

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee January 16, 2024

McKINNEY: [RECORDER MALFUNCTION] Urban Affairs Committee. Before we start, I will ask each senator to introduce themselves, starting at my right.

HARDIN: Brian Hardin, District 48: Banner, Kimball, Scotts Bluff Counties.

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

BLOOD: Good afternoon. Senator Carol Blood, representing District 3, which is Bellevue and Papillion, Nebraska.

McKINNEY: Thank you. The, the committee legal counsel to my right is Elsa Knight. And the committee clerk to my left is Raquel Dean. Today and before all hearings, all bills to be heard will be posted outside of the hearing room. The senator introducing the proposed legislation will present first. Senators, 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 question senators serving on the committee. For the purpose of accuracy to the record, we ask each presenter to state one's name, spell it, and state who you represent, if not yourself. If you're planning to testify today, please fill out the testifier sheets that are found in the binders on the tables at the back of the room. Be sure to print clearly and fill out-- fill it out completely. When it's your turn 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 sign-in sheets with the LR, LB, LR AM number. These can be found in the binders on the back tables. This sheet will be included in the exhibit for the record. In your Urban Affairs Committee, we use a light system to promote maximum engagement of those wishing to express their position on proposed legislation. The light system will generally be 5 minutes with a green light and a yellow light at one minute, and then a red will tell you to stop. Sometimes we might use the 3-minute rule depending on the amount of testifiers. For the amendment today, we're going to use 5 minutes. We will recognize opponents, proponents, and neutral testifiers. We will also acknowledge letters or comments received online. Should you have handouts that you wish to share, please share at least 10 copies or ask the clerk to make copies for you. The clerk will then distribute any handouts to all committee senators. Following all proponent, opponents, and neutral testimony, the bill's presenter is offered the opportunity to close with final remarks. As a committee, we will work diligently to give fair-- give

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Urban Affairs Committee January 16, 2024

a fair and full hearing and will make every effort to accommodate special requests of assistance. At this hearing, we ask you to be respectful of the process and to one another. And lastly, please silence or turn off your cell phones. Thank you. Good afternoon, 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. I'm here to present AM2075, which amends LB164. On January 9 of this year, the Omaha City Council approved the ordinance to approve the creation of an inland port authority. This AM amends the Municipal Inland Port Authority Act in order to harmonize state law with the city council's latest act. The amendment does the following. First, it allows for 7 inland port districts, which is an increase from the current allowed number of 5. The amendment also outlines the qualifications of where inland port districts may be located. AM2075 also creates the Inland Port Authority Fund. This fund draws interest from the federal Coronavirus State Fiscal Recovery Fund, the Perkins Canal Fund, and from the funds that were set aside for the creation of this prison that we're building, the interest payments of both the canal and the prison. Also speaking of funds, this bill clarifies that the newly created inland port authority located in Omaha would not be able to receive funds from the Siting [SIC] Building Fund until after July 1 of 2027. AM2075 accomplishes some technical changes requested by the chamber. AM2075 changes the makeup of the Port Authority Board and the qualifications of the commissioner to an inland port authority. You can see details of these changes in Sections 6 and 7. In sum, this bill both harmonizes state law with the changes recently made in Omaha and also fixes some technical issues, as pointed out by the Nebraska Chamber of Commerce and several municipalities. This is a-- this is a necessity in order to ensure proper coordination between projects that will take place in the area. Why, you might ask? Because we realize that honestly, we have one shot to get this right. And currently many individuals involved claim to have the best interests of the community, but in reality that is not true. So in order to stick to the original purpose of the funds and the projects that are slated for the area in North Omaha, I believe it's our best interest of-- it's our-- it's in our best interests of the community to make the changes that are outlined in AM2075. I appreciate your attention to it and I'm happy to answer any questions. Thank you.

BLOOD: Who's running the meeting? Oh, me?

McKINNEY: Sorry.

