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Urban Affairs Committee January 24, 2023
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McKINNEY: Good afternoon. Welcome to your Urban Affairs Committee. I am Senator Terrell McKinney. I am the Chair of this committee. And before we start, I would ask each senator to introduce themselves, starting on my right.

HARDIN: Senator Brian Hardin, District 48.

DAY: Senator Jen Day, Legislative District 49 in Sarpy County.

LOWE: John Lowe, District 37.

BLOOD: Senator Carol Blood, District 3, Bellevue and Papillion.

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

McKINNEY: Thank you. And to my right is legal counsel Elsa Knight, and to my left is committee clerk Raquel Dean. Today, before all hearings, and all bills to be heard will be posted outside the room. The-- the senator introducing the proposed legislation will present first. Senators who serve on the committee are encouraged to ask questions for clarification. That said, the presenter and those testifying are not allowed to directly ask questions to senators serving on the committee. For purpose of accuracy to the record, we ask each presenter to state one's name, spell it, and state who rep-- who-- who you represent, if not yourself. If you are planning to testify today, please fill out a label sheet that has testifier sheets that are on the table at the back of the room. Be sure to print, print clearly, and fill out-- fill it out completely. When it is your turn to come forward to testify, give the testifier sheet to the page or the committee clerk. If you do not wish to testify but would like to indicate your position on a bill, please complete the white sign-in sheets on the table. The sheets will be included as an exhibit for the official record. In your Urban Affairs Committee, we use the light system to promote maximum engagement to those wishing to express their-- express their positions or proposed legislation before us. The light system will generally be five minutes with the green light, one minute for yellow, and with red you-- you are asked to conclude your testimony. We-- we will recognize opponents, proponents and neutral testifiers. We will also acknowledge the letters received from all concerned parties. Should you have handouts you wish to share, please share ten copies or ask our clerk to make copies. The clerk will then distribute any handouts to all committee members. Following all proponents, opponents and neutral testimony,

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the bill's presenter is offered the opportunity to close with final remarks. As a committee, we will-- we will work diligently to give fair and full testimony in this hearing. We will make every effort to accommodate special requests of assistance. At this hearing, we also ask that you be respectful of the process and to one an-- and to one another. And please silence or turn off your cell phones. Thank you, and we'll start with the first hearing. And also, Vice Chair of the committee?

HUNT: I'm Megan Hunt. I represent District 9 in north part of midtown Omaha, like where's that? OK, we'll start with LB164 introduced by Senator McKinney. Senator McKinney, this way.

McKINNEY: Which way? This way?

HUNT: Right there for the camera, yeah.

McKINNEY: Right here? All right.

HUNT: Yeah.

McKINNEY: All right, cool.

HUNT: Welcome to your Urban Affairs Committee.

McKINNEY: Thank you. Good afternoon, members of the Urban Affairs Committee. My name is Terrell McKinney, T-e-r-r-e-l-l M-c-K-i-n-n-e-y. I represent District-- District 11, and I'm here to present LB164. LB164 updates the International Building Code, International Residential Code, and International Energy Conservation Code from 2018's edition to 2021's editions. The International Code-- International Code Council releases new code editions every three years through the ICC code development process. We're currently in the 2021 edition. Federal law requires that the Department of Environment and Energy must make findings whenever a new energy code is finalized. In 2022, LB837 required that the department submit a copy of their findings to the Urban Affairs Committee. These findings can also be satisfied through legislative hearings. Therefore, in order to comply with federal law, this hearing on-- on the 2021 code must occur. All sections of this bill amend-- amend to-- all sections of this bill amend statutes to either: (1) add references to the 2021 codes; or (2) replace all references of 2018 to 2021. If you look at the memo that summarizes LB164, a list of key changes from 2020-- 2018 education [SIC] to 2021 edition are provided. Overall, there are minor changes that simply-- that-- that either simplify prior

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requirements or enforce safety provisions. With that, I would be happy to answer any questions. Thank you.

HUNT: Thank you, Chairman McKinney. Any questions from the committee? Not at this time.

McKINNEY: Thank you.

HUNT: I'd like to invite up any proponents of LB164. Welcome. If you could say and spell your name.

DAVID HOLTZCLAW: Thank you. David Holtzclaw, D-a-v-i-d H-o-l-t-z-c-l-a-w, 5005 Chicago Street, Omaha, Nebraska, 68132.

HUNT: Go ahead.

DAVID HOLTZCLAW: Thank you. Thank you for allowing me to speak today. And thank you, Senator McKinney, for introducing this bill. I am a Nebraska-licensed engineer who specializes in building science, building forensics, building enclosures, and building design code compliance. We have-- our firm has tested over 100 residential and over 100 commercial buildings, both in Nebraska and across the U.S. I sit on ASHRAE committees, I sit on two ASTM standard committees and the United States Green Building technical standards committees, so I'm kind of uniquely qualified to talk about the updating of our-- of our building codes. I fully support this bill to update Nebraska codes for all the reasons that Senator McKinney previously stated and as stated in LB164. I would add to that is that the newer codes, 2021, and, coming out soon, 2024, deal specifically with building resilience to extreme weather events, which we've seen a lot of that here in Nebraska the last couple years. I would, however, recommend two minor revisions to this bill. First of all, as previous code-- building code bills, this bill, in lines 6 through 13, allows villages, cities, municipalities and counties to amend their local building codes. As with the recent adoption of the 2018 building codes, we have seen this lead to significant weakening of the building codes by different municipalities. For example, most of the building-- most municipalities have removed a lot of the energy requirements, particularly the door blower [SIC] testing on the residential building code. According to U.S. Department of Energy, the blower door test is the single most important energy savings and improvement in indoor air quality tests that can be performed on residential buildings. One exception to this is Washington County. Washington County did not amend out the building codes; they just

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adopted as was. We have measured in 12 new construction residential buildings in Washington County that their air leakage is 43 percent lower than similar buildings, residential dwellings built in Iowa since the adoption of the new code. Even worse, they are 72 percent tighter than same buildings built in Douglas and Sarpy County. These are actual measurements done on new construction residential building. Based on Lawrence Laboratory calculations, this will save the re-- the-- the homeowner or the-- whoever is paying utilities \$70 a year. A simple solution to this would be to require the Nebraska Department of Energy and Environment to not just review those amendments, to have to approve these amendments. This can be done on-- on a overall energy rating index purpose, which is already in the standard code that hasn't always been amended out. So you can say to a municipality, OK, you can get rid of blower door tests, but then you have to add more insulation or more efficient equipment, something like that. There are going to be tradeoffs that could be made. We'd also ask that this bill significantly adds administrative analysis and enforcement burden to the Nebraska Department of Energy and Environment; as well, energy verification requirements to individual state departments. Currently, the NDEE does not have sufficient staff nor really expertise to do all this, so they will need additional funding and support to actually implement this bill. And thank you very much for your time. Let me know if you have any questions.

HUNT: Thank you, Dr. Holtzclaw, Any questions from the committee? Senator Cavanaugh.

J. CAVANAUGH: Thank you, Vice Chairman Hunt. I just-- clarifying question. You said lines 6 through 13. Do you know which page that's on?

DAVID HOLTZCLAW: Of LB164, think it's the first page? I'm sorry, I-- I-- I don't.

J. CAVANAUGH: Oh, OK. Sorry, I was just trying to find it but--

DAVID HOLTZCLAW: I was going by the line number on the PDF. Sorry, that made it easiest.

J. CAVANAUGH: So it might be there. But basically you're saying that we should not allow villages and municipalities to adopt their own standards?

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DAVID HOLTZCLAW: Allow them to adopt it, but make it equivalent to what is the national standard.

J. CAVANAUGH: OK.

DAVID HOLTZCLAW: And the NDEE currently will provide feedback, a review of those changes as is in the current statute, but there's no follow up; there's no teeth. So NDEE says, City of Bellevue, OK, your code is now, since you've amended these, it's now 14 percent weaker. That's it. That's as far as the current statute goes. City of Bellevue doesn't have to do anything. They don't have to find something else to bring it up, those 14 percents. So I'm saying make it evil. So if they take out the blower door, if they take out insulation, whatever they want to do, change something else, so the final product, the final code is equivalent to the national code.

J. CAVANAUGH: And so when you said that NDEE would need more money, is that if-- to accomplish what you're saying or is that in this-- as the bill is written?

DAVID HOLTZCLAW: Well, as the bill is written, it does add a lot of-- a lot of administrative oversight-- well, not really-- well, kind of oversight, yeah. So NDEE now has to-- if-- if LB164 is-- is implemented as-- as it currently is written, now they're going to have to come up with-- with some rules and regulations and they're going to have to do all of the reviewing. And they-- they've lost staff in the last year for various reasons; and particularly on the commercial side, they don't always have the expertise to really, you know, go through that and enforce those roles as-- which is why we're seeing kind of a lack of enforcement currently right now with the 2018 code.

J. CAVANAUGH: Thank you.

HUNT: Any other questions from the committee? Senator Lowe?

LOWE: Thank you, and thank you for coming to testify today. You stated that it would save about \$70 a year by implementing?

DAVID HOLTZCLAW: Just that one test, right? So that's just-- they've been amended out, all types of things. I'm saying just that one example.

LOWE: OK.

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DAVID HOLTZCLAW: So by amending out, so residents of Washington County that build new construction, build to the current 2018 code and pass the blower door test because it's required in that county. On av-- what we're seeing on average, that they are 40 percent more tighter than other residence built in other counties in Nebraska, as well as Iowa, and that 47 percent savings would equal about \$78 a year on average.

LOWE: OK. What would that raise the cost of building?

DAVID HOLTZCLAW: Door blower test runs about \$250-300.

LOWE: OK, so about five years-- it would take about five years to make up the difference of that.

DAVID HOLTZCLAW: No, no. So that homeowner, so if that homeowner is paying and that homeowner is also paying the utilities, OK, that homeowner could cover it in three years.

LOWE: OK.

DAVID HOLTZCLAW: And then for every year after that, which could be 1 or 50, they're saving on average 80 bucks a year.

LOWE: OK.

DAVID HOLTZCLAW: And that's just that one example.

LOWE: OK.

DAVID HOLTZCLAW: There has been many other requirements that have been amended out. There's been health and safety requirements. Mechanical ventilation has been amended out in the city of Omaha, Bellevue, many other cities, and that is a huge indoor air quality issue that will lead to increased rates of-- of asthma, which has been shown a gazillion times.

LOWE: OK. By-- by updating the code from 2018 to 2021, what would be the average cost of a homeowner for that increase?

DAVID HOLTZCLAW: So the Department of Energy does a study for every increase in code. So they found that going from the 2018-- the full 2018, which very few counties in Nebraska-- or most counties are actually on, it would save their-- they reduce their energy consumption by about 9 percent, which is a financial savings of about

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8 percent of their total energy bill. So right now, Nebraska, the average Nebraska resident spends about \$2,400 a year on energy costs, on average.

LOWE: OK.

DAVID HOLTZCLAW: OK.

LOWE: I'm asking about the price of a home if-- if you were to go from the 2018, whatever they're enforcing now, to the fall 2021.

DAVID HOLTZCLAW: That's hard to answer because the 2021 actually allows you to do some of these tradeoffs, so it allows you to do a lot more trading off than what the 20-- current 2018 does. So actually, a builder can actually do those tradeoffs, figure out what's the best for them to come up for a single price. Worst-- you know, the average house in Nebraska is now-- I think it's like around \$340,000, single family. So total cost, you're-- you're 1 percent of that, if that.

LOWE: So \$3,000, \$3500?

DAVID HOLTZCLAW: Yeah, yeah.

LOWE: It's getting expensive. All right. Thank you very much.

HUNT: Thank you, Senator Lowe. Any other questions from committee members? Seeing none, Dr. Holtzclaw, thanks so much for being here. Any other proponents for LB164? Seeing none, any opponents for LB164? Come on down. Welcome.

BLAIR MacDONALD: Vice Chair Hunt and members of the Urban Affairs 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 as a registered lobbyist for the Greater Nebraska Cities in opposition to LB164. The Greater Nebraska Cities is a municipal association representing the cities of Aurora, Grand Island, Hastings, Holdrege, Kearney, Lexington and Minden, and our opposition to LB164 is specifically in regards to the adoption of the 2021 International Energy Conservation Code, or IECC. My comments are directed specifically towards the Energy Code. We do not take issue with the 2021 International Building Code. So the member cities of Greater Nebraska Cities have implemented the 2018 IECC to align with the state's adoption in 2019 after many years of operating on the 2009 IECC. Local contractors were opposed to the update due to the increased supply and labor costs that arose as a

result of the compliance with the 2018 code and requirements, as I understand, and we fear that that would again be the case with the adoption of the 2021. Furthermore, costs of building materials still remain high due to inflation. The 2021 IECC further increases the cost of materials for the contractor and the end home buyer. These material requirements from the 2021 IECC go beyond increasing the real value of a structure and require high-efficiency appliances and mechanical-- mechanical equipment. The home buyer or owner is unlikely to ever see a savings or return on investment for what will be significant upfront cost. The housing market has slowed considerably with rising interest rates and still-high building costs in the last year. The economic climate has changed dramatically since 2021 or 2022, and we are now seeing the trickle-down effect of that in the housing market. Our member cities see the adoption of the 2021 IECC as putting an additional strain on the already proverbial housing bubble. Our cities also see the overwhelming need for affordable and workforce housing, as does this committee. Our cities have seen how the cost increases from implementation of the 2018 IECC were put on builders and ultimately then on the end homebuyers. We do not believe the increased costs in the 2021 IECC are worth the minimal energy efficiency benefit, and we do not believe the end homebuyer will ever see the cost savings from an energy use standpoint. We ask that this committee allow more time for the economy and housing market to correct itself as we give our cities more time with the existing 2018 IECC. And again, this-- Greater Nebraska Cities is not opposed to the building code within LB164 and would ask that this committee take out the 2021 Energy Code update before advancing the bill to General File. Thank you for your time.

HUNT: Thank you. Ms. MacDonald. Any questions from the committee? Seeing none, thank you for being here.

BLAIR MacDONALD: Thank you.

HUNT: Any other opponents to LB164? Looks like we got-- welcome.

