

Transcript Prepared by Clerk of the Legislature Transcribers Office
Natural Resources Committee February 19, 2025
Rough Draft

BRANDT: Welcome to your Natural Resources Committee. I am Senator Brandt from Plymouth, Nebraska. I represent the 32nd District, which is Fillmore, Thayer, Jefferson, Saline, and southwestern Lancaster Counties. And I serve as chair of the committee. The committee will take up the bills in the order posted. This public hearing is your opportunity to be part of the legislative process and to express your position on the proposed legislation before us. If you are planning to testify today, please fill out one of the green testifier sheets that are on the table at the back of the room. Be sure to print clearly and fill it out completely. When it is your turn to come forward to testify, give the testifier sheet to the page or to the committee clerk. If you do not wish to testify but would like to indicate your position on a bill, there are also, there are also yellow sign-in sheets back on the table for each bill. These sheets will be included as an exhibit in the official hearing record. When you come up to testify, please speak clearly into the microphone. Tell us your name, spell your first and last name to ensure we get an accurate record. We will begin each bill hearing today with the introducer's opening statement, followed by proponents of the bill, then opponents, and finally, by anyone speaking in the neutral capacity. We will finish with a closing statement by the introducer if they wish to give one. We will be using a 5-minute light system for all testifiers. When you begin your testimony, the light on the table will be green. When the yellow light comes on, you have 1 minute remaining, and the red light indicates you need to wrap up your final thought and stop. Questions from the committee may follow. Also, committee members may come and go during the hearing. This has nothing to do with the importance of the bills being heard. It is just part of the process, as senators may have bills to introduce in other committees. A few final items to facilitate today's hearing. If you have handouts or copies of your testimony, please bring up at least 12 copies and give them to the page. Please silence or turn off your cell phones. Verbal outbursts or applause are not permitted in the hearing room. Such behavior may be cause for you to be asked to leave the hearing. And finally, committee procedures for all committees state that written position comments on a bill to be included in the record must be submitted by 8 a.m. the day of the hearing. The only acceptable method of submission is via the Legislature's website, at nebraskalegislature.gov. Written position letters will be included in the official record-- official hearing record, but only those testifying in person before the committee will be included on the committee statement. I will