BLOOD: That's all right. Thank you, Senator, Senator McKinney. Are there any questions from the committee? I have two questions, Senator

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Urban Affairs Committee January 16, 2024

McKinney. And they're just really minor ones. The first one is, why are we changing from 5 to 7 ports? I didn't hear that in your intro.

McKINNEY: I think when the bill was originally passed, there wasn't a lot of anticipation of having more than possibly 5. But I think once some have been established, there's interest from other places across the state that might want to establish a port authority.

BLOOD: OK, fair. And then you referred to the innovation district, but I didn't see a definition in the amendment. And the only thing I could find in state statute was the words "innovation hub." So when you refer to an inivifficientvish-- an innovation district, are you referring to an innovation hub or what are you referring to?

McKINNEY: I'm not referring to an innovation hub specifically, but in the inland port area that Omaha established, we set aside money a couple years ago for the development of an innovation hub. And there's been talks to create an innovation district around that hub for the creation of jobs, and also to help with entrepreneurship and innovation.

BLOOD: Do you-- do you think it would be beneficial to have a definition in statute of what an innovation district actually is?

McKINNEY: Yeah, that's a good question so I'll look into that.

BLOOD: I am really appreciative.

McKINNEY: No problem.

BLOOD: Any other questions? Will you be staying for your closing?

McKINNEY: Yes. I'm here.

BLOOD: All right. With that, we'll invite up anybody who would like to to come and testify in favor of this amendment. Are there any testifiers come and speak in favor, excluding senators? Welcome to Urban Affairs, Senator Wayne.

WAYNE: Thank you. Justin Wayne, J-u-s-t-i-n W-a-y-n-e. I represent District 13, which is northeast and North Omaha. I am here today just to give you a handout for those who are-- did not come with me in my class, maybe have not followed the inland port. And I want to just give you some history on why this particular amendment is important and why we're trying to move it fast. So I know I'll be short on time, but the first tab just kind of walks you through since 2017 me

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Urban Affairs Committee January 16, 2024

being here, the airport business park is the area that I focus on. We tried to do our first extremely blighted definition, it failed. 2018, we actually introduced a bill called the Metro Port Authority, which did not go anywhere, primarily because everybody in western Nebraska thought it would be a good idea to do it out there. So in 2019, we spent a year with Senator Groene working on the inland port idea and what western Nebraska needed. But in 2019 focused on this area. This Legislature passed LB2--129, LB129, and we appropriated funds for a study along Highway 75. So what I'll first tell you is tab 1 is the first thing I ever handed out in 2018 regarding the inland port. And you'll see the diagram of the inland port isn't much different than 1994, although we spent \$400,000 on the same study. We'll get to that here in a second. The second tab is what I passed out in 2019 that passed on the floor that went on to pass all of these bills. The LB129 is what I wanted to talk about. And I want to just quickly brief on. LB129 is an area on Highway 75 that goes through Florence. It's a main highway that has over 3,000 trucks that go through there. So I spent time bringing the Department of-- Department of Transportation, the Governor, and also at the time Curt Friesen, who was the Chairman of the Transportation Committee to Harold's Cafe and we counted trucks. And he agreed that this is the problem so we should study this. But the ultimate goal of this study was to figure out whether a bridge was needed across the Missouri. And looking at Senator Blood, I've talked about building a bridge for a long time across the Missouri. I'm short on time, but I'm going to tell you the reason why I'm focusing on LB129 is there's a summary here. The bridge was the best idea, but the most difficult to accomplish. But the reason I point this out in my last 30 seconds is this was also during COVID. We had four community meetings. Then after they came out with their report, MAPA went back to the community and had three more meetings to get more input. That's failed to happen currently in the current plan that's set for the airport park district. And I'll be open to any questions because I want to respect this committee's time. But there's a lot more that we can talk about that I will talk to you about on the floor.

BLOOD: Are there any questions from the committee? Questions?

