. And going back again to the SID, you could say to yourself, OK, well then let the developer pay for it. Well, between paying \$60,000, \$70,000 for residential property per acre and paying \$3 a foot or better for industrial property, and then throwing in another \$22,000 an acre in fees that have to be paid for the sewer connection fee. It's getting to a point where the developer is getting pushed out or for that matter, the out-of-state companies that are looking at this and they're having other states that are providing

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incentives for them to come in are saying that's, that-- this is the straw that broke the camel's back. We're, we-- we're going to go look at Iowa. We're going to look at other areas that create development incentives instead of charging us additional fees for us to develop. So from, from the developer standpoint, we're already there and we're ready to proceed. We're ready to grow. We just have to get over this hump. And once we get over this hump, that force that I talk about will flourish.

**BOSTELMAN:** Thank you for your testimony. Are there questions? Senator Jacobson.

**JACOBSON:** Well, I just have one. I'm curious. I know a previous testifier mentioned that, that we've got-- you're near Omaha so you've got an ample labor market. But the fact of the matter is, is in Nebraska, we've got still one of the lowest unemployment rates in the nation. So really, we don't have an ample labor force. What we've got is we're moving labor from one area of the state to another area of the state to fill these new jobs. If I really look at the issues that are happening across the state of Nebraska, we had a map this morning that showed that virtually every county out west had a loss of population and there was a concentration in the eastern part of the state where we're seeing growth in population. That's because they've got quality jobs and that's what people are looking for. And so at the end of the day, it comes back to we-- we're talking about building infrastructure, OK? North Platte has a Wal-Mart food distribution center. We have an industrial park out there that's build ready. We've got sewer there. We've got water there. We're on the Interstate 80. We've got rail. We've got all those pieces. Those sites would be attractive to out-of-state people that are coming here if we weren't subsidizing other areas of the state to be able to make them more competitive than us, OK? So there, there is competition within the state. If we're going to stop the drain of people leaving the western part of the state, everybody moving east and we're just relocating our people within the state as opposed to bringing a lot of out-of-state people in, I'd be curious to know what those numbers are. Whether we're bringing in a tremendous amount of out-of-state people to come to Nebraska and grow the population or are we just simply transferring people from across the state to another part of the state, building new schools, building new facilities and then closing schools elsewhere in the state? So my concern is, is that we're all in this economic development game together. We're all trying to grow our communities. We're all trying to do those things. And I just have some concerns about giving one area, because it's had some success

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recently, a leg up on everyone else and subsidize them when they have the ample resources there to do it themselves. And so that's where my pushback is at, OK? And I'm just trying to be open minded and honest, but my concern is, you know, if we're bringing in a lot of out-of-state people-- and I would encourage all the other folks that are looking at economic development to track how many out-of-state people are moving to Nebraska to take these jobs. And, and, and could those jobs be located elsewhere in the state and really help with the existing infrastructure that's already there that doesn't have to be built out, such as schools, hospitals and other infrastructure that's out, outstate. So that's my, that's my rub.

**PAT SULLIVAN:** And I appreciate that, Senator. If I'd just respond a short quick comment on that, you know, in this mode-- and I don't have the statistics to back, but I would imagine that somebody does-- there's not a moat around Nebraska in which the jobs are either in Omaha or they're in North Platte or they're in O'Neill. I have a number of rental properties and I have people calling me from all over the country because they're working for these companies that are coming to the Sarpy area. I rarely get calls from somebody from Columbus, North Platte or Grand Island or wherever else. These are people coming from Texas. They're coming from North Carolina. There's people filtering into the-- this area like crazy because of the good, high-paying, skilled jobs that are in this area. So I don't think it's so much a one-for-one situation that if we don't do it in North Platte, then they're going to go to Omaha. We're attracting people from all over the country for these jobs.

**JACOBSON:** Yeah. Thank you. And I would just add that as we track the people coming in from-- through the bank, people are moving to Nebraska. We're seeing people move here from Colorado. We're seeing people move, move to North Platte from, from California. They're coming from all over and the interesting thing is that today with, with the Internet, with the connectivity, with people working from home, it's let-- it doesn't really matter where they work. I, I-- knocking on doors last summer, I bumped into so many people that were working from home. They're working for a company that was headquartered halfway across the country, but they decided they wanted to move to North Platte. They wanted to move to Nebraska because it was a place to get away from the population, get into an area where they could be more to themselves, but yet they had broadband available. They had the interstate available. We're connected through, through air and rail and that was attractive to them. So I think that all parts of Nebraska have an opportunity to grow as we continue to

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develop technology, particularly the broadband and as we continue to move out broadband. But I, I just think we need to continue to all work together and be focused that we've got to grow Nebraska collectively, not just one single segment of the state.

**PAT SULLIVAN:** And I agree with you and I'm supportive of that as well, that if there's a great project that's going on in North Platte as a state, as, as a big brother, if you will, you support that project because ultimately, as somebody earlier said, it's going to rise all boats.

**JACOBSON:** Exactly.

**PAT SULLIVAN:** But when I talk about these people coming in and they're coming from all over the country, they're not coming here because they can perform on the Internet. You can't weld over the Internet. You can't wire over the Internet. These people are coming in and getting high-paid trade jobs and I would say very little of what I see is coming from outstate Nebraska.

**JACOBSON:** Thank you.

**PAT SULLIVAN:** And that's just a personal experience.

**BOSTELMAN:** Senator Brandt.

**BRANDT:** Thank you, Chairman Bostelman. Thank you for your testimony. I do not know the answer to this question. I do for Lancaster and Douglas County. Does Sarpy County use a lot of TIF?

**PAT SULLIVAN:** Well, let me rephrase that. Maybe I'm being a little overly technical. Sarpy County itself doesn't use TIF--

**BRANDT:** But Bellevue--

**PAT SULLIVAN:** --the cities internally.

**BRANDT:** --Bellevue, Gretna, Papillion, La Vista--

**PAT SULLIVAN:** I would say, I would say Bellevue would be the most that uses TIF. I'm not sure that Papillion does. I think La Vista uses some other programs different than TIF that are sort of like public-private partnerships and I don't-- and Gretna has done very little TIF.

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**BRANDT:** So then looking at that map we had before, this new sewer line, is that all outside of city limits or it's predominantly inside of city limits?

**PAT SULLIVAN:** It's both.

**BRANDT:** So the parts that are in the city limits then would be eligible to be TIFed.

**PAT SULLIVAN:** They would be eligible. I would tell you in that area, you're not going to see anybody getting any TIF.

**BRANDT:** OK. Thank you.

**PAT SULLIVAN:** Yeah.

**BOSTELMAN:** Seeing no other questions, thank you for your testimony.

**PAT SULLIVAN:** Thank you.

**BOSTELMAN:** Next proponent for LB769, please step forward. Any other proponents for LB769? Seeing none, anyone that would like to testify in opposition to LB769? Anyone to testify in opposition? Seeing none, anyone that would like to testify neutral capacity? Seeing none, Senator Holdcroft, you're welcome to close.

**HOLDCROFT:** OK. Glad I picked such an easy one to bring for this bill.

**HUGHES:** You're supposed to pick a softball one, come on.

**HOLDCROFT:** So-- and I'll get you an answer on the easements, Congress-- I mean, Chairman Bostelman. I expect that they are because I think most of these are along thoroughfares. They're along the-- in the ditch, more or less, but we'll find out more about that. Appreciate all the comments. I would, I would just like to say that, you know, we, we as a Legislature, the 108th, is, is blessed in that we do have money and we do have \$2.2 billion in a reserve fund. And I understand most of it is spent, but we need to invest some of that money. We just-- we shouldn't spend it all on tax reduction and education. We need to pick projects that will return us some, some tax money in the future. And this is one of those projects. Now, I understand we're-- if, if North Platte's got a project like that, bring it. Bring it forward and, and let's compete. Let's compete here and see. Let's look, look at the-- the guys with the green eyeshades and look at it and decide which is the best application of the, of the

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state's funds. I will tell you that as a, as a citizen of Sarpy County, as a candidate in Sarpy County and as now the state senator, I am so impressed with the leadership that we have in Sarpy County. I mean, at the, at the city level, at the county level, they have done tremendous things in the last decade and they will continue to expand Sarpy County. There's, there's a reason why Sarpy County is the fastest-growing county in the state of Nebraska. And now we're ready to move on. We will add now, through this project, 97,000 taxable properties, OK, over the next 30 years. OK, that's revenue. That's the \$1.4 billion in tax revenue in sales tax and income tax for the state of Nebraska. And that's what I'm asking you to, to consider. Now, Senator Brandt, if we want to look at a number less than \$60 million, we'd consider 55 maybe. And I'm willing, I'm willing to work with you on--

**BRANDT:** [INAUDIBLE].

**HOLDCROFT:** --something a little less than \$60 million, but I'd appreciate if the committee would vote to advance my bill. Thank you very much, Chairman.

**BOSTELMAN:** Thank you. Questions from committee? I have the one question. Senator Cavanaugh asked it before--

**HOLDCROFT:** Oh yeah.

**BOSTELMAN:** --if you can--

**HOLDCROFT:** Explain that?

**BOSTELMAN:** This is the same question he has, is on your amendment, it talks about that there will be \$60 million from the Critical Infrastructure Facilities Cash Fund. And then on the fiscal note, it talks about from the Cash Reserve Fund to the critical infrastructure facilities. So, so is this just a movement from one to the other to the other?

**HOLDCROFT:** Exactly. If you look at the original bill, this is kind of the way it's done. It's the way the Bill Drafters put it together. If you look at the paragraph, we're paragraph 19. If you look at paragraph 18, you see there that there is a similar statement that transfers \$55 million from the Cash Reserve Fund to the Economic Recovery Contingency Fund for another purpose. So you're just moving the money from the, from the contig-- from the contingency fund into a

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bucket that then can be paid to the, to the agency for, for the sewer fees.

**BOSTELMAN:** So we're taking-- again, I'm-- we're taking it from general cash funds--

**HOLDCROFT:** Not general, it should be from the Cash Reserve Fund.

**BOSTELMAN:** Cash Reserve Fund to the Critical Infrastructure Facilities Cash Fund.

**HOLDCROFT:** Yes.

**BOSTELMAN:** And then from that fund--

**HOLDCROFT:** It will be paid to the agency, yes.

**BOSTELMAN:** All right.

**JACOBSON:** [INAUDIBLE]

**BOSTELMAN:** OK. Got it. Any other questions? Seeing none, we do have three letters, proponent letters that were submitted as well. With that, that will close. our hearing on LB769 and thank you all for coming today.

**HOLDCROFT:** Thank you, Mr. Chairman.