JERRY STANDERFORD: Thank you. Good afternoon, members of the Urban Affairs Committee. My name is Jerry Standerford, J-e-r-r-y S-t-a-n-d-e-r-f-o-r-d, 14711 Industrial Road, Omaha, Nebraska. I'm an Omaha homebuilder. I've been building homes in Omaha continuously for over 45 years. I'm here today to oppose LB164, and I'm also speaking on behalf of three homebuilder associations in Omaha, the Metropolitan-- or two in Omaha, one in Lincoln, the Metropolitan Omaha Builders Association, the Homebuilders Association of Lincoln,

and Build Omaha, of Omaha. The 2021 Energy Code sections as proposed into the IRC, in our opinion, is not necessary. The current codes provide for an efficient, affordable energy-- energy savings in single-family homes. Forcing the 2021 chapters in requirement at a time when affordable housing is so desperately needed in the state of Nebraska is a mistake. As builder of single-family homes in Omaha for nearly 50 years, our homes have never been more energy efficient than they are today. The huge requirements of the 2021 chapters will only minimally increase their efficiency while pushing more and more buyers out of the market. In our office, we took two homes that we build regularly. We build these houses several times a year, these exact houses. One of the two-- is a 1,750-square-foot ranch home; the other one is a 2,300-square-foot, two-story home. The increased cost to the buyer on the 1,750-foot-ranch homes, by our calculations, to meet the 2021 Energy Code, is an additional \$5,582 from what we spend today. And when we calculated the Energy Code for the 2021-- Mr. Holtzclaw spoke of tradeoffs-- we used the most cost-effective tradeoff that we could to exceed the requirements of the computer program that we use to meet that. Applying the same formula to the two-story would be an increased cost to our buyers of \$7,966. With only a minimal gain in cost savings to these already efficient homes, these costs are enormous when you consider the additional down payment required, because now you're going have to put more money down to qualify for the increased cost of the house, the additional interest that would be paid over the term of the loan, we're near-- we're around-- hovering around 6 percent interest on-- on a resi-- single-family residential loan, as well as the increased real estate taxes that you're going to pay because we know the home-- the homes are taxed based on their value, which when we increase the cost of the home, we pay more real estate tax. Many of these chapters will also significantly add time to the construction of the home. We-- we lose a full day to do a blower door test. I just recently, within the last 60 days, did two blower door tests, because we occasionally test our homes to see where we're at, make sure that the code that we're building under satisfies the requirements of the blower test. We don't test every one. I don't know of anybody who tests every-- blower door tests every home that they have unless they're forced to. The-- I think I paid \$230 to test each one of those homes. These homes aren't sold, so if I add that \$230 onto the cost of that house, the buyer of that home didn't gain one thing by paying that additional \$230. I mean, it's just \$230 to (1) satisfy my own curiosity, and to see where we're going. The cost-- also adds-- adds to the cost in the terms of construction loans. You know, most of us

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don't just take money out of our pocket and build these houses and-- and sell them. We take construction loans on the land, on the-- on the construction-- on the construction of the homes themselves. Insurance goes up. Our-- our insurance is based on the cost of the work that we do and the overhead. Everybody here knows you have to pay the overhead to keep your doors open. So to come out of this pandemic and continue to work though our supply chain issues have a higher and ever increasing cost, I would suggest to you that advancing LB172 is a hindrance to the goals of affordable housing, workforce housing, where we want to look at, as well as an unnecessary mandate forced on the citizens of the state of Nebraska. And again, my calculations are only on single-family homes. It's all that I do for a living. That's what our associations, most of those guys, do. So if we're-- we're only singling out-- again, we don't go back and look at the used houses, the houses that were built 2 years ago, 10 years ago, 50 years ago. It's only imposed on the new construction.

HUNT: OK.

JERRY STANDERFORD: Be happy to answer your questions.

HUNT: Thank you. Mr. Standerford. Any questions from the committee? Senator Lowe.

LOWE: Thank you, Vice Chair, and thank you, Mr. Standerford, for coming and testifying. What is the use of building codes, in your opinion?

JERRY STANDERFORD: Well, it's-- it's-- I think it's stated and it's-- I think it's stated in-- by the code-- code entities that it's to provide the minimum standard to build to. Now there's nothing saying that you can't go beyond that, as most builders I know do go beyond the minimum standards of the code. I mean, we can all get by, but it's a minimum to assure safety of the code-- safety of the [INAUDIBLE]

LOWE: So it-- it's for safety, it's-- it's to make sure--

JERRY STANDERFORD: It's mainly for health and safety, yes.

LOWE: OK. And-- and there's nothing from the client saying, hey, I want all these things in my home that you're building.

JERRY STANDERFORD: No.

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LOWE: You-- you would then go ahead and install those.

JERRY STANDERFORD: Correct. In our-- in our office, if you-- if you come in and want us to build you a home, we provide you with a huge list depending on-- and many times items are checked off of that list.

LOWE: OK. How have home prices been affected in the last ten years?

JERRY STANDERFORD: Well, we-- we know they're just outrageous. I mean, homes in-- in the last-- in the last ten years, I can-- I can tell you-- I can tell you, in ten years-- I just-- I just did a cost on a house yesterday. The base price on that house four years ago was \$200,000 and, I think, \$86,000, and it was just under \$400,000 yesterday. That's in that amount of time. You know, the-- the I codes came into being in 2000, is the first time we picked up the I codes in the state of Nebraska. I sit on-- I think I've sit in Omaha on every-- every committee to review the codes since they've come out. The instructions were in the beginning, and still are today, the-- the-- they're not across the board for every municipality. The codes were designed in the beginning to be amended at the local level. And I no longer have the letter, but I remember the letter that came with the-- with the instructions that said just that: those codes are be-- were to be amended at the local level. And I think in many municipalities, especially in the metro areas, we've done a good job of amending those codes over the years to make it work. Of course, the cost still goes up. We can't throw everything out. They know it wouldn't be-- that wasn't the intention, to throw everything out. But I-- and I don't do anything workwise outside of Sarpy and Douglas County anymore. But I can't imagine how somebody in Atkinson, Nebraska, can begin to review and amend the code if we leave these-- if we take these and say most-- in most of those municipalities, those guys have to build it. If they're going to build by the code, they have to build straight-up by the code. And in my opinion, there's been nothing that has increased, no single item that has increased the cost of the houses since 2000 more than codes and regulations.

LOWE: Right.

JERRY STANDERFORD: We go back and look at it and it's-- it's a huge, huge number.

LOWE: Thank you very much.

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JERRY STANDERFORD: Thank you.

HUNT: Thank you, Senator Lowe. Senator Hardin.

HARDIN: Thanks for being here.

JERRY STANDERFORD: Thank you.

HARDIN: And can you give us an average cost of the two homes that you referenced a moment ago? You were talking about a \$400,000 home. But for the 1,700-square-foot model, before the \$5,600 would be added on, and the 2,300-square-foot model before the almost \$8,000 is added on, what are the average costs of those two models?

JERRY STANDERFORD: Yeah, depends, of course, on the amenities. But you-- you go on our website and look at those houses. They're-- they're on there for sale and, including the lot, those are, ground numbers, \$500,000 houses today.

HUNT: Thank you, Senator Hardin.

HARDIN: Thank you.

HUNT: Do you have any other questions? Don't mean to cut you off.

HARDIN: Thank you.

HUNT: OK. Mr. Standerford, I'm reading the testimony here from Dr. Holtzclaw, who said, in Washington County, where they haven't amended the IECC, he's saying that, according to their tests, the residential dwellings, the air leakage is 72 percent better than in Douglas County. What do you-- what do you say to that? And speak to that.

JERRY STANDERFORD: I-- I-- you know, I don't know what houses he tests in Douglas County.

HUNT: OK. How--

JERRY STANDERFORD: I know of the two houses that we tested in the last 60 days--

HUNT: OK.

JERRY STANDERFORD: --were well qualified.

HUNT: OK.

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JERRY STANDERFORD: We didn't have to do anything to meet that, and those were just built to the standards of the code that we're using in the city of Omaha today.

HUNT: I'm also curious, how frequently do consumers, your clients, ask for energy efficiency features and buildouts beyond what's required in the IECC?

JERRY STANDERFORD: Beyond what's required?

HUNT: Yeah. Do you-- do you get customers or clients who are like, I want a really energy-efficient house?

JERRY STANDERFORD: Well, sure, we do, sure. That's a-- and--

HUNT: So do you tell them, here's the standard, we're just going to do that, or do go above and beyond?

JERRY STANDERFORD: Here's what-- we tell them what we can do. And then by using the REScheck, which is the-- the federal Energy Department computer model-- computer program that I talked about, by plugging those numbers in, the-- the extra numbers in, we can show how much better that-- how many percent better that is.

HUNT: OK.

JERRY STANDERFORD: OK. Does it happen often? I-- I don't-- we don't do that many presale homes. A lot of our houses are-- are to be sold--

HUNT: Oh, I see.

JERRY STANDERFORD: --or-- or-- and so we don't see that. I know a lot of-- a lot of the other guys, lone builders who do just straight custom homes, I mean, there's guys who make a living selling energy.

HUNT: Yeah.

JERRY STANDERFORD: So--

HUNT: OK. Thanks, Mr. Holtzclaw--

JERRY STANDERFORD: You--

HUNT: --or not Holtzclaw, Standerford. Any other questions from the committee? Seeing none, thanks for being here.

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JERRY STANDERFORD: All right, thank you.

HUNT: Anyone else here to testify in opposition to LB164? Welcome.

ANNA BESPOYASNY: Thank you. All right. Good afternoon, Vice Chair Hunt and members of the European Affairs Committee. My name is Anna Bespoyasny; that's A-n-n-a; Bespoyasny is B-e-s-p-o-y-a-s-n-y, and I am superintendent of permits and inspections for the city of Omaha. It would appear that the intent of LB164 is to update to the 2021 International Energy Conserva-- Conservation Code provisions while keeping the entirety of the 2018 building and residential codes intact. As I read through the key changes in the 2021 International Energy Conservation Code, I was struck by the thought that, although these changes are good ideas, they are a far cry from the minimum standard that the codes are intended to be. The changes will add cost and that cost will be passed on to the consumer. I also thought of the irony of the situation we are facing. On the one hand, we are looking at moving to a new code that far exceeds minimum standards for energy conservation and continues to add to the cost of construction; and on the other hand, we are wondering how to tackle the problems of the lack of affordable-- affordable housing. I am not here to argue about the cost of these changes or if the changes merit consideration. After working through a pandemic, the increased cost of construction materials and the subsequent supply chain issues which are still impacting the construction industry, I am here to suggest a pause on updating to the 2021 IECC. It is not what the citizens of Nebraska need at this time. The 2018 Building and Energy Codes are more than adequate to protect the life, safety, health and welfare of Nebraska citizens. I believe the citizens of Nebraska, and Omaha specifically, would be better served by focusing on the housing shortage. Updating to a new code that increases costs will do nothing to provide additional housing in the quantities required to meet the need. I thank you for your time.

HUNT: Thank you. Ms. Bespoyasny,. Any questions from the committee? Seeing none, thank you for coming here today.

ANNA BESPOYASNY: Thanks.

HUNT: Any other opponents to HB 164? Seeing none, Chairman McKinney, you're invited back up to close.

McKINNEY: Thank you. And thank you for those that testified for and against LB164. I guess I'll say that I'll take those things into

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consideration. But one thing I would say is that we can't continue to just keep putting off updating codes, and I say this because I think that type of culture is why a lot of homes in my district are not in compliance. And I'll-- I'll just say that. But I'm also aware of the economic climate and the housing crisis that we have in our state, and I'll take that into consideration as well. Thank you.

HUNT: Thank you, Chairman McKinney. Any questions from the committee? Seeing none, I'll say we had seven letters for the record on LB164, five proponents, one in opposition, and one neutral. And with that, I'll close the hearing on LB164 and move on to LB170 with Senator McKinney.

McKINNEY: Thank you. Good afternoon again, Urban Affairs Committee. My name is Terrell McKinney, T-e-r-r-e-l-l M-c-K-i-n-n-e-y, and I represent District 11 and I'm here to present LB170. LB170 matches the definition of blighted area under the Nebraska Investment Finance Authority Act with the definition under the Community Development Law. As a quick reminder, the Community-- the Community Development Law contains the statutes governing tax increment financing, or otherwise known as TIF. Previously, the Nebraska Investment Finance Authority Act's definition of blighted included the words "city or village" instead of "area," as is used in the Community Development Law. This is only-- this is the only change between the two definitions. LB170 simp-- simplifies the statutes and makes sure that our definitions of blighted is the same as across the board. And I believe this is a very easy change. With that, I would be happy to answer any questions.

HUNT: Thank you, Chairman McKinney. Any questions from the committee? Just to clarify, what are the-- I have the definition pulled up here. What's the one-- what's the only thing it's changing, you said, in this?

McKINNEY: So currently in-- in the Nebraska Investment Finance Authority Act, the definition of blighted includes the words "city or village" instead of "area"--

HUNT: OK.

McKINNEY: --as it's used in the Community Development Law.

HUNT: OK.

McKINNEY: Yeah.

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HUNT: Thank you. Any other questions? Seeing none, thanks for your introduction.

McKINNEY: Thank you.

HUNT: We can move on to proponents of LB170. Come on down.

SHANNON HARNER: Good afternoon, Senators. My name is Shannon R. Harner and I am the executive director of the Nebraska Investment Finance Authority. My name is spelled S-h-a-n-n-o-n, Harner, H-a-r-n-e-r. NIFA is in support of LB170. As the senator previously noted, this is a pretty simple, straightforward bill. It simply aligns the definition of blighted area with the previously existing other statute. No other significant changes or im-- expected impacts to this other than just the streamlining.

HUNT: All right. Thank you, Ms. Harner. Any questions from the committee? Seems pretty straightforward. Thanks for your testimony today.

SHANNON HARNER: Thank you.

HUNT: Next proponent for LB170. Welcome.

LYNN REX: Thank you, Senator. Vice Chair Hunt, members of the committee, my name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities. We do support this. I think it's a-- just kind of a technical bill. But in addition to the change that Senator McKinney noted, I'd also note that 18-2103 has another sentence, which is another reason for doing what's being suggested here, to make sure that these definitions match, and that language is as follows: A redevelopment project involving a formerly used defense site is authorized under section 18-2123.01, and any area declared to be an extremely blighted area under section 80-2101.02 shall not count towards the percentage limitations contained in this subdivision. And so by having this statutory definition, I think it makes a lot of sense just to make sure that they match and whatever changes are made apply to both, and so we strongly support this bill. I think it's there for clarity. And I'd be happy to respond to any questions that you might have, and we appreciate Senator McKinney introducing the bill.

HUNT: Thanks, Ms. Rex. Any questions from the committee? Seeing none--

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LYNN REX: Thank you very much.

HUNT: --thanks for coming today.

LYNN REX: Thanks.

HUNT: Any other proponents for LB170? Seeing none, any opponents? Anyone in opposition? Seeing none, anyone here to testify in the neutral capacity? Seeing none, Senator McKinney, I'd invite you up to close on LB170.

McKINNEY: I would just say thank you to those who came to testify in support of LB170. And if anybody in the public or on the committee has any further questions, feel-- please feel free to reach out to myself or my staff. Thank you.

HUNT: Thank you, Senator McKinney. We had one letter for the record in support of LB170. Next, we'll stand at ease for just a moment. We have LB172 from Senator Bostar.

_____ : He's just across--

HUNT: Are you introducing?

_____ : He's just across the hall.

HUNT: Oh, OK, cool. And I'll turn it back over to Chairman McKinney.

McKINNEY: Thank you.

BOSTAR: Hopefully you weren't waiting long.

LOWE: Buy you a watch.

BOSTAR: Good afternoon, Chairman McKinney and members of the Urban Affairs Committee. For the record, my name is Eliot Bostar; that's E-l-i-o-t B-o-s-t-a-r, and I represent Legislative District 29. Today I am presenting LB172 on behalf of the Nebraska Electrical Division, representatives of which you will hear from shortly. LB172 would adopt the 2023 National Electrical Code, as updated by the National Fire Protection Association, or NFPA. In its mission to save lives and reduce loss, the NFPA National Electrical Code is the nation's leading authority on electrical safety. Every three years the NFPA approves updates to the National Electrical Code through a collaborative process with stakeholders comprising of industry

experts, consumers, insurers, builders and enforcement authorities. Electrical codes exist to protect life and property. Nebraskans are no stranger to natural disasters such as flooding. One provision in the updated code requires GFCI protection on basement outlets. Past flooding in the state has resulted in standing water in basements where homeowners have had to wade through it unprotected. This presents a high risk of electrocution if there's an electrical short. In 2014, a man lost his life in Illinois when he stepped in standing water in his basement, attempting to switch out a failed sump pump. Another provision in the code update requires an emergency disconnect. This provision provides first responders an outdoor, accessible emergency disconnect point. Waiting for the electric utility to come out to disconnect the service in an emergency such as a fire or flood can mean the difference between life and death or saving a house and a total loss. This provision has a secondary purpose of protecting the lives of first responders. Many rural power providers are already requiring outdoor disconnect points, which can be padlocked to avoid any potential tampering. Finally, we normally adopt an update to the electrical codes on a regular basis, about every three years. Updates are needed to address evolving best practices, new safety technologies, as well as consumer and building trends. Nebraska failed to adopt the 2020 National Electrical Code, and is currently operating from the 2017 codes. This puts Nebraska two code cycles behind the national standard. Failure to pass this legislation could jeopardize the Electrical Division's ability to accept reciprocal licenses from out-of-state electricians. Nebraska has more than 1,000 electricians licensed through reciprocal agreements. Not only would inaction affect out-of-state licensed electricians' ability to work in Nebraska, it will make it more difficult and more costly for licensed Nebraska electricians to work in other states. Failure to update Nebraska's electrical codes could have serious consequences for the safety of Nebraskans and our first responders. Inaction could also lead to Nebraska being unable to recognize reciprocity agreements, adding needless cost and red tape for electricians. Thank you for your time this afternoon. I would encourage you to support LB172 and I'd be happy to answer any questions you might have.

McKINNEY: Thank you, Senator Bostar. Are there any questions from the committee? Seeing none, thank you.

BOSTAR: Thank you.

McKINNEY: Any proponents?

CRAIG THELEN: Thank you, Chairman. Members of the committee, my name is Craig Thelen. C-r-a-i-g T-h-e-l-e-n. Excuse me. I'm the director for the State Nebraska Division. The State Electrical Board requests LB172 be moved forward. The State Electrical Board consists of electricians, engineers, electrical inspectors, and representatives from local utility companies. The purpose of the State Electrical Division is to license electricians across the state of Nebraska to ensure electrical work is done safely and properly, and the biggest concerns we have as a board are those regarding safety. This is why we are asking you to move forward with the adoption of the 2023 electrical code update. The National Fire Protection Association National Electrical Code are the national codes and standards that we follow. The section of the NFPA that regulates the work we do is the NFPA 70, and every three years we address updates and put together the National Electrical Code. These codes are standards that deal with safety, electrical-- safe electrical design, installation, and inspection to protect people and property, and to apply-- and these apply to new construction and remodels. Nebraska is currently operating out of the 2-- 2017 National Electrical Code. Historically, updating the state electrical codes have been moved through the Legislature without issues. I sit on multiple code panels for the NFPA 70 and I think this is good for Nebraska. It gives Nebraska a voice at a national level. Besides a number of safety provisions contained within the 2023 code updates. Our top priority is to remain compliant with the code adoption requirements of the National Electrical Reciprocal Alliance, which is the NERA group that Nebraska-- Nebraska belongs to. There are 17 members of this group and-- and we reciprocate license with-- licenses with 13 of those members. If Nebraska does not adopt the code updates, we could fall two code cycles behind and potentially get kicked out of the NERA group, which currently licenses approximately-- which currently we license approximately 11,000 electricians and-- in Nebraska and at least a thousand of these are electricians through the reciprocal process. And there's roughly 190 of these Nebraska electricians who reciprocate to other states. The loss of our membership and NERA means we would lose the ability to recruit electricians through reciprocal in the future. The reciprocal licensed electricians are critical in supplying the workforce needed to keep up with the construction throughout the state of Nebraska. Reciprocal licensure agreements allow us to engage out-of-state electricians in a very short time period for projects in Nebraska. Electricians have to be licensed in a NERA state, and then they would fill out an application along with a filing fee, and the electrician is ready to go to work

within a few days. And if they don't have this reciprocal process, then the electrician would have to apply for licensure through an application process, take an exam and then wait to confirm that he meets the requirements before he's approved for the exam, and then he would have to take his test. This process is a very time-consuming process, and if he does not pass the exam, he'd have to retest again. If the-- so they-- they must process-- while this process ensures that electricians are knowledgeable and can safely operate, it is more expensive and it takes longer, again, to get through that process if they have to sit for an exam. We also understand that certain FEMA requirements, FEMA grants, require the codes for the state. They have to be on the most current code; otherwise, there is a risk of not getting the full reimbursement. And Nebraska is pretty notorious for having issues with flooding, tornadoes, fires, and so, you know, there's a potential that the muni-- the communities could lose some of that federal revenue. In summary, these are the highlights of the 2023 code changes that impact-- that have impact for all. The Electrical Board supports the NFPA 70 National Electrical Code 2023 code changes due to the life-safety impact for the citizens of Nebraska. I thank you for your time and I'll take any questions.

McKINNEY: Thank you for your testimony. Are there any questions from the committee? Senator Lowe.

LOWE: Thank you, Chairman. Thank you, Mr. Thelen, for coming and speaking today. The-- you-- you mentioned that you-- Nebraska could be kicked out of the NERA group if these aren't implemented. Has there been a state that's been kicked out because they haven't kept up with these codes?

CRAIG THELEN: None that I'm aware of. Again, there's 17 states and we all pretty much track along with the current codes. The most that we have right now is one code cycle off. Everybody else, everybody's within one code cycle, and now we potentially could be two if this code does not go through. And-- and I think that is important to Nebraska and economics because that's a lot of electricians.

LOWE: If an electrician comes in from out of state and now he's got to take the test, he has to come and apply and everything else, and he doesn't pass the test, isn't that a good thing for Nebraska that we've kind of held him in check, that he's not doing anything wrong?

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CRAIG THELEN: It-- it is. But the process for an applicant, because Nebraska has pretty strict requirements to qualify to test, it's four years, 8,000 hours of experience-- four years licensed or registered as an apprentice and 8,000 hours, is what the qualifications to qualify to sit for the journeyman exam, as a-- as an example. And those hours have to be worked-- have-- you have to have worked under a licensed electrical contractor. And so that process is very heavily vetted to make sure that they meet those requirements to sit for the test, and-- and the test is-- can be tough for some. I mean, some people standardize test better than others, and it is tough sometimes. And, yes, it does vet some of the candidates that may not meet those qualifications, but I think the process is-- is the right process for them. And-- and if they come from another state that's a reciprocal state, they don't have to go through that process. They go through and apply through the reciprocal state and, within three to four days, they can be licensed and ready to ready to work in Nebraska. You look at the Amazon and-- and Google facilities and-- and there's a lot of electricians that come from out of state that work on those jobs. And-- and there's other jobs coming into Nebraska. Kimball has a big project coming up, a big federal project, and there's not enough electricians in Nebraska to support that, so this reciprocal is important to Nebraska.

LOWE: So if I want to become an electrician, I don't want to work as hard as a Nebraska electrician to pass the tests, I can go to some other state, get a job there, become a journeyman, and have less hours, less qualifications, and yet still come back to Nebraska to work?

CRAIG THELEN: They still have to meet those requirements of 8,000 hours. So if they come to-- if they go to another state, they're not going to get approved to work in that other state if-- especially if it's one of the reciprocal states. And most states that-- you know, there is a lot of other states that are not part of the reciprocal agreement that have similar requirements for journeymen, and so I don't think there's a shortcut. I think some states don't have a journeyman. Some go right from an apprentice to an EC, which is another challenge in itself, and so that's-- I-- I don't think you're going to get less of an electrician. I think the process is a solid process to qualify to take-- to sit for the exam.

LOWE: All right. Thank you for your testimony.

CRAIG THELEN: Yep.

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McKINNEY: Senator Hardin.

HARDIN: Thank you. Mr. Thelen, what happens to those 10,000 electricians who are here when we adopt LB172? Are there approvals, ongoing testing for them, certifications when they typically renew? How does that work for the-- an electrician when that changes?

CRAIG THELEN: So an electrician in-- that's licensed in Nebraska, every two years, they have to renew their license. They have to have 12 continuing ed hours of current code. Half of those can be-- half-- half those have to be code related. The other half can be noncode. So there's an NFPA 70E, which is the safety side of the NFPA 70, that they can some of those hours, but they have to continuing ed, 12 hours every two years--

HARDIN: Thank you.

CRAIG THELEN: --to reapply.

McKINNEY: Thank you. Any other questions from the committee? I guess I got one. I'm sure we'll probably get some opposition from builders and contractors saying this is going to add cost and we're in a housing crisis and this is going to make it worse or make it more difficult to try to address the housing crisis. How would you respond to that?

CRAIG THELEN: So I guess the cost, we've kind of put some numbers together and it's roughly around \$700-- \$700. So if they're talking about the houses they've talked about, they're \$3-- \$350,000-400,000. That's less than half a percent. I mean, it's a fraction of the cost of that house. And these are life safety. These are to protect citizens of Nebraska. The GFI in the basement is-- like Senator Bostar talked about, we have inspectors that have had to go through flooded areas in 2019 when we had the floods and they had to go in these building-- these houses in these basements and then GFCI wasn't required. That's important for the safety of my inspectors and these homeowners. And so to say that that's an overspend or adds too much cost, I think that less than half a percent is-- is a small price for safety, is what I would-- I would say to that.

McKINNEY: All right. Thank you.

CRAIG THELEN: Yep.

LOWE: Senator.

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McKINNEY: Senator Lowe.

LOWE: Thank you. Were-- were these new houses that didn't have the GFI?

CRAIG THELEN: There was a combination of houses, and I-- I'd have to go back through and look. It was the-- up in the northern part of Nebraska, and most of those are-- there's a lot of older houses. But I'd have to go back through our records to see which ones, what-- what age of the houses they were. But I think a lot of them are older, but I think there was some newer houses.

LOWE: Well, this would pretty much just pertain to new construction--

CRAIG THELEN: This?

LOWE: --correct. or [INAUDIBLE]

CRAIG THELEN: Yes, [INAUDIBLE] adoption pertains to new construction, correct.

LOWE: So those houses may have been old, like--

CRAIG THELEN: But they could have been remodeled. So sometimes if there's a remodel, you have to bring them up to current standards in that remodel. So these basements, a lot of new houses and basements don't get finished on new construction and they get finished after the house is-- they take residency, and so there's a lot of those that could have been in that situation as well.

LOWE: OK.

CRAIG THELEN: And they would have had to comply.

LOWE: All right. Thank you very much.

McKINNEY: All right. Thank you, and thank you for your testimony.

CRAIG THELEN: Thank-- thank you. Appreciate it.

McKINNEY: Are there any other proponents?

GARY HONOLD: Thank you, Mr. Chairman and the Urban Affairs Committee, for allowing me to speak. My name is Gary Honold, G-a-r-y H-o-n-o-l-d, and I am the northwest regional director for the National Fire Protection Association, NFPA. Thank you for the

opportunity to speak today in support of the updating to the 2023 edition of the National Electrical Code, or NEC, without amendment. The NFPA is a global, self-funded, nonprofit organization established in 1896, devoted to eliminating death, injury, property and economic loss due to fire, electrical and related hazards. We publish 300-plus codes and standards to support that vision. The more than 250 technical committees, comprised of approximately 9,000 volunteers, review public input and vote on the revisions in a rigorous and thorough process. I would like to address the NEC revision process, along with how that process afforded the opportunity for all industry stakeholders to engage with the development of the code. Since 1911, NFPA has been the sponsor of the NEC, and the requirements of this standard have continued to evolve with America's heavy reliance on reliable and safe electrical energy. The NEC is developed through an open, transparent and balanced process accredited by the National-- American National Standards Institute, the body that coordinates the activities of standard development organizations in the United States. The pro-- this process of reviewing the NEC brings together over 500 volunteer electrical safety experts to participate in this activity and includes-- and includes a broad range of expertise representing electrical contractors, designers, inspectors, manufacturers, electrical testing laboratories and utility, as well as enforcing authorities, insurance organizations, labor and other using-- users, including representation from the National Association of Homebuilders. The balance part of this process requires that no more than one third of any of these industry representatives can sit on the committee. The balanced technical expertise ensures that new requirements are thoroughly vetted, and it also establishes an acceptable benchmark for the necessary level of safety. Finally, the process is one of consensus, not unanimity, and on occasion there will be those who have an-- an opinion different from the ultimate results of the process. However, they have-- had been afforded their opportunity to express their views in accordance with this ANSI-accredited process. All this occurs before the code is revised and presented as a comprehensive code suitable for updating at the state and local level. In 2017, the NFPA Fire and Life Safety Policy Institute commissioned an independent survey titled Meeting Expectations and found that 86 percent of people believe that if they purchased a newly constructed home today, it would meet the most up-to-date codes, and 74% of those people trust that-- their state and local leaders to update the latest fire and electrical safety codes for residential construction. If Nebraska is considering amendments, those should be submitted to the NEC for consideration at

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the national level. This allows for all stakeholders to discuss them in a national forum, therefore providing for all users of the NEC to benefit. Any person with an interest in fire and electrical safety is welcome to offer input into the code development process at no cost, regardless of whether they are an NFPA member or not. Transparency in the process enables the public to review NFPA's record for the development of the NEC, and the record reflects sound substantiation, supporting advancement of fire and life safety technologies. Some examples include expansion of ground fault circuit interrupters, GFCIs, as life safety technology. Published data from the United States Consumer Product Safety Commission show a decreasing trend in the number of electrocutions in the United States. The NEC Technical Committee moved forward with expanding locations requiring GFCI protection based on reported deaths submitted on the record. Another example is the requirement for an outdoor emergency disconnect. First responders lay their lives on the line every day for the people they serve. They are often duty-bound to enter dangerous, substandard buildings during a fire or other emergency to save lives and protect their communities. And on a personal note, my previous career as a career firefighter, I was shocked fighting a fire in a garage where I was entangled in wiring from suspended fluorescent light banks. Fortunately, I wasn't injured very bad, but if we would have had the ability to have that emergency disconnect when we arrived on scene, that shocking incident wouldn't have happened to me. I'm grateful that I did not get hurt further. They're-- the experts in the electrical community, the NSC is considered the blueprint for electrical safety throughout the world. We believe the best measure of the NSC's valuable role in public safety is its widespread use and past performance. It is our hope that Nebraska continues to move forward with the timely update to the 2023 NEC and remains a leader in electrical safety in the U.S. Thank you, and I'm open for any questions.

McKINNEY: Thank you for your testimony. Are there any questions from the committee? Senator Lowe.

LOWE: Thank you, Chairman. And thank you, Mr. Honold, for being here and testifying. Thank you for your service as a fireman.

GARY HONOLD: Thank you.

LOWE: Appreciate that. Isn't it kind of a standard when you show up to a fire that you turn off the gas and you turn off the power so it is safer for you to enter the-- the dwelling?

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GARY HONOLD: Due to the circumstance of the fire, that depends. In a perfect world, you-- absolutely, you bet. When I was a rookie recruit firefighter in the late '80s, early '90s, the method of isolating the electricity was pulling the meter, and anyone that's dealt with electricity knows that is not a surefire way and it's actually quite dangerous. So while in-- in a perfect world we would be able to do that, it is not very realistic, and especially when you have different wiring methods and no way to know exactly what is energized in the house. An emergency service disconnect for the utility services or for emergency responders would take care of that problem.

LOWE: So the emergency shutoff under the new code, they'd all be a standard shutoff then?

GARY HONOLD: Yes, it would be standard, as per what the NEC requires in that-- in the newest edition.

LOWE: So that anybody walking up would be able to know exactly how to shut it off then?

GARY HONOLD: Well, I don't-- I don't know about passer-bys' knowledge of how to isolate electrical utilities, but those can be secure in a location that-- that wouldn't be subject to tampering or malicious intent.

LOWE: All right. Thank you.

GARY HONOLD: Thank you.

McKINNEY: Any other questions? Seeing none, thank you.

GARY HONOLD: Thank you.

McKINNEY: Any other proponents?

DON IVERSON: Good morning, Mr.-- good afternoon, Mr. Chair and members of the committee. I'm Don Iverson, D-o-n I-v-e-r-s-o-n, and I represent Schneider Square D here in Lincoln. Schneider Electric advocates for a timely adoption of the National Electric Code. The NEC focuses on proper installation of electrical systems and equipment supporting safe electrical infrastructure. Our products are designed and manufactured to comply with the most current edition of the National Electrical Code. Adopting the most current electrical code enables the use of the most advanced technology in Nebraska homes, enables higher efficiencies in Nebraskans' use of electricity,

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and supports Nebraska-based businesses to be more competitive in a global market by not manufacturing out-of-date electrical components. Schneider Electric is a proud manufacturer of the state, and having just celebrated 50 years of manufacturing in the city of Lincoln. We directly employ approximately 450 people at the Lincoln plant. In 2021, we made \$20 million investment to increase our manufacturing capacity, which created new high-paying jobs, and it recently announced another \$46 million investment to modernize our manufacture in Lincoln to make the new jobs sustainable jobs. Our Lincoln plant manufactures modern circuit breakers that provide electrical protection for homeowners across the country, as well as commercial industry-- industrial facilities. We are concerned because of the amendments that have been discussed in the past that will remove electrical protection afforded to the 2023 NEC, eliminating electrical safety of Nebraskan citizens. We do not support amendments for-- for the reduced electrical safety. The adoption of the 2023 NEC will permit the construction industry to utilize emerging technology advancements while enhancing safety in all structures in the state. A few of these emergency technologies are included in mirco-- are included in microgrids, energy management and renewable energy sources. The adoption of the 2023 NEC unamended supports electrical safety for all Nebraska, supports economic growth for requiring what is made in Nebraska is used in Nebraska, and long-term jobs for our employees. Thank you. I'm happy to have any questions.

McKINNEY: Thank you for your testimony. Are there any questions from the committee? Seeing none, thank you.

DON IVERSON: Thank you.

McKINNEY: Are there any other proponents?

GERRY O'CONNOR: All right. Thank you. Chair McKinney and other members of the Urban Affairs Committee. My name is Gerry O'Connor, G-e-r-r-y O--C-o-n-n-o-r, and I represent Eaton Corporation. All right. Eaton Corporation supports Nebraska to update the 2017 edition of the NEC with the 2023 NEC. Eaton employs over 570 team members and operates two manufacturing facilities in Nebraska. Employees develop, manufacture, and sell safe and reliable electrical equipment, providing market-leading electrical solutions used in general construction. Perform-- performing to the highest standards of safety and reliability, many of these pro-- products are installed in homes, commercial buildings, industrial facilities, and utilities across-- across Nebraska. We comm-- commend Nebraska for moving forward with

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the adoption process of the 2023 edition of the NEC. Current codes produce safer and more economically prosperous communities. For many years, Nebraska has championed the standard of excellence by regularly adopting the newest edition of the National Electrical Code, prioritizing the safety of its citizens and economic well-being of the industry. Updating the NEC ensures communities continue to provide an acceptable level of public safety while supporting the latest technical-- technological advances. The United States Fire Administration reports that in 2020 Nebraska fire casualties and residential fire structure casualties exceeded the national average. Residential structure casualties for the state were 16.7 deaths and 10.6 injuries per thousand fires, while the national average was 6 deaths and 21.7 injuries per thousand fires, so 2.78 times higher deaths than the national average. Even though your injuries were lower by half, deaths I think are a little-- a little-- hit home a little bit more. The citizens of Nebraska deserve the safety afforded by the latest safety codes such as the 2023 NEC, and this committee is in position to help make that a reality. Eaton has long supported timely and unamended adoption of the NEC by state and local jurisdictions. We believe that adoption of the most current edition of the NEC promotes a uniform and up-to-date standard of safety for all occupants in the-- in the build environment. We understand Nebraska is considering the adoption of the 2023 NEC and encourage the committee to move forward with adopting the 2020 NEC as written, urging caution that any amendments will negatively impact residents by reducing the level of life safety and protection of property. Thank you for your time. I'm happy to answer any questions.

McKINNEY: Thank you for your testimony. Are there any questions from the committee? Senator Lowe.

LOWE: Thank you, Chairman. And thank you, Mr. O'Connor, for being here. And Kearney has an Eaton's in it, so--

GERRY O'CONNOR: Yes.

LOWE: --thank you very much. You mentioned the deaths. How many of those deaths would have been saved by updating this code?

GERRY O'CONNOR: It is a hard factor to de-- to figure.

LOWE: You--

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GERRY O'CONNOR: We don't know whether smoke detectors were in the homes. Those deaths are stated on the usfa.fema.gov website. Nebraska, like the state Nebraska, the-- the link is on the sheet I handed out. I--

LOWE: OK, but you brought it up as to pertain to the code, so I'd like--

GERRY O'CONNOR: Yes.

LOWE: --kind of like to know how many of those deaths would be saved if we updated these codes.

GERRY O'CONNOR: It is truly hard to give an exact number based on whether arc fall protection would have save-- would have tripped the circuit prior to a fire even starting or--

LOWE: Or they could have been caused by a cigarette--

GERRY O'CONNOR: Potentially, yes.

LOWE: --could have been caused by anything--

GERRY O'CONNOR: It could have been caused by a cigarette and if--

LOWE: --a stove left on.

GERRY O'CONNOR: --smoke detectors were not installed--

LOWE: Yeah.

GERRY O'CONNOR: --or maintained properly. It is unfortunate sometimes.

LOWE: Yes, it is. It is. And thank you.

GERRY O'CONNOR: Thank you.

McKINNEY: Any other questions? I-- I have one.

GERRY O'CONNOR: Sure.

McKINNEY: Do you think when we put off these type of changes in-- in our codes, it leads to the potential increase of deaths when a fire occurs?

GERRY O'CONNOR: Absolutely.

McKINNEY: All right. Thank you.

GERRY O'CONNOR: The statistics I've been reading have definitely shown a-- a link between higher-- higher deaths and injuries due to other GFCI, arc faults or--

McKINNEY: So we should also weigh that when we're also weighing a housing crisis, an affordable housing crisis, as well.

GERRY O'CONNOR: Absolutely.

McKINNEY: All right. Thank you.

GERRY O'CONNOR: So, and on a side note, there-- part of the affordable housing, there's been such a large growth in residential construction, so the electrical for residential grew 23 percent for Eaton in 2021, another 9 percent on top of that in 2022. And in order to keep up with that, we have invested extreme amounts into our facilities to-- especially with breakers and enclosures, in order to keep up and resolve any supply chain issues that were-- were happening in the past year, year and a half.

McKINNEY: All right. Thank you. Any other questions? No? Thank you.

GERRY O'CONNOR: Thank you.

McKINNEY: Any other pro-- proponents?

JON NEBEL: Good afternoon, Urban Affairs Committee. My name is Jon Nebel, J-o-n N-e-b-e-l. I am a business representative for IBEW Local 22 and president of the Nebraska Council of Electrical Workers in Nebraska. We represent over 5,000 electrical workers and their families in the electrical industry and we are in support of LB172 because it creates a safer industry and secures their skilled and flexible workforce. I passed out some talking points there, but I think in order to be less redundant, I'll just stick to a couple of them. But if you have any questions on it, please do ask. In regards to the reciprocity, I think that's the biggest concern for us right now. If we were to fall out of reciprocity, as a person who works in Omaha and in parts of Iowa, we have another Local that's up in Sioux City-- we work on both sides of the border up there-- we count on that reciprocity to be employable to our contractors. Our contractors are counting on us to-- to be able to be licensed in both areas of

the state. If we were to fall out of it, the timing to regain licensure in the other state would be a factor of whether or not my employer would want to hold onto me, because if I can't go and work there and he only has work over in Iowa, it's going to be kind of hard to keep me on the payroll, something like that. As far as the confusion that we're-- we're heading into without adopting the newest code, if we're working under the 2017 codes in Nebraska and Iowa is working under the 2020 codes, or maybe even South Dakota's working under the 2023 codes, it's going to be quite a difference even understanding the-- the changes in that codebook. If we haven't adopted it here, there's no saying that I've been privy to what's happened with the code since 2017. So when I go up to a state who's updated their code standards, it's going to be kind of difficult and there's going to be things that slide through that I maybe didn't know I was doing wrong. And I think as far as the code itself, we talked earlier in the hearing about what are codes for, and I believe they are for the safety standards and to make the industry as safe as possible. If-- if a code is safe in 2017, that doesn't necessarily make it safe in 2023 with accidents happening, and things that we know and understand now, compared to six years ago, could help prevent things in the future. And I think adopting this code right now would be the best way forward to make sure that we create a safer space for the citizens of Nebraska. And I think at the end of the day, this hearing is-- is valuable so we don't just necessarily adopt the code automatically when it comes up. I think this hearing is necessary to make sure that we are hearing all the concerns of the people. But I think we do have to weigh, are any of these concerns warranted risking the safety of Nebraskans at the end of the day? Any questions, I'll be happy to answer them.

McKINNEY: Thank you for your testimony. Are there any questions from the committee? Senator Lowe.

LOWE: Thank you, Chairman. And thank you for being here today and testifying. You-- you said that if your employer has-- does all of his jobs over in Iowa and Iowa is on the 2023 code and we're still on the 2017 code, then it would be hard maybe to understand everything. Wouldn't that be up to your employer to make sure that you are well-educated on that so that you can go work in the 2023 code?

JON NEBEL: It is-- it is my responsibility to keep up my license, and that is through continuing education hours. The standards set, the employer, it's-- it's really up to him whether or not I'm up on the code.

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LOWE: OK.

JON NEBEL: He's counting on me to be there, but it's not up to him, no. And I think part of that is, you mentioned before, does a person just skate by and not try as hard from another state? I think the idea of the reciprocity is that we all mirror our same standards across the board and everybody that gets a license in any of these states has passed that test and-- and can use the-- test result as a reason for licensure here, so.

LOWE: If you don't do any work outside the state, you're just an electrician in Cozad, Nebraska, and-- and you do all local work and you don't need the reciprocity, there-- there-- I mean, you can study up on it, you can know the codes, you can do all that, but it doesn't make sense for him to-- to advance further than what he needs to do.

JON NEBEL: As long as there's work in the area, I would say. If-- if work dries up, and part of construction is that there's a need now but there might not be a need in a couple of years, so I'd want to make myself available to-- to the state that is busy.

LOWE: OK. You also said that the reason for codes were to make it as safe as possible. Wouldn't that be just no electricity then because that would be safe?

JON NEBEL: I-- it-- there's a--

LOWE: I mean--

JON NEBEL: --there's a compromise.

LOWE: There's always a danger in everything, in everything we do, whether I walk down the hallway and slip. A young lady did that the other day. There's a danger in everything, so the code should be set to maybe the minimum instead of the maximum.

JON NEBEL: I hope, yes. [INAUDIBLE]

LOWE: I just want to make that clear, but--

JON NEBEL: Yeah. And that's what I believe-- the panel has determined that these are the new minimum standards and that's why we want to adopt them and-- and move forward with-- with that minimum, yes.

LOWE: All right. Thank you.

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McKINNEY: Any other questions? No? Thank you for your testimony.

JON NEBEL: You bet.

McKINNEY: Are there any other proponents?

RYAN McINTOSH: Good afternoon, Chairperson McKinney, members of the committee. My name is Ryan McIntosh, M-c-I-n-t-o-s-h. I'm appearing today as registered lobbyist on behalf of the Nebraska Volunteer Firefighters Association, as well as the Nebraska Fire Chiefs Association specific to the 2023 Electrical Code that we're interested in, in addition to the GFCIs, particularly in the emergency disconnect service that is required. That's been discussed by a number of testify before me, so I won't go into great detail on that again. The main point there, I think, is that you're waiting for that electrical service to come. In an urban area that might not be significant, but in a rural area that might be a very significant amount of time before a firefighter can enter that structure. The current standard, to address your point, Senator Lowe, is that you call back to dispatch, dispatch connect-- contacts the utility, the utility sends out a crew. Do firefighters pull meters in instances? Yes. Is that safe? Absolutely not. And so we believe this is a reasonable measure to protect property, to protect life and the safety of our first responders. So with that, I'd be happy to answer any questions.

McKINNEY: Thank you. Are there any questions from the committee? Seeing none, thank you.

RYAN McINTOSH: Thank you.

McKINNEY: Are there any other proponents? Any opponents?

DENISE KOZEL: Good afternoon--

McKINNEY: Good afternoon.

DENISE KOZEL: --Senators. Thank you for the time. My name is Denise Kozel, D-e-n-i-s-e K-o-z-e-l. I am the building official for Hall County, Nebraska. I am a master electrical inspector in practicum. I've owned and operated my own electrical contracting business for almost two decades in the state of Nebraska. I'm here to advocate the adoption of LB172, the 2023 NEC, into law in the state of Nebraska. First, I would like to mention that Hall County followed Grand Island in adopting the 2020 National Electrical Code in 2021. I'm happy to

report that the fear of great financial burden to new home construction didn't arise. The prediction was that the overall cost to build a home would increase by thousands. In reality, the additional cost was only a few hundred dollars. The overall cost benefit of some of these changes, such as whole home--surge press--surge suppression, is-- far outweighs the cost of installing a surge suppressor for the whole home. In Hall county, we have not seen a drop in new home built as a result of our moving forward with the 2020 code. Actually, in the county, we've seen an increase through the 2020-2021-2022 cycle. Nebraska's consistent adoption of the national code standard has taken us from the reality of one outlet in a habitable room to the much safer and user-friendly standards that we find in our homes, commercial and industrial establishments today by applying those same national standards. Along with the inclusion of the emergency disconnect for homes and the whole-home surge suppression sys-- protection you will hear discussed today, there are also additions to this code to improve safety in nursing homes, in dormitories and splash pads. You've probably noticed many communities turning to splash pads as an alternative to community pools, which have a higher maintenance and a higher dollar cost. These changes add a necessary layer of protection for our families and our children when we visit these recreational areas. There are also significant changes in renewable energy: installations such as solar, reducing the amount of current available, reducing the amount of time it takes to discharge potentially fatal current in an emergency. This not only benefits the owner, but obviously our first responders and our utility linemen. I know-- oh, I'm sorry. To conclude, the need to adopt this code in this session, as you've heard, we feel is great. In this, we are addressing safety concerns for all of the citizens in all demographics, from the aged to the young, and trying to make this a safer state to reside in. I-- one second. I would like to address, I-- I've heard mentioned this is only new home construction, and, yes, it affects largely new home constructions, but a lot of these requirements are necessary during a remodel. If you have a remodel, we are going to bring your service up to code. We are going to install that outside disconnect. If-- if we just add one outlet to your basement, the code requires at 400 that that's a GFCI outlet. No. And not every outlet there is a GFCI outlet, but it's incremental. No electrician is going to walk into your home and install an outlet in your kitchen that is not a ground fault circuit outlet. So although these codes are primarily thought of as new home codes, there is an impetus and-- and a code saying you-- you have to-- you have to put in the right thing. You can't just put in a

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two-wire outlet because there was a two-wire outlet there. Thank you for your time. And if you have any questions, I'm open to them.

McKINNEY: Thank you for your testimony. Are there any questions from the committee? Seeing none, thank you.

DENISE KOZEL: All right. Thank you for your time.

McKINNEY: Are there any other proponents?

SKIP MORRIS: Good afternoon, Mr. Chairman and members of the committee. My name is Skip Morris, S-k-i-p M-o-r-r-i-s. I am the executive director of the Nebraska Iowa Electrical Council. We're a nonprofit association in the industry, and one of our primary functions is to provide continuing education classes for licensees so that they can renew their licenses. We just finished a harrowing fall of both states had to renew all their licenses by the end of December. We do classes from the Wyoming border to the Illinois border, and that-- that is one of the main things that we do. I am here to advocate for the adoption of LB172. I am in no way an expert on the code. I serve an administrative function. The code-- I don't think anybody's mentioned this that I-- at least I couldn't hear it. The code was started in 1897 by a group of people, electricians, engineers, experts in the field. And the way I understand it, to my understanding, there were three primary reasons for the code: safety, safety and safety. There was no mention of profit motive. It was about keeping the citizens safe and alive, and that has not changed and it will not change. Every three years, the code is updated based on the latest technology, the latest safety methods, and to improve it. I have a great-granddaughter-- I have two great-granddaughters. They are the smartest one-year- and five-year-old young ladies in the world. That's not debatable. When they come to our house, over there on the wall, you see a plug, a duplex receptacle we have in our house. You have in your house. The code was changed several years ago. Below five feet, those plugs had to be childproof. So my brilliant one-year-old great-granddaughter might grab ahold of a paperclip and stick it in that plug. It's not going to hurt her now because she's protected from that. Years ago, that would have been a bad outcome. To me, that is exhibit A on why we need to keep increasing the standards, improving the standards, and making our houses, our office buildings, our State Capitol up to date with the latest codes. I'm sure Bob Ripley-- you all know Bob, good friend of mine, too-- he's on top of this same stuff. This building, I'm sure, is safe. We want to keep my house safe, your house safe, our building

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safe, and that's why we are strongly in favor of adopting the code for this cycle-- that would be LB172-- and solicit your support in doing so. Thank you.

McKINNEY: Thank you. Are there any questions from the committee? Seeing none, thank you.

SKIP MORRIS: Thank you.

McKINNEY: Are there any other proponents?

JOHN HILLER: Mr. Chairman, Urban Affairs Committee, thank you for giving us the opportunity today. My name is John Hiller, J-o-h-n H-i-l-l-e-r. I am an electrical contractor in the state of Nebraska and I am here to speak on LB172, and I am asking for your adoption of the 2020 and 2023 National Electrical Code. In the past, as the 2020 Code has come up for adoption, the main objection has been basically four items in the code that are related to residential installations. We've already heard some of the testimony to discuss those emergency disconnect ground fault breakers on appliances and outlets, and-- and we've already talked about some of the cost of those items. The-- the thing we're talking about is the cost of those items, but there's other items that can reduce that cost as well. For example, on your house today, if you go into your break-- your breaker panel, you've got a main breaker in that panel. With the emergency disconnect outside, that's no longer required, so that is a cost deduction that's not being taken into consideration here. The other thing is, is the previous codes required that that main breaker or main disconnect be within-- immediately after it enters the house. On the outside of the house now, that affords the home builders the opportunity to locate that panel wherever they want in the house that's most advantageous from a cost standpoint and for a convenience standpoint. So those, those are costs that can be deducted from the overall cost here. And I understand that costs are important. There is a housing shortage. I know in my area the housing shortage is a lack of supply, quite honestly. The average price has gone up, I just read, 14 percent last year in-- in the Omaha metropolitan area, five counties. And-- and I realize inflation has been up, but it hasn't been up that much, so-- so there's other items that are causing that, that cost increase. These are safety items that are important. But-- but-- but it actually goes beyond the four items. The National Electrical Code in 2020 had hundreds of items that were updated. We're only discussing the four items, but by not adopting the 2020 or the 2023 Code, we're also discounting those hundreds of items. And

those, some of those items occur because of technology changes. Some of those items are going to be cost savings in commercial and industrial buildings, as well as residential buildings. For example, we have new technologies on solar that's changing all the time. How-- how-- how is solar wired into a facility? What's the safest way to do that? The NFPA has taken the lead in how to-- how to do that in a safe manner that protects not only the homeowner but also the installers and technicians who come behind. You're starting to see more and more on backup power systems in homes and-- and businesses. The code is changing to help facilitate that. So-- so by not adopting the 2020 Code or the 2023 Code, we're actually in a way throwing the baby out with the bathwater. We're-- we're-- we're holding up progress in the state of Nebraska by not allowing that adoption. I'd like to also address, Senator Lowe, you had some concerns about jurisdictions and the like. As a-- when I started in this industry, you know, we worked within 30 miles of my home. Today that's not the case. We work-- we're forced to work in multiple jurisdictions. We've worked in Iowa, South Dakota, Grand Island, so training is important. And we train our people. When the kids are coming up for adoption, we train them in the new codes. When the code is not adopted, we have to go back to the old way and those guys-- but you don't remember that training that you received three years later, so we have to go back and train them again. And when you have multiple jurisdictions, you're constantly training, well, this job is going to be this way, but this job is that way. And-- and electricians are like anybody else. You-- you don't-- you aren't going to your code book every time for every installation. It's a repetitive thing, so you know you do the last job like this, you're going to do the next job like this, you're going to do the next job like this. But when you're doing one job this way, another job a different way and the next job a different way, it's confusing, it's costly, quite honestly, and it's time consuming. I-- that's the end of my testimony. If you have any questions, I'd be great to-- or glad to entertain them.

McKINNEY: Thank you. Are there any questions from the committee?
Senator Lowe.

LOWE: Thank you. Thank you, Mr. Hiller, for being here and explaining a few things. I-- I enjoy that you don't have to put the main breaker in the breaker box anymore and you could be outside and you could save costs and money there. Can't you do that now?

JOHN HILLER: You could do that now, but the-- there is going to be a cost increase by doing that. OK? But I'm saying it's not as high as

it was. And-- and I guess we've-- we've done quite a few new houses over the years. And one of the items that's addressed is the surge suppressor. I'll use that as an example. For years, we tried to encourage our homebuilders to add a surge suppressor. I mean, they have a standard that you follow because they're-- they're building a home like the-- and they-- they don't-- you can't vary from that standard. I tried to change the standard to add a surge suppressor. It was a less than \$50 item. Every appliance that's in your house today is digital, I guarantee you. And because of spikes, if you will, surges on electrical systems throughout the state, the things that's most vulnerable are your electronic devices. So in my own case, before I installed a surge suppressor 20 years ago, you know, I lost a microwave, then I lost something else, and I finally realized that I've got to do something to protect my home. So by not spending that \$30, we don't know how much money it costs that homeowner down the line to replace something in his house. And it's the same way. Could we do that now? Yes, you could do that now. But most of the home builders will not allow you to do that. I think you will-- you do see it in some of the rural areas where they'll put that disconnect on a pole outside the house, and so that they can feed different facilities within that--

LOWE: Yeah.

JOHN HILLER: --like on a farm.

LOWE: Thank you. You also brought up backup power.

JOHN HILLER: Yes.

LOWE: I appreciate you for doing that. So would the shutoff be after the backup power?

JOHN HILLER: Well, have to isolate--

LOWE: Because you don't want the backup power kicking on when the firemen are going in.

JOHN HILLER: Oh, that's-- that is exactly correct. You have to disconnect both items on-- from-- from exterior.

LOWE: So how would they know that the house has backup power?

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JOHN HILLER: Gen-- generally, when you disconnect, that-- that-- that emergency disconnect would have to be outside, as well, that would-- would--

LOWE: So they'd be [INAUDIBLE] together.

JOHN HILLER: --disconnect that. That's correct.

LOWE: OK. All right. Thank you.

McKINNEY: Any other questions? No? Thank you.

JOHN HILLER: Thank you very much for your time.

McKINNEY: No problem. Are there any other proponents?

KURT GRIESS: Good afternoon, Chairman, committee members. My name's Kurt Griess, K-u-r-t G-r-i-e-s-s. I'm an electrical inspector for the City of Grand Island, re-- representing the city of Grand Island, and a member of the International Association of Electrical Inspectors. I now am serving as vice presi-- president of that organization and the membership chair. The city of Grand Island has been enforcing the 2020 NEC since January 1 of 2021. We've had a few issues with electricians making adjustments from the 2017 to the 2020 NEC requirements. Yes, the builders have not wanted to incur an increased cost of electrical systems, but electricians have changed some of their wiring methods and found that modifications to panel locations and shortening their branch circuit conductor length, the cost difference is considerably less than projected. This is made possible by installing that emergency disconnect outside and making the conductors feeding the panel a feeder not requiring to be in conduit, so the cable is allowed. The disconnect is allowed to be locked in an open position, which has been done for years in the downtown Grand Island area, which I have heard concern in the past of having people going by and turning off power. I do not know of any issues of any individuals tampering with these disconnects located outside apartment buildings, which had been located on the outside apartment buildings in pretty much all jurisdictions for years also. The disconnect would allow the individuals to modify the electrical service-- services safely and the power companies would be aware if that work is being done without permits with the new remote-read meters. The 2023 NEC has helped define the disconnect would be up to 50 feet from the structure and meet that code requirement. The requirement of the dryer 240-volt GFCI has-- has identified improper

installation by appliance delivery people of the four-wire cords. This has been happening for years, bonding the neutral and the ground, undetected. Now we have a safety feature in the electrical system with the GFCI protection that warns of such issues. The white wire of the electrical system is intended to carry current, but the ground wire, the bare or green, should only carry current for a few seconds during a fault condition. We have hundreds of air conditioning units on GFCIs with only a couple of units tripping them. The TIA of the 20-- and the 2023 has added an exception to move the requirement of the September 2022-- the requirement to September of 2026 so the equipment manufacturers have time to make efficient-- efficient, long-- more-- the units more efficient, along with the added safety of the GFCI. At this time, the efficiency of the manufacturer's equipment and the added safety of the electrical system seem to be contradicting each other. GFCI requirements in the 2023 Code are measured to six feet of the pine-- appliance, which is the metallic material that could become energized, not of that-- six feet of that receptacle. Many service electricians have made it normal practice to install surge protectors on existing installations, not requiring at the time of the construction, but have found that with them in place, several service calls have been reduced in electronic equipment tripping circuit breakers. The island peninsula receptacle requirements has been taken out from the-- from the 20-- in the 2023, which was, I-- I felt, were excessive requirements in the 2020 and we made local amendments. Yes, the current compliance has gotten more complex, so our minimum standard needs to change. The NF-- NFPA has a process that it goes through to-- they adopt a minimum standard for the world we live in today with about 100 appliances plugged in, in every structure, not just a few lights and plugs, like I remember in that old farmhouse that I grew up in. We have a minimum code for our minimum standard. For those minimums, we have to-- this is what we're talking about, is just that minimum. Most individuals are not going to spend the time, the extra time and money to go over and beyond that minimum standard. That's why we have to have that minimum standard. I'd like the definition that was shared with me by an individual years ago of electricity as controlled fire, as long as I have it installed safely. But if we-- if not, we have electrical fires. I started with the city of Grand Island in 2007. In 2008, I asked myself what I got myself into. We had a cold winter and many electrical fires. I believe that could have been prevented if our systems no longer gave us the-- if our systems would have been prevented to the current

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standard. Our electrical systems no longer give us light. Now it seems to be a requirement for our existence. Thank you.

McKINNEY: All right. Thank you for your testimony. Are there any questions from the committee? Seeing none, thank you. Any other proponents? Are there any opponents?

JERRY STANDERFORD: Hello argain, Chairman McKinney, members of the Urban Affairs Committee. My name is Jerry Standerford, J-e-r-r-y S-t-a-n-d-e-r-f-o-r-d. And again, I speak today on behalf of the Metropolitan Home Builders Association, Home Builders Association of Lincoln, and Build Omaha. They NE-- the NEC, of course, there's way more life safety issues than in the Energy Code. And part of our opposition today, of course, one is, is the cost. We heard the cost was \$700. I'm not sure that's the number that my electricians come up with. My electricians come up with closer to \$1,300 on that 2,000-footer, on that 1,700-foot range that we talked about earlier. And that's cost again. They're going char-- the-- for the parts they're going to char-- they're going to charge on top of the \$700 number we heard. I assume that's at the-- at the supply house, and the electrician marks it up and we get it and we have to pay our overhead. So cost, again, say it's only \$1,300 per house cost to the buyer. In affordable housing, that's a huge percentage. We're not talking about \$500,000-600,000 cost there. I'm not sure how much life safety is in the surge protector and some of the other items here. I would hope that at some point we could-- it would-- this would come through with the ability to amend a couple items, at least have a conversation about that, in one and two single-family houses. I know for years our company in Omaha would-- would provide those surge protectors. I think that's gone away. I don't know that it was ever that popular. So we're only going to make new single-family residential housing put this in. My neighbor across the street will sell his house that was built ten years ago or five years ago or whatever and not have these components in it. We heard about the-- the tragic fire deaths. Again, I-- I-- you know, we do so much in new construction as far as carbon monoxide detectors, as far as smoke detectors that are linked together. I don't know at what point we stop. But our main objection, I think, today is that the last couple of years has been terrible, a terrible cost on our electricians because of the availability of the products that it takes. I'm glad to see there's several manufacturers of and suppliers of materials here. But I can't tell you how many times you can go by United Electric, who-- who is a big residential supplier of electrical parts in Omaha, at 6:30 in the morning on a-- on a summer morning, waiting,

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and see the electricians there hoping to be able to get parts they haven't been able to get so they can finish a job that day. And it's clear across the board. It's panels, it's breakers, it's-- it's everything. So now we bring on a whole nother set of requirements. Now we have to have the disconnect-- dis-- by the 2023, we have to have the disconnect on the outside of the house. Again, I would-- I would remind you that only on those new houses that we build going forward is that disconnect there. They're still going to be pulling meters on the-- on the old houses to disconnect. If the-- if there's a way that we could, maybe instead of just carve-- like take this across the board and say, this is what it is starting whenever-- starting-- I don't know how many weeks out this starts, but if we could get a two-year moratorium on one or two single-family-- single family dwellings would make a lot of sense and get some of this product out here. Seriously, I-- I've seen electricians in the past year on the weekends, and a lot of these guys don't employ 200 guys, 300 guys. These guys employ one or two electricians. Now they're trying to make a living, but on the weekends they're-- they're driving from city to city, hoping to be able to pick up a panel here, a panel there, so that they can do the work that they-- they're committed to do. As far as travelers, on-- on electrical, we-- we've seen a ton of electricians come into the state of Nebraska. They aren't coming in for one- and two-family dwellings, usually. For the most part, they're coming in for the Google plants, for the-- for the large commercial and those types, so if there's any-- any latitude in this, I mean, we're-- we would be open to any of that, but it-- it is a huge strain on our builders and on our electricians to be able to get the parts they need to do the pro-- to do the work right now. And that's all I have.

McKINNEY: All right. Thank you. Are there any questions from the committee? Senator Hunt.

HUNT: Thank you, Chairman McKinney. Mr. Standerford, for the record, what's the name of your company in Omaha?

JERRY STANDERFORD: I have two companies: Sherwood Homes and Lane Building Corporation.

HUNT: OK. Thank you.

McKINNEY: I have a couple of questions.

JERRY STANDERFORD: Sure.

McKINNEY: So my first issue, you-- in-- in your testimony, you said this would add cost to electricians, but sitting here today there were many representatives of electricians that are in support of this bill. Where's the disconnect?

JERRY STANDERFORD: I'm sorry?

McKINNEY: So in your testimony--

JERRY STANDERFORD: Oh, they're supporting it.

McKINNEY: Yeah.

JERRY STANDERFORD: I understand.

McKINNEY: So where's the disconnect between you and the electricians?

JERRY STANDERFORD: If-- if this bill comes in, we have to pay for it. We have to pay the electricians to use the product.

McKINNEY: So cost on you.

JERRY STANDERFORD: The cost on my buyer, the cost on my buyer who, you know, on top of this, we're going to shove more, more code and more code and more code and more code. I-- I agree. This is a-- this is a-- this is a small percentage of the cost of the house. It's another increase. It's something that we're going to have to figure out if we're going to build workforce housing, affordable housing--

McKINNEY: So what do you--

JERRY STANDERFORD: [INAUDIBLE] wish for.

McKINNEY: What do you say to the-- in-- in this hypothetical that a few years down the line, we-- and we hold off on doing this and we-- we save the \$1,300, but in three years a home has a fire or something bad happens and somebody dies, how do you consider that?

JERRY STANDERFORD: Well, I think that's-- of course, we know it's a terrible tragedy when somebody dies in a fire or in any way. But you could-- if you look at the past, we-- we-- the amount of those deaths, I mean, again, I guess Senator Lowe kind of said it, how safe can you get? If that's where you're going, that's-- that's what we have to do, but you just have to be aware of the consequences to the consumer, also--

McKINNEY: And I understand that there--

JERRY STANDERFORD: --as far as availability.

McKINNEY: --that, you know, there will always be updates to things, but when it-- when you're weighing the cost of doing an update versus the potential loss of life, would you value the potential loss of life more than the dollar?

JERRY STANDERFORD: Well, you know I can't answer-- you know I can't say.

McKINNEY: All right. And my last thing, I'm-- I'm looking at this thing from the electrical workers, and they said in this, you know, we've watched housing prices soar throughout the year and there has been no mentioning of a cost savings to not building a-- building a safer home. How do you-- how would you respond to that?

JERRY STANDERFORD: I-- I'm not sure I can-- with you-- I'm not following what you're saying.

McKINNEY: What I'm trying to say is that housing prices have soared.

JERRY STANDERFORD: Yes.

McKINNEY: And home--

JERRY STANDERFORD: And it's not slowed-- and it's not slowed down.

McKINNEY: And-- and homes are-- continue to be built, but there's no mention of, you know, a cost savings versus not, you know, applying updated standards.

JERRY STANDERFORD: I-- I guess I would say that if the cost of housing came down, we'd build more houses, if that's where we're going.

McKINNEY: Would they be safer?

JERRY STANDERFORD: If the cost of construction came down. I'm not saying-- would they be-- if we take the-- if we take-- if we eliminate all the codes, is that what you're saying, if we reduce the-- and reduce the cost of them?

McKINNEY: I guess what I'm saying is, your argument is that there will be additional cost to electricians and which would trickle down

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to the buyers. But in the current market, the prices are high and we're still not making home-- and-- and we're-- and you're arguing potentially not to make homes safer. So where's the benefit to the buyer ultimately?

JERRY STANDERFORD: The house-- the--

McKINNEY: If they're already paying high prices for the homes but they're not--

JERRY STANDERFORD: They will-- they will only be higher. They will only be higher.

McKINNEY: So--

JERRY STANDERFORD: This is added on. I mean, the-- the cost of a home is only determined by-- or the price of a home to a buyer, at least in our world, is only determined by the cost. If there's ways that we can save, if I can buy better, if my lumber prices go down, if my concrete goes down, my-- my number is-- my number for the sale of that house to you is my cost plus my overhead plus my profit. And that's a constant. It's been-- it's been the same number, the same formula, for [INAUDIBLE]

McKINNEY: So I guess what I'm trying to say is, what's wrong with updating the codes if the house-- the prices of the homes are going to be high anyway?

JERRY STANDERFORD: It's just going to knock out more buyers to add additional cost. I don't know how else to say it.

McKINNEY: All right. Thank you.

JERRY STANDERFORD: Yes, sir.

McKINNEY: Any other questions? Senator Cavanaugh.

JERRY STANDERFORD: Yes, sir.

J. CAVANAUGH: Thank you, Chairman McKinney, and thank you-- is it Standerford?

JERRY STANDERFORD: Standerford, yes.

J. CAVANAUGH: Standerford. Thanks for being here. And I missed your previous testimony. I was introducing a bill in another room. So just

to kind of summarize what you were talking about, you-- your argument is that some of the changes in this are unnecessary for safety purposes, they don't add a lot in terms of safety, right?

JERRY STANDERFORD: I think-- I think there are some that don't add safety pro-- any-- any safety, yes.

J. CAVANAUGH: And we heard from one of the earlier testifiers that these are basically-- that it's-- the National Electrical Code is established through kind of a national board with members. Are any of your members of the Metro Omaha Builders or the Lincoln Builders you talked about, anybody there represented at that--

JERRY STANDERFORD: Not that I'm aware of.

J. CAVANAUGH: OK. Do you know of any builder organizations that are?

JERRY STANDERFORD: National Association of Home Builders, yes.

J. CAVANAUGH: They-- they are--

JERRY STANDERFORD: They would, yes.

J. CAVANAUGH: They would participate?

JERRY STANDERFORD: I would assume so, yes.

J. CAVANAUGH: OK. And I guess my question is-- it seems to me, and I'm-- so this is my first hearing in the Urban Affairs Committee, so I'm new to these sorts of things. It seems to me what we're being told is that there is a problem for the state of Nebraska if we do not-- if we fall out of compliance with this national standard and-- but what I'm hearing from you is that some of the things in the national standard are unnecessary and maybe overly cum-- cumbersome for construction. So from my perspective, I'm hearing, if we don't adopt these. That's going to be bad for, it sounds like, maybe getting some-- somebody testified earlier, getting national money when we have a disaster; it's going to be bad for our electricians in terms of reciprocity; and it's going to be bad for bringing in electricians for safety concerns. So it sounds to me like we have a real need to adopt the updated regulations. Do-- do you disagree with any of that?

JERRY STANDERFORD: I heard the same testimony and all I-- all I can say is that if-- a lot of the products that are required to meet this

code, I don't believe and our members don't believe they're readily available if this code goes into effect tomorrow. If it's two years down the road, I'm guessing that it's-- they're going to be a lot more available.

J. CAVANAUGH: That the products that would be required to meet the code--

JERRY STANDERFORD: Yes.

J. CAVANAUGH: --would not be available, so-- but other states-- sounds like there's 17 states in this association. Most of them are at least a code cycle ahead of us, and it sounds like we'd be-- we are a code cycle out, and then we become two code cycles out if we don't adopt this, so we become further and further out of compliance, which then puts us in a worse position, right? You heard that.

JERRY STANDERFORD: I heard that, yeah.

J. CAVANAUGH: OK. You-- you don't necessarily know--

JERRY STANDERFORD: I don't know that [INAUDIBLE]

J. CAVANAUGH: OK. I guess my question is, has your association-- sounds like you-- I mean, a lot of experience and-- and opinions about what's possible, what's safe. Have you guys considered participating to make sure that the next code compliance-- because we skipped the last code compliance, I assume, for the-- similar complaints, right, that you're talking about?

JERRY STANDERFORD: I'm not sure why the last one was skipped.

J. CAVANAUGH: OK, neither have I. Like I said, I'm new here.

JERRY STANDERFORD: Yeah. Yeah.

J. CAVANAUGH: I guess., have you guys thought about going and participating and raising these concerns at that point and saying the-- the 2026, I guess-- is that the right number-- code should not require these things that you're saying are--

JERRY STANDERFORD: And that's probably where it has to go. I mean, I get that, and there's-- there's no doubt. I don't know that that's something that-- that is on-- that's on the table for those associations or at this point.

J. CAVANAUGH: But it doesn't solve the problem today, yeah.

JERRY STANDERFORD: It doesn't solve the problem today, and I guess we're not-- I guess we're asking if this could be adopted with a moratorium [INAUDIBLE] for one- and two-family dwellings, which is where I think we're-- we're probably headed.

J. CAVANAUGH: OK. Thank you.

JERRY STANDERFORD: OK.

McKINNEY: Any other questions? No? Thank you.

JERRY STANDERFORD: Thank you.

JUSTIN BRADY: Chairman McKinney and members of the committee. My name is Justin Brady, J-u-s-t-i-n B-r-a-d-y. I appear before you today as the registered lobbyist for the Nebraska State Home Builders, the Home Builders of Lincoln, and the Metropolitan Omaha Builders Association, in opposition to LB172. I'm going to deviate from my testimony and start with addressing Senator Cavanaugh's question when I also heard the testimony that made it sound as though we'd be out of compliance if we didn't adopt the code. I could use a lot of terms. I think there was some miscommunication, and I'll go through this. According to the National Fire Protection's-- Association's website, one of the proponents, as of December 1, 25 states were at 2020, 17 at 2017, 2 at 2014, 2 at 2008, and 4 do it at the city level, of which 18 have allowed amendments at the state level, which is what the homebuilders are asking for. So to sit there and give a belief that we're-- if we don't go to 2023 we're out of compliance, we'd actually be the leader in the country if we did that today. So I don't want you-- I don't want the committee to get the impression that we have to do it to comply with something nationally. Yes, there is a standard out there, but there's nobody enforcing it, saying, if you don't do this here, we're going to take away your federal funding or take away your roads funding, and that's not the case with this, so just so everybody's clear on what-- where other states sit on that. And I agree with the proponents-- there's a lot of positives-- as do the builders in these new codes. There's 912 pages to the building code. There are four subsections, of which the home-- and you've heard them, whether it's the disconnect on the outside surge protector, GFIs in the basement or the GFIs by major appliances around the water. And the question, you know, Chairman McKinney, you brought up, you know, the added cost and yes, as the previous

testified talked about, that would take buyers out of the market. There was a national study done and I would say luckily over the years, Lincoln, Nebraska, was picked to be part of the study. And it showed in 2022 for every thousand dollars that it cost of a home went up, 189 people in Lancaster County no longer qualified to build that house. They're that close to the edge of whether or not they can afford the house or not. So it does matter. I mean, I know we sit here and say, are you here, that's only \$700 or \$1,300. No, it's a 189 families that all of a sudden can't afford to go buy a house or have to say instead of doing X with the house, I'm going to have to make a smaller house or not a garage, or we'll wait next year till we have a little bit more money saved up. So with that, I'd say I think the committee should either look at, like you heard from the previous testifier, delaying it. I can tell you from previous experiences when I was here representing the same groups when you adopted the 2017 code, there were similar questions about cost and about the availability of product. By delaying a few years until those products came on the market and were readily available and the prices came down, then the builders came in and we weren't sitting on this side of the aisle, if you will. We were on the other side saying, yep, we're ready to update the code. So it's not just that the builders sit there and say, no, no, no, it's, we actually look after our customers and what can they afford and what do we believe we can go sell in these different markets. So with that, I want to stop there and see if there's any questions.

McKINNEY: Thank you. Are there any questions from the committee? I have a couple. The first is, what's wrong with being the leader in the country? I mean, I know we always hear in Nebraska it's not for everybody, but can we be the leader in something?

JUSTIN BRADY: Senator, I totally agree with you. I don't know that the electrical code is where we spend our political capital being the leader, but if that's where it has to start.

McKINNEY: And my other thing and I kind of go back to like my district and there's a lot of homes that are, have a lot of code violations. And listening to this testimony, I think it stems from putting off updating the codes or being, it being in compliance with the updated codes. And my issue is how, how long do you think we should put off these codes?

JUSTIN BRADY: I guess I would say until the market has shown that the products are readily available. But I would also say to your point,

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and your district and in other senators districts as well, a lot of it isn't so much on what the code is. And we have, you didn't hear anybody say that the 2017 code isn't safe. You heard them say that 2023 may be safer. I think a lot of the issue we have with the codes is enforcement and actually people going out there to make sure things are done to those codes.

McKINNEY: All right. Thank you. Any other questions? Oh, Senator Cavanaugh.

J. CAVANAUGH: Thank you, Chairman. Thank you for being here, Mr. Brady, and thanks for answering my question. In terms of those states, do you happen to know, I think you said some of them were 2023.

JUSTIN BRADY: No.

J. CAVANAUGH: Do you know which states like,

JUSTIN BRADY: I'd rather, they have a map on their, if you go to the, the National Fire Protection Association's website or I can send you the link, they have a map of where the states are. But no, 25 of them were at 2020. Nobody is at 2023.

J. CAVANAUGH: Okay. Well, 2023. I mean, this is 2023 as--

JUSTIN BRADY: Right.

J. CAVANAUGH: --some people are probably adopting them. This 2020s are maybe.

JUSTIN BRADY: Yes. And I know you had mentioned this was your first hearing. This isn't the first time this bill, with this year change, has been in front of this committee, so.

J. CAVANAUGH: Well, good to know. Somebody with historical knowledge.

JUSTIN BRADY: Right.

J. CAVANAUGH: So I'll ask you the question I asked previous testifiers as well. The, so you're representing homebuilders. Do you know are they homebuilders in general participating in the process of writing these codes? I mean, because if you've been here on both sides testifying, obviously you have an interest in what is in these codes.

JUSTIN BRADY: Um-hum.

J. CAVANAUGH: If you had, do you know the homebuilders participating in the standard setting?

JUSTIN BRADY: They do. There are, as previous testifiers said, through their national associations, they have representatives and whether or not those representatives are electricians or custom home builders or not big, small, I don't know who's on there. I do know they actively lack for a better term, lobby at that level, know whether or not and they can participate by being on the board and being part of voting. So, yes, they can and have.

J. CAVANAUGH: Thank you.

McKINNEY: Any other questions? No? Thank you.

JUSTIN BRADY: Thank you.

McKINNEY: Are there any other opponents? Is there anybody here to speak in the neutral? All right. With that, Senator Bostar, you're welcome to close.

BOSTAR: Thank you, Chairman McKinney and members of the Urban Affairs Committee, first and foremost, for your patience. So there's a few things to go over. And I'm not going to do this in any particular order. I'll start with some of the elements that Mr. Brady mentioned. He spoke about how there was some maybe miscommunication about what out of compliance means. I think it was pretty clear that when testifiers were referring to being out of compliance, that was for the function of reciprocity. No, no one mentioned that erodes funding would go away if you didn't adopt electrical codes. It's funny to entertain that that was something that was said, but of course that wasn't said. Again, that was for reciprocity, which isn't about the codes, but it's about the agreement between those states, those 17 states that were mentioned. Also, yes, no one has adopted the 23, 2023 codes yet because everyone's doing that this legislative session. That's when it's happening. So it's true, there is no state that has completed their legislative work as of January. Expect to see that happening. I doubt we'll be the first to get this across the finish line. If we are, that would be remarkable. We won't be. Promise. There were questions or concerns brought up about supply of materials and parts related to the codes and how potentially, if we just wait a couple of years and let the supply build up, well that

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would, that would change things. But I want to be clear about a couple things. One is the four elements that are under, that are points of contention in the codes are actually not from the 2023 codes at all. They're from the 2020 codes. So all of the elements that they're concerned about being available that we've been talking about are from 2020. They've been on the market for three years. Also, if for some reason, somehow after three years, we still don't have those supplies in place, the electrical division allows a delay of compliance if the parts aren't available. It's built into the process. We don't need to wait on adopting the new codes. Electrical division takes care of that for us. If we don't have supply of parts and materials, that's really not a problem. And as far as how this will, you know, the electricians will be in a bad spot if we adopt this, because they'll have to buy parts that have been on the market for three years. Well, the electricians support this. We talked about how this is important for reciprocity. We talked about how this is important to ensure that we can secure FEMA disaster funding in the unfortunate event that our residents are subject to some sort of disaster. It was brought up that the tampering, again, with the elec, with the outside shut offs, again, you can lock them. There's nothing prohibiting that. There are stories of other states where tampering may have been a problem, but those states, you weren't permitted to secure those disconnects. You are here. You wouldn't be a problem. Just put a padlock on it. No one's going be able to walk by and flip off your power. And if someone's that motivated to turn off your power, that they're going to take bolt cutters to your house, guess what? They can do that now. They can shut off your power if they want to. They can pull the meter themselves. All meters are standardized. They all look a certain way. They're all there on your house. You can risk electrocution and pull it off if you so choose. But I want to talk about cost because I agree that, that housing is expensive. That puts a burden on families. It's a problem. We have a shortage of housing. And so I'm not opposed to the idea that we need to be mindful of costs in our housing supply. If we lose 10 per cent of our electricians in the state, the demand for electricians isn't going to go down. The supply will, though, which of course means the cost to have an electrician do work will go up. The cost of building a house will go up if we don't do this. Another way the costs will go up. As our houses become further out of line with the most current adopted electrical fire safety standards, that gets incorporated into the underwriting of insurance policies. If your house is at a greater risk of fire, the insurer knows that. The insurer is going to set a policy rate for you accordingly. They're going to underwrite that

policy. So the cost for you to be in that house is going to be higher. So on one hand, we can pass this, we can have more safety. We cannot take 10 per cent of Nebraska electricians out of the work force and we can keep our insurance policies moderate, and yes, there will be some cost in these parts, not as much as what some have mentioned, but there's some. There absolutely is. But I believe that this is offset by other costs that we're going to be ensuring don't go up by not passing this. Hopefully that addresses, oh, one last thing, as far as safety. We looked up a couple of the cases, data points that were talked about within this code making process at the national level of why some of these codes were put in place. And I just want to talk about that. I mentioned one in my opening where the gentleman in Illinois walked into his flooded basement and was electrocuted. But there, there are a couple others. Data provided for the first draft of the 2020 NEC showed how a plumber was electrocuted while servicing a range next to a sink. During the second draft stage, 2020 NEC talked about how a 10-year-old girl was electrocuted while attempting to retrieve her cat from behind a dryer. And a 10-year-old boy was electrocuted when he climbed inside of a dryer playing hide and seek. 12-year-old boy electrocuted, climbed over a fence and came in contact with an outdoor AC unit. These codes aren't for show. These codes exist because horrible things have happened and we don't want that to happen again. So thank you for your time and indulging me and taking a lot of it. I appreciate it. I would, I would request that you please advance LB172 and I'd be happy to answer any final questions.

McKINNEY: Thank you, Senator Bostar. Are there any questions from the committee? Senator Lowe.

LOWE: Thank you, Chairman. Thank you, Senator Bostar. You said that if they weren't able to get the part that is now required with the updated codes, that that's no problem, they can just go ahead and continue on or something like that. Is that correct?

BOSTAR: Yeah, the electrical division and I would be happy to ensure that you get a really comprehensive answer to this. I'm going to give you sort of a surface level, from my understanding. The electrical division would delay enforcement of that component if it's not available. But again, I'd be happy to make sure that there's a full accounting of understanding for that.

LOWE: Thank you for that explanation because I'm still waiting on a car. I hate to have a house project started and have to wait a year

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and a half to have that house project started. And I'm sure the bank wouldn't be very happy with me also.

BOSTAR: And I don't think you would need to wait. Also, these components, again have been on the market for now going on three years.

LOWE: So have chips in cars.

BOSTAR: These are, thankfully, also manufacturing in the United States, unlike the chips in our vehicles, which hopefully will start to be manufactured in the United States.

LOWE: Let's all hope so.

BOSTAR: That's right.

LOWE: And you also mentioned reciprocity--

BOSTAR: Yes.

LOWE: --if we don't do this.

BOSTAR: We imperil our reciprocity agreements.

LOWE: And during the testimony, there was a lot of "mays" or "mights", and it hasn't been done yet. So that's kind of a, it may happen, the sky may fall type scenario. It's not a positive that this will happen if we're out-of-date two code periods.

BOSTAR: My, my understanding from the, the electrical division, who is the authority that governs these agreements, it is that two code cycles behind would, would cause a disruption in our reciprocities. That's where that comes from, is the state authority on this matter. Because they're the ones that, that are the representatives for Nebraska within that, I believe were 17 states reciprocity agreement.

LOWE: OK. I'm sure that the other states would love to have a Nebraska electrician come in and help them out in their situation. So they may be a little forgiving. Thank you, Senator Bostar.

BOSTAR: Thank you.

McKINNEY: Are there any other questions? No? Thank you. I will say for the record, there were no online comments or written testimony. Thank you, Senator Bostar.

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BOSTAR: Senator McKinney, was this the first hearing that you were presiding over as Chair?

McKINNEY: Yes.

BOSTAR: Well, it's an honor. Thank you very much.

HUNT: Our next bill is LB246 from Senator McKinney. Good morning, Senator McKinney.

McKINNEY: Thank you. Thank you, Vice Chair Hunt and members of the Urban Affairs Committee. My name is Terrell McKinney, T-e-r-r-e-l-l M-c-K-i-n-n-e-y, and I represent District 11 and I'm here to present LB246. In 2020, legislation was introduced to provide the sanitary and improvement districts or SIDs located with, within the extraterritorial zoning jurisdictions of a municipality and are subject to reasonable requirements to ensure that the development of the SID complies with the municipality's Comprehensive Development Plan, Affordable Housing Action Plan, or municipal zoning, zoning regulations. This essentially means that cities may require affordable housing in new SID developments. This bill adds phrases such as extraterritorial zoning jurisdictions into the statutes to accomplish the above. With that, I would be happy to answer any questions.

HUNT: Thank you, Chairman McKinney. Any questions from the committee?

McKINNEY: Thank you.

HUNT: None at this time. I would invite up the first proponent for LB246. Welcome back to your Urban Affairs Committee.

CHRISTY ABRAHAM: Thank you, Senator Hunt. Greetings, members of the Urban Affairs Committee. My name is Christy Abraham, C-h-r-i-s-t-y A-b-r-a-h-a-m. I'm here representing the League of Nebraska Municipalities. I'm so glad to be back with all of you. I want to thank Senator McKinney for introducing this bill. As he mentioned, this is a bill that you have heard before in this committee. The League believes that this bill is a good idea because this language with the SID states that it's clear that the municipality does have some role when an SID comes into their ETJ. And Senator Hardin, Senator Cavanaugh, you're new, and you're all brilliant, you probably know this, but just for a little bit of a background. The ETJ, the extraterritorial zoning jurisdiction, is what I call sort of this buffer zone between the corporate limits of a municipality and the

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county and the outside of what's moving in toward the municipality. It gives the municipalities just a little bit of power and control within that buffer. For example, zoning ordinance or plumbing ordinances or other things like that can be enforced in the ETJ. It's just sort of a helpful tool to make sure that when an SID or any other development gets within that sort of buffer zone, they're already sort of used to complying with the regulations of the municipality. And I think what this bill is trying to do is just make clear in the SID statutes that if you are an SID in the ETJ, I'm so sorry, I'm using all these acronyms, please forgive me. But if the SID is in the ETJ that some of these zoning and other provisions need to be consistent with what is happening in the city itself. So, and as Senator McKinney said, there's also a lot of really great cleanup work in this bill. It's like ghost of Trevor Fitzgerald in this bill and so we're super happy about all the cleanup and we're happy to answer any questions that you might have about it.

HUNT: Okay. TYSM for that HT. (LAUGHTER) Thank you so much for that helpful testimony.

CHRISTY ABRAHAM: Oh boy, that's a lot harder than I realized. I'm going to stop using acronyms. (LAUGHTER)

HUNT: That's-- my first time in this committee or in the Legislature at all, so.

CHRISTY ABRAHAM: Yeah, I'm going to start doing that, yes, yes. Thank you, Senator Hunt. Good reminder.

HUNT: Any questions from the committee? Senator Cavanaugh.

J. CAVANAUGH: Thank you, Vice Chair Hunt, and thank you for being here, Ms. Abraham. So things like this, you're correct. I'm new to this subject matter, so I think I'm thinking about immediately my mind goes to the part of midtown Omaha, where all the roads are terrible and there's no sidewalks. And the city has gone through a whole process of trying to find out how to pay to repave those roads. I don't know if you're familiar with about 80th and Pacific Street in midtown Omaha. I guess I call it midtown now, it's probably almost east of--

CHRISTY ABRAHAM: Yeah, careful.

J. CAVANAUGH: Yeah, I represent real midtown Omaha.

HUNT: Don't start today. (LAUGHTER)

CHRISTY ABRAHAM: A beautiful part of Omaha, whoever owns it. Yes, absolutely.

J. CAVANAUGH: That's partly in Machaela Cavanaugh's district and partly in John Frederickson's district. But so the issue there was that was outside the city when they built those roads and were not subject to, I assume, are you aware at that time was they're not EETJ, extraterritorial jurisdiction authority of the city to require how they paved those roads and did that, is that why that happened?

CHRISTY ABRAHAM: That's a great question. And I apologize, if you don't mind I'm going to,

J. CAVANAUGH: You weren't prepared for a question about the roads in Loveland.

CHRISTY ABRAHAM: No, this is a great question, Senator Cavanaugh. I, I'm looking right now and I apologize, this is not specific to Omaha. This is specific to cities of the first class. And, and I think all classes of cities have similar, similar laws. And what it says is a city may apply by ordinance any existing or future zoning regulations, property use regulations, building ordinances, electrical ordinances, plumbing ordinances and ordinances relating to general health and nuisance abatement within the ETJ. I'm sorry, the extraterritorial zoning jurisdiction. So I apologize, Senator Cavanaugh, I'm not sure if that list includes roads. But let me see if I can find out some more information and get back to you on that.

J. CAVANAUGH: The reason I'm asking that question, I guess I'm just thinking of it as by analogy in saying we're in the city of Omaha currently dealing with the legacy of core planning and building. And I'm asking, is this some sort of forward looking to say, let's not put ourselves in that situation where we're going to address a problem we have no sign of in the city, but it will be at some point and so we want to get in front of it.

CHRISTY ABRAHAM: Right. And, and I meant to probably say in my opening, SIDs in general, I think are really great development tools for municipalities. In a lot of situations and SID forums and NFC, as you know, accesses them in to become part of the municipality and in a lot of cases that works great. So I apologize. I can't answer your question about midtown specifically. I, I imagine that there are

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circumstances where what's annexed is not exactly up to the same standard as the city has for their road system. But I think what this bill is trying to do is sort of mirror what's already in the city statutes to put in the SID statutes, so the SIDs are sort of on notice. Like, you know, hey, if you get close into the ETJ, here's some regulations you need to consider and make sure that you're compliant with.

J. CAVANAUGH: And sorry, I didn't mean to get that specific, but like, I hear what you're saying that that's what my mind goes to in terms of problems that are created if we are not setting standards for SIDs. And that's just an example of one problem, but you listed a whole bunch of others there that are things that could be problems. And so that's, I think, you answered my question.

CHRISTY ABRAHAM: OK.

J. CAVANAUGH: I mean, I'm just trying to understand we are essentially saying that if you're an SID that's close enough to a city, you're held to the same standard as the city in interests of the fact that you may then become part of that city.

CHRISTY ABRAHAM: Right. Right. Like, yes, see, you're going to be great on this committee, Senator Cavanaugh. You've already summarized that, that really well. And the, the language, a lot of this bill, you know, I appreciate that it is 32 pages long, but really the most substantive changes are on page 4 and 5. And I think what you see on page 5 in that language is, OK, SIDs, if you're in the ETJ, you have to be subject to certain reasonable requirements, such as the comp plan, the affordable housing action plan, municipal zoning and any other planning requirements. So that's sort of what this is focused on.

J. CAVANAUGH: Thank you.

CHRISTY ABRAHAM: You bet.

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

CHRISTY ABRAHAM: Thank you so much.

HUNT: Any other proponents for LB246? Seeing none, any opponents for LB246? Welcome.

JASON THIELLEN: Thank you. Good afternoon, Vice Chair Hunt and members of the Urban Affairs Committee. My name is Jason Thiellen, J-a-s-o-n T-h-i-e-l-l-e-n. I'm a land planner by education and trade, have a master's in community regional planning from the University of Nebraska-Lincoln here, and I have 20-plus years of experience in real estate development, a lot of it on the housing side. I am here testifying in opposition of LB246 on behalf of Welcome Home. Welcome Home is a nonprofit of individuals, businesses, financial institutions, and other nonprofit organizations committed to partnering with our elected officials to create meaningful, nontaxpayer funded change and improvements to public policy and regulations to allow young families, first-time homebuyers and first, and future Nebraskans to own a home. We're well-aware of the housing situation. The National Homebuilders Association in 2021 commissioned a study through their government affairs group. They found that 23.8 per cent of the cost of a home, a newly constructed home, is due to government regulations. A loan just in the Omaha metro area, the average cost of a newly constructed home last year was over \$466,000, which means roughly \$100,000 of that is due to government regulatory items. This certainly would apply to infrastructure of which sanitary and improvement districts are used specifically for. For those that don't know, an SID is used specifically as a financing tool to design and install and pay for public infrastructure inside a development. It is absolutely 100 per cent in compliance with every single municipality in which you work, for any kind of construction methods whatsoever, also already in compliance with comp plans that already exist. So certainly additional regulatory items that add cost will affect the overall price of housing. SIDs in no way, shape or form determine the types of uses, the market, or any kinds of building or construction side of that. It's only used as a financial tool. That's all wound up in the zoning and regulatory items. The issue we have with LB246 is that the Affordable Housing action plans which specifically this talks to is an undefined plan in almost every single community in which it's been passed. In our opinion, undefined regulations create uncertainty, and uncertainty certainly in the housing market or any market whatsoever creates increased costs. Because in our market we have to have certainty that we can actually apply, build and do things at a price point, which the market requires. Creating uncertainty in our, in our marketplace, particularly as it relates to housing, just only increases the cost and the unaffordability of housing. LB246 will not add one additional housing unit in the future in any place that it's provided as it relates to SIDs. As it relates to the housing crisis, for those that

don't remember or weren't around when it happened between 2008 and '13 when the downturn happened, we lost an entire generation of contractors, engineers, architects. We lost five years of housing construction in an already a really tough market for housing, that strained market. That market came back and when that happened, the existing stock and those lots that were available for housing got built up and snatched up and bought further exasperating the situation. We had lack of supply, increased demand and lack of skilled labor and then 2020 and COVID happens, which further exasperates our supply chain. It takes a bunch of those that labor off of the market and it further exasperates the cost and the ability to get houses on the market. If we really want to tackle affordability, it's not through the SID process and through LB246. It's through focusing on density and new products inside the local regulatory environment of every single city in the state of Nebraska. We need to focus on zoning and sale regulations. We need to focus on codes. We talked about codes earlier. We need to focus on construction practices or practices that we continue to do that maybe we can use better materials. All those things increase pricing. More regulatory, especially not well thought-out regulations or regulations undefined, only equals to higher prices. We thank Senator McKinney for taking an interest in our housing situation and we'd be more than happy to work with him and on nontaxpayer funded solutions. LB246 will not add one additional housing unit in the future if it moves forward. Thank you. Be happy to answer any questions you might have.

HUNT: Thank you very much. Are there any questions from the committee? Senator Cavanaugh.

J. CAVANAUGH: Thank you, Mr. Thiellen.

JASON THIELLEN: Yes.

J. CAVANAUGH: Thanks for being here and testifying. So SID is a, you said, monetary structure--

JASON THIELLEN: Financing with this.

J. CAVANAUGH: --financing mechanism. But SIDs, I mean, correct me if I'm wrong, but most of them are created with the intent of them being annexed by a city or town or something.

JASON THIELLEN: That would typically be the process, that is correct.

J. CAVANAUGH: And in order to, I mean, in Omaha, it seems that they developed out on the western fringe of town, they kind of pay down their debt for a while and then inevitably they all get annexed by the city. But we have this ETJ that allows for certain requirements, right? This is just going to add a few, some more on top of that that?

JASON THIELLEN: All requirements. Every SID, every new development, whether it's financed through an SID or financed privately through a bank, all comply with every city's ETJ whether it's comprehensive plan, zoning, regulatory items, building code, public infrastructure requirements. The SID or anybody that designs or builds infrastructure on the exterior within the ETJ of a, of a city has to follow these standards in which public infrastructure is put in, because cities eventually annex it.

J. CAVANAUGH: OK. So you brought up a point there that I wasn't aware of. So there are some that are developed not through an SID.

JASON THIELLEN: Those, those communities that don't use SIDs. Lincoln, for example, does not use any.

J. CAVANAUGH: So I wasn't aware of that.

JASON THIELLEN: Yep.

J. CAVANAUGH: And so those folks wouldn't be subject to this statute.

JASON THIELLEN: They would not, they would not be using that finance, that's correct.

J. CAVANAUGH: So it's only somebody that's developed under the specific financing structure.

JASON THIELLEN: Correct.

J. CAVANAUGH: OK. That's a good point. So I guess my question is, all of these being developed, whether they're through this financial structure or another with the intent of being ultimately part of a city, why should we not make sure that they are as uniform to the city in terms of all of the zoning requirements that the city has before they get, they get annexed?

JASON THIELLEN: That, that already is a requirement. So the piece that's being added is the Affordable Action Plan. You already have to

follow the comprehensive plan. That's the guideline of every city. Any city that's ever posted a bond for a school has to have a comp plan, right? That's a guideline. There's, their current zoning and subdivision regulations, for example are, it's their right inside their ETJ to make sure that we follow that. How I finance that subdivision has very little to do with whether I follow it or not. It's part of their requirements that I find that's, that I build my roads for their standards. I follow their zoning, I follow their building codes when build buildings That's already exists.

J. CAVANAUGH: So you're already doing all these things. I guess I'm having a little trouble understanding what your problem with this is.

JASON THIELLEN: The Affordable Action Housing Plan.

J. CAVANAUGH: And,

JASON THIELLEN: Component.

J. CAVANAUGH: And what would that, how, how will that manifest itself as a problem for SIDs?

JASON THIELLEN: Well, if you're, the goal of this and has been for several years, is to force SIDs to put in affordable type housing out on the fringe of developments, right, as a forced measure.

J. CAVANAUGH: OK.

JASON THIELLEN: OK. You don't do that with anybody else. You don't do that with any other subdivision. And by the way, affordability is already inside as far as a, can we create affordability, It's already inside comprehensive plans of every single comprehensive plan inside of a city. It's undefined. That Affordable Action Plan that was passed, for example, in Omaha, it's a outline at best. No details, no one understanding of how we're going to apply it, no reasons how or when or shall, it's just there. And so to me, un, un, undefined regulatory items are bad. It's just in general practice. We don't know how it's going to be applied. And so we already have default. We already are doing what we need to do inside of the city. Why add an additional regulatory item that's not defined?

J. CAVANAUGH: But again, I go back to the fact that these entities hope to someday be inside the city. And so I guess I'm trying to understand why they shouldn't be held to the same standard as the city, the developments inside the city.

JASON THIELLEN: Because they already are held to it. That's what I'm, it's just additional regulation for no reason other than saying follow this, the Affordable Housing Action Plan, which we don't know what that is. That's like saying build a house to a standard. What standard? Oh, we don't know. You don't know what I'm going to build a house to? Does it need a roof? Does it need windows? Well, we think, we don't know. And that's a simplistic look at it, but that's exactly how it will be done. And so if you're going to define something using a financing mechanism, by the way, if the goal is to provide affordable housing, adding more regulatory items on top of a financing mechanism is just backwards way of looking at it in my opinion.

J. CAVANAUGH: Thank you.

JASON THIELLEN: Yep.

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

JASON THIELLEN: Thank you.

HUNT: Any other opponents to LB246? Come on down.

ADAM FLANAGAN: Good afternoon, Vice Chair Hunt and members of the Urban Affairs Committee. My name is Adam Flanagan, A-d-a-m F-l-a-n-a-g-a-n, and I'm here on behalf of the Eastern Nebraska Developers Council in opposition of LB246. I believe since some of my testimony will actually answer, hopefully some of Senator Cavanaugh's questions, as I understand exactly where you're coming from with some of those questions. I'm actually the co-owner and managing director of Bluestem Capital Partners. We are one of the foremost municipal advisors in the state of Nebraska. We work exclusively with municipalities, developers in sanitary and improvement districts to bring new housing to the market. So SIDs, as Mr. Thiellen mentioned, are a financing tool used by municipalities to, and developers to spur growth. That growth will hopefully increase the competition, in turn increases supply, in turn decreases the prices of homes and increases affordability, as we have discussed many times today. Obviously, there's a affordability issue with housing in the state of Nebraska and across the country. Our, the SID financing really comes down to two main types, valuation and velocity. How much valuation can we, can the developer get on a particular parcel of ground? And then how hopefully can the developer and the builders build and

construct that valuation? Now, when I say how much valuation, maximizing that valuation, that doesn't just mean build million dollar homes. Density is one of the best ways that we can actually maximize the amount of valuation within a particular development. We've got a lot of developers and a lot of groups within the development community that are trying to design new products, trying to bring new products to the market to help reduce the cost of housing and also bringing, and along with that, one of the best ways to do that is to add density. Also, if you've got a smaller home on a smaller lot, that is a lower price point that will typically sell faster and again help the velocity of the district and on bringing on more value quickly. Our biggest concern with LB246, is the Affordable Action Housing Plan component of the language and to Mr. Thiellen's point, that particular part of, the part of the language is currently undefined as of today. Several municipalities have adopted that Affordable Action Housing Plan, don't know what, but typically it's kind of a shell plan as of right now. And even once it is defined, it's very easily changed, I guess. So as I kind of mentioned before, I work closely with municipalities, you know, along with the developers, you know, to bring these SIDs, you know, to the market. Municipalities enjoy using SIDs, as Ms. Abraham mentioned, because they allow the infrastructure adjacent to the city limits to be installed, exterior streets, sewers, water mains, etcetera, and it does not create a tax burden to the taxpayers within the city limits of that particular municipality. But it does allow for, for public improvements that can actually be used by those current residents. But it's mostly paid for by the residents of the actual SID that is installing those improvements. Our concern is, while municipalities enjoy using SID mechanism, they may get to a point where they want to enjoy utilizing the SID mechanism in forcing certain product into those SIDs. You know, we can get to a situation where X amount of acreage has to be used for a certain particular product, which might be a product that most, if not all developers do not want to, want to construct. So that gets us back to kind of our SID financing equation. Valuation and velocity. If we get a situation where a certain lot does not get constructed on upfront because of the certain product that is forced to be in that particular SID, you know, we could end up causing the residents of the SID, the other residents of the SID to fund or to have more costs based on a higher tax levy. Or they could also have more costs based on the infrastructure that was installed for that particular lot actually having to be defrayed over there lots. Take that as one step further and developers may just not move forward with projects at all. And so

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we've now exacerbated the problem of the lack of supply that we already currently have by subjecting further regulation on to SIDs on to developers who may not want to move forward projects at all, which that would reduce the competition, reduce the supply, drive prices up and decrease the affordability, and not only in adjacent SIDs that are adjacent to city limits. That's a downstream pressure. If we do not have the proper supply of homes available for people in the city limits to move, move up to, and those entry level developments that were built 15, 20, 25 years ago that were affordable at that point in time, have extreme upward pressure on their prices because of just a lack of supply of people to move into those existing homes. So and to summarize--

HUNT: Mr. Flanagan,

ADAM FLANAGAN: --all this, because I know, I know, I know I've gone kind of over my time here but I was trying to answer some of Senator John Cavanaugh's questions here, but if--

HUNT: We can see if there's any questions for you.

ADAM FLANAGAN: So, so to summarize it all real quick, we do have minimal tools in the state for financing of development. Two of those tools being SIDs and TIF. We just are opposed to adding more restrictions to one of those financing tools and are more than happy to discuss other solutions with, with the senators.

HUNT: Thank you so much. Any questions from the committee? Senator Cavanaugh.

J. CAVANAUGH: Thank you. Thank you, Vice Chairwoman Hunt. Thank you, Mr. Flanagan, for trying to answer my questions. So just trying to get up to speed on all of this. So, OK, Omaha has a Affordable Housing Action Plan, or at least is in the process.

ADAM FLANAGAN: In the process.

J. CAVANAUGH: Is there something in particular that you all would be worried about being forced on you?

ADAM FLANAGAN: To Mr. Thiellen's point, the uncertainty is the issue by giving carte blanche to the municipalities. That unforeseen, you know, uncertainty is what gives us pause as of right now to say we should put this particular language into this bill today.

J. CAVANAUGH: And I guess I'm just trying to think of any kind of example where we're talking about like that the Affordable Housing Action Plan would require you to build apartments and you wouldn't want to build apartments, or I'm mean, just some idea.

ADAM FLANAGAN: There are multiple, multiple examples of, if you're forced to put a particular project into product, into a project that could, that could cause the SID to not, cashable amount not be a feasible project. It could cause developers to not want to move forward with projects. You know, it's dictating essentially what the developers, you know, can construct. And I can tell you there are a lot of developers that are trying to bring a more affordable product to the market that really, in particular for Omaha, Omaha has never done in the past because of all of the upward pressures that we have all the way across the line. We're facing a lot of economic problem, you know, pressures on rising costs of infrastructure, rising costs of building materials, lack of labor supply, rising interest rates. So there's a lot of ideas that people are trying to, you know, put into their new developments. I think the concern is being forced into doing something in particular areas that may not, you know, actually bring those particular products to the market if they're not feasible to construct.

J. CAVANAUGH: OK. Thank you. I could spend hours sitting here.

HUNT: Any other questions from the committee? Senator Lowe.

LOWE: Thank you, Vice Chair. And thank you for coming and testifying today. This, trying to go back and take a look, is this for just metropolitan class cities or first class or,

ADAM FLANAGAN: My understanding is for all sanitary and improvement districts.

LOWE: OK.

ADAM FLANAGAN: For when you are required to adhere to the Affordable Action Housing Plan.

LOWE: So even a small community that a SID would go outside of it where they only need a more expensive home being built.

ADAM FLANAGAN: That is minor. That is minor.

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LOWE: And so you're SID was just going to build \$1,000,000 houses because there's like huge influx in the next village or town over of a, of a business and everybody from the administration wants to live in this city instead of that one. So you're going to build a lot of large houses. You would still have to build affordable housing in that SID then.

ADAM FLANAGAN: Potentially. That's, that's, the full action of the plans are undefined. That, that's, that's our biggest concern because that is a potential example of, you know, what we're trying to avoid.

LOWE: OK. All right. Thank you.

HUNT: Thank you, Senator Lowe. Any other questions? Seeing none, thanks for being here. Oh, sorry. Senator Cavanaugh, you--

LOWE: I tweaked him.

HUNT: --have. question.

J. CAVANAUGH: Yeah. Yeah. No. Well, you made me think of something. OK, so when you develop an SID and I'm going to stick with Omaha because that's really the part I know. And the extraterritorial zoning jurisdiction allows the city to zone those as R5. R1, or whatever and if they're zoned that way, then you go to the city planning board for a rezone.

ADAM FLANAGAN: We can do that, yes.

J. CAVANAUGH: OK. And so you're already are under kind of the, that undefined nature of the, the, what would you call it the capricious nature of the city of Omaha in terms of determining whether or not you can build what you want to build. And so I guess the part that I'm having trouble with is when somebody is seeking to develop something that is seeking to be part of a broader community and wants to be held to a different standard when developing, and then once you're a part of the city of Omaha, Omaha has essentially lost an opportunity to then say, well, we wanted more density in this part of the expanded city, but now we can't do it because it's already built. We'd have to come in and bulldoze a couple of houses, rezone this. But at the front end, if they were able to come in and say, this is a great spot for an apartment, this is a great spot for, I can never remember, is R9 the densest residential and R1 the least?

ADAM FLANAGAN: I'll leave that up to the city planner.

J. CAVANAUGH: I was having primer on this at one point in time. But something along those lines where they could have said, well, let's put the houses closer together and they could have made zoning of the whole project. They can already make zoning the whole project contingent upon a level of density that they want, right? They could say this is zoned as this.

ADAM FLANAGAN: Correct.

J. CAVANAUGH: And so it seems to me that what this bill is seeking to do is have a consistency in terms of the approach to how everything is being treated in the city, regardless of whether you happen to be in SID right now or if you happen to be just on the other side of the road in the city.

ADAM FLANAGAN: I believe there currently is that consistency today because we are required to follow the comprehensive plan and we work with the municipality for a long time leading up to when, when the actual development goes forward. Again, our biggest concern is that this, this particular bill adds language of the Affordable Housing Action Plans that we don't know what those definitions are. We don't know what that's going to include and where we're currently working with, you know, comprehensive plans and stuff that we're well aware of and have been staffed for a while and, you know, the farmers, the landowners, the developers all kind of have an idea of what's there. We don't know. And that's the concern. We just don't know what those plans are going to look like at this particular point. And that's where the biggest concern is.

J. CAVANAUGH: So if we come back in a couple of years, Omaha has adopted their action plan, then we have no problems?

ADAM FLANAGAN: I cannot speak for everybody but from, you know, a municipal advisor and we can make, you know, everything work, you know, together, absolutely.

J. CAVANAUGH: And one last question, then I'll stop. For the, at least Omaha planning board, there is a position on that board reserved for somebody that resides outside the city but in ETJ, is that right? So there is input from.

ADAM FLANAGAN: Absolutely, those folks.

J. CAVANAUGH: OK. Thank you.

HUNT: Thank you, Senator Cavanaugh. Any other questions? Seeing none, thanks for being here today. Any other opponents for LB246? Anybody else in opposition? Anyone here to testify in the neutral capacity? Seeing none. I'll invite Senator McKinney to come up and close. As he comes up, on LB246 we had one letter in support, zero in opposition and zero in neutral capacity. Senator McKinney.

McKINNEY: Thank you. And thank you for those that came as proponents and opponents to LB246. I guess in my response to the testimony in opposition in not wanting to follow the Affordable Housing Action Plan, I guess even if it wasn't or was not defined, I think the alarming thing to me was that the opposition was developers and developers not wanting to follow an Affordable Housing Action Plan, and it just screams, let's continue to realign parts of the city and make it only for a certain group of people. And I believe in, you know, if we're going to have a vibrant community, everybody should be able to live next to everybody and I think that's how you have a diversity of perspectives. And I think you decrease a lot of negative perspectives when everyone is around each other. So I guess that just jumped off the table to me that, you know, they don't want to even follow the Affordable Housing Action Plan and to your point, Senator Cavanaugh, why not? It just doesn't make any sense. Let's, we have a housing crisis in our state, an affordable housing crisis in our state, and we should be making these simple adjustments to make sure that if something is being built, no matter if it's in SID or within limits of municipality, we have individuals thinking about affordable housing across the board. And yeah, rich people want to live in their gated communities. But you know, we only have so much land in the state of Nebraska and we have to make sure that we're building a community for everybody. Thank you.

HUNT: Thank you, Senator McKinney. Any questions from the committee? OK. Appreciate it. That'll close the hearing on LB246 and the hearings for today. Thanks, everybody.