_____: You can do three minutes.

BLOOD: All right.

WAYNE: Seeing none.

BLOOD: I-- you're so comprehensive no one has questions.

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Urban Affairs Committee January 16, 2024

WAYNE: OK. And I will talk to you guys about it later today. Thank you.

BLOOD: Thank you, Senator Wayne. Anybody else that would like to come forward and speak in favor? If there's more than one if you would just move forward. We'd be very appreciative.

_____: Thank you.

BLOOD: Welcome to the Urban Affairs Committee.

THOMAS WARREN: Good afternoon, members of the committee. My name is Thomas Warren, T-h-o-m-a-s W-a-r-r-e-n, and I serve as chief of staff for the city of Omaha, Mayor Jean Stothert. And I'm here in support of AM2075 and LB164. Mayor Stothert initiated inland port authority to be located in the city of Omaha in December of 2023, and the Omaha City Council approved the corresponding ordinance on January 9, 2024. The boundaries of the Omaha inland port authority are Locust Street to the south, Pershing Drive to the east, Abbott Drive to the north, and Highway 75 to the west, although there will be a portion of land between Sprague Street and Ames Avenue west to 30th Street to be included and Eppley Airfield will be excluded. The proposed district must cover 300 acres, and its location must satisfy 2 of the following criteria: must be within 1 mile of a river, 1 mile of a major rail line, 2 miles of interstate, 2 miles of an airport. The proposed site for Omaha's inland port authority meets all four of these requirements and would encompass the land related to the airport business park, Enterprise Park, and the Levi Carter Lake multipurpose facility. If the city's application is approved and the inland port authority is created, a board of 9 members will be named. The mayor would nominate the members and the city council would vote on the nominees. All members of the board must be residents of Omaha. However, there's no requirement that they reside in or around the district. The board members would be subject to certain restrictions. Board members cannot own or have any interest in property located within the district's boundaries. Also, board members cannot receive any direct benefit from development in the district or acquire any interest in the district. These restrictions would also apply to any employees that the port authority may have. AM2075 would require at least one board member of the port authority to have experience in real estate and one member with experience in large-scale residential or commercial property rental. Given the boundaries of our port authority, we support this requirement. The primary purpose of the inland port authority is to generate economic development and large industrial and commercial sites. This can be done in conjunction with

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Urban Affairs Committee January 16, 2024

the city and private businesses. The statute grants port authority specific powers, including the ability to acquire, own, lease or sell property located in the district, including the construction of buildings; borrow money from private lenders, the state or federal government; receive appropriations from the state or grants from the federal government; issue or sell revenue bonds. The authority specifically does not have the power of eminent domain, nor does it have any taxing power. And the port authority will be subject to the Open Meetings Act and the Public Records Act.

BLOOD: Sir, you have the red light. I'm going to give you an option to close it really quickly.

THOMAS WARREN: OK. I'm sorry, I thought we had 5 minutes.

BLOOD: Oh. So how about we say, are there any questions from the committee? Any questions? You have questions? You're just shaking your head. Oh, no. I'm purposely ignoring him. Senator Cavanaugh.

J. CAVANAUGH: Thank you, Vice Chair Blood, no, just Senator Blood.

BLOOD: I'm just "hanging out Blood" today.

J. CAVANAUGH: "In charge Blood." Thank you. Thanks for being here, Chief Warren. Good to see you, as always. Did you have anything you wanted to?

THOMAS WARREN: Yeah, I just have a couple more comments if that's OK.

J. CAVANAUGH: I'd love to hear them.

THOMAS WARREN: OK. We support several portions of AM2075, and we agree with the broadening of the scope of the intent of the inland port authority to serve as a vital resource for stimulating and supporting tourism, entrepreneurship, and technology-based small businesses in the state. We also support limiting the number of inland ports to the city of Omaha to one and agree that the port authority shall facilitate partnerships and programs between innovative startup businesses, research institutions, and venture capitalists or financial institutions. We support consideration of ongoing funding to port authorities in Omaha and across the state. Also, the city supports the Department of Economic Development's efforts to invest Economic Recovery Funds in northeast Omaha. The city is supportive of Economic Recovery Funds coming to northeast Omaha to provide impactful and long-term opportunities for employment and youth services in the area. However, we have no comment on the

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Urban Affairs Committee January 16, 2024

amendment's provisions to transfer money to the inland port authority. Omaha will partner with the state and the Department of Economic Development's decision to implement recovery dollars however we are directed under the law. Thank you for your time, and I'm available to answer any questions that you may have.

BLOOD: I do have one quick question for you. So your neighbor south, Bellevue, meets the same criteria for a port authority. Would Omaha take issue if, if a community that was so close because we actually share a street, would also do a port authority?

THOMAS WARREN: No. And in fact, I think that's part of the reason for the increase in the number of port authorities allowed.

BLOOD: Thank you. Any other questions? Any other questions? Senator Cavanaugh.

J. CAVANAUGH: Thank you, Senator Blood. Thanks again, Chief Warren, for being here. Just to put a point on it, you're here in favor of the bill as a whole and neutral on how the money would be allocated.

THOMAS WARREN: We are aware of the fact that as of last week the Governor did announce the allocation of the Economic Recovery Funds. We support the allocation of funding going to North Omaha. And so with respect to the amendment to allocate those funds, we leave that up to this legislative body to decide how to proceed.

J. CAVANAUGH: But yeah. So you'd be-- you'd be happy for the money to come to Omaha and you're--

THOMAS WARREN: That's correct.

J. CAVANAUGH: --agnostic about how it gets there.

THOMAS WARREN: That's correct.

J. CAVANAUGH: All right. Thank you.

BLOOD: So for clarification, since the hearing is today on the amendment, are you saying you are neutral or in support?

THOMAS WARREN: Pardon me? On which aspect? I mean, this--

BLOOD: On the-- on the text of the amendment, which is AM2075, are you speaking in favor, against, or neutral?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee January 16, 2024

THOMAS WARREN: OK. We support the amendment. But the provision relative to the allocation of the funds being disbursed within 5 days of the act going into effect, we are neutral on that provision.

BLOOD: We need that for the transcribers. That's why I'm trying to clarify what you're saying.

THOMAS WARREN: Understand. Sure. Mm-hmm.

BLOOD: All right. Thank you. Seeing no other questions, thank you so much for coming.

THOMAS WARREN: Thank you.

BLOOD: Next in favor of AM2075. Welcome to the Urban Affairs Committee. Please spell your name.

MEGAN SKILES: Thank you. I'm Megan Skiles, M-e-g-a-n S-k-i-l-e-s. I am the executive director for the Greater Fremont Development Council, and I'm here to express our support for AM2075 and specifically for portions related to the Nebraska Municipal Inland Port Authority Act and the Nebraska Rural Projects Act. These 2 acts were each intended to help Nebraska compete for economic development opportunities for our state and create stronger logistics advantages for new companies coming in and, and maybe more importantly, for existing high-growth businesses looking for expansion opportunities. So in 2022, the Greater Fremont Development Council applied for funds through the Nebraska Rural Projects Act and hopes that an award could help accelerate development of attractive land that the city of Fremont and Dodge County hope to see become a multitenant, 1,500 acre rail served site for advanced manufacturing and distribution. Since being awarded, we've been busy securing a few pieces of land critical for rail development, and have hired an engineering firm to complete a master plan and some rail and infrastructure engineering reviews and a capital improvements plan, all of which is nearly complete. And then in 2023, the city of Fremont and Dodge County were jointly designated a port authority designation through the Municipal Inland Port Authority Act for the same 1,500 acre tract of land. Since then, a board has been appointed, bylaws have been created, and they've been working with the city to create and establish appropriate zoning for the district. So now, after having spent some time with these two programs over the past year, 2 years, we're supportive of a few changes that we will believe-- that we believe will make each of the programs more accessible and create more opportunity in Nebraska and better meet the original intent of these acts. So specifically for

the Municipal Inland Port Authority Act, we're eager to see the radius for the noncontiguous portion of the site to be expanded from half mile to 5 miles. This will allow us to include an existing intermodal rail facility and site along a BNSF rail line to our port authority, allowing us to market our port authority as being both BNSF and Union Pacific served. This is going to create a lot of competitive logistic advantages for area shippers, but it's also going to allow the facility on the BNSF line to access some federal dollars for improvements and expanded services, which we think is very important. We're also supportive of having eligible port authority board members expanded to residents of surrounding counties if approved by city council and our county board. Our port authority district is within 2 miles of the Dodge County border to 3 other counties, and we have many Fremont community members that may live just on the other side of the county line that would make excellent board members, but are ineligible to serve. And this being a regional and state economic development tool, we believe it's appropriate for that change to be made. For the Rural Projects Act, currently the program only allows us as, as GFDC to-- that's Greater Fremont Development Council, to sell land purchased through the Rural Projects Act to a business that will be established at the site. The amendment would allow us to sell land to local governments, utilities, and resource districts, which will be necessary for us to put in roads and infrastructure and other public works. It will also allow us to sell directly to the port authority itself for development of rail and intermodal facilities. And this fits the intent of the act and will help us carry out the development required by the program. AM2075 also would allow investment in the development from, from the city, port authority, county or utility to be recognized towards our \$7.5 million of community investment instead of having to be donated and spent directly by our nonprofit economic development organization. And this will allow for much easier administration for local governments and GFDC, ultimately speeding up our development timeline and making these the, the development a more collaborative effort. And then the last thing I want to talk about-- I see I've got the yellow light here, so I'm going as fast as I can-- is we believe there needs to be a little change and clarity created around the debt financing mechanism. It's, it's laid out in the-- in the bill, but I think it might need just a little more tweaking still. But I have comments on that in the testimony I provided as well. Happy to take questions. We think we're sitting on a great opportunity for our state and the region and have a lot of technical experience at this point with how this all works.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee January 16, 2024

BLOOD: Thank you, Ms. Skiles. Do we have questions from anybody?
Senator Cavanaugh.

J. CAVANAUGH: Thank you, Senator Blood. Thanks for being here. Thanks for bringing your experience. You talked about this. Add to that last part you were kind of hinting at, is that a change that's proposed in the amendment or you're proposing additional [INAUDIBLE]?

MEGAN SKILES: So there is some language change in the amendment. I'm not sure it quite creates the clarity that we need around the issue at this point. But that's something that, you know, we're, we're hoping to continue working with, with everyone on to get that figured out.

J. CAVANAUGH: Have, have you had the opportunity to submit some kind of proposed language that maybe would serve the purpose? Or do you have some?

MEGAN SKILES: I don't have anything specific. I think that's, you know, we've been trying to figure out exactly what's, what's needed to, to create that clarity. I think part of the issue now-- right now is that the grant language allows for-- it allows us to use grant dollars for debt financing. But if we use that debt financing mechanism to pay off a loan that we use to purchase the property and use those as qualifying investment dollars, it negates our investment and requires us to reinvest those dollars back into the park. And so that's-- it-- it's just a challenge for a nonprofit to kind of take on that, I think, or we face recapture if we don't reinvest that within the transformational period. You know, if we were private developers, that would look very differently. But, but where the purpose is to kind of get this going and get it, you know, moving forward and, and provide these shovel-ready sites, it really almost requires us either to put our organization at a huge risk to do that or to-- or to wait until a project is practically landing on ready for that to happen. And so it kind of defeats the purpose of, of the bill. So-- or the, the act. And so that's where we're, we're kind of struggling to figure out how to, to make that work and what mechanism works best. We feel confident that we're going to have that amount of reinvestment into the park. But, you know, we only have so much control over the economy. And if things slow down, you know, I don't want our organization to go away because we're in default over this. And so that's something that, you know, we need to, to work through and figure out how as a state, we can, you know, do something that's going to make everyone happy, but actually allow us to develop the way the bill intended and on a timeline that was intended as well.

J. CAVANAUGH: Thank you.

BLOOD: Any other questions? So just for clarification--

MEGAN SKILES: Yeah.

BLOOD: --but you are in support of the amendment.

MEGAN SKILES: We are in support of the amendment. Thank you.

BLOOD: All right. Thank you very much and thank you for coming to Urban Affairs. Anybody who else would like to testify in reference to AM2075.

JENNIFER CREAGER: Good afternoon, Senator Blood, members of the committee. I'm Jennifer Creager with Greater Omaha Chamber, J-e-n-n-i-f-e-r C-r-e-a-g-e-r, here today in support of AM2075 to LB164. Thank you, Senator McKinney, for introducing this amendment. I'll be brief. Our support of the amendment is twofold. First, we support the provisions that you heard described by Ms. Skiles in her testimony. And, Senator Cavanaugh, I wanted to just clarify what Megan said. We did submit the language that's in there regarding the Rural Projects Act to Senator McKinney. We're just not sure if it's-- actually accomplishes what we need. So it just may need a little more revision, but that did come from us. So I wanted to be clear about that. The Greater Fremont Development Council, GFDC, is one of our chamber's regional partners. In my opinion, they have been at the forefront of some of the most creative economic development work in the state. The changes that they seek which are contained in this amendment are a result of challenges they have faced as they have worked through the real-world impli-- implications, excuse me, of putting the municipal inland port authority into practice. We feel the requested fixes are technical in nature and would better allow them to proceed with a comprehensive plan for industrial development. We are also supportive of the other provisions of AM2075, both to increase the amount of port authorities authorized in the state from 5 to 7, and to provide for creation of a port authority within the city of Omaha to better facilitate development in North Omaha. We were the lead outside entity, working with Senator Wayne on the creation of the first inland port authority bill. So we strongly believe in this mechanism as an effective tool for coordinated development. We believe its creation and utilization for North Omaha development is an important component of future growth in that area of the city. We stand ready to be a willing partner with the city of Omaha and Senators Wayne and McKinney as we go forward with this

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee January 16, 2024

process. Thank you for your consideration of AM2075, and we hope the committee will act favorably on this decision.

BLOOD: Thank you very much. Do we have any questions from anybody on the committee? All right. Thank you for coming to Urban Affairs. Anybody else in favor of AM2075? Any opposed to AM2075? Any opposed? Any in neutral to AM2075? Last call, anybody for neutral on AM2075? And if not with that, we invite Senator McKinney to come back for his closing.

McKINNEY: Thank you. First, I would like to thank everyone that came in support of AM2075. And I also thank the committee for giving us your lunch time to hear this out. I really appreciate it. This is time sensitive issues as well as far as trying to get this across the finish line and address the needs that us-- that Omaha as well as Fremont need to ensure that the Inland Port Authority Act is effective and being used properly, and also making-- ensuring that we have proper coordination in North Omaha to make sure these projects are done with the community's best interests first. And that's at the core of all of this is to ensure that we don't spend \$120-plus million and the only people benefiting from it is developers. I strongly believe that the community should benefit the most from this, and that's where I'm at with this. And that's why I brought the amendment to try to ensure that happens. I don't know if we could get this passed. I hope we can. I hope we can move this out of committee as soon as possible, so we can start to try to make some good change in this place. Thank you. And I'm willing to answer any questions.

BLOOD: Are there any questions from anybody on the committee? No. With that, we will close the hearing on AM2075.

McKINNEY: Thank you.

BLOOD: Thank you all for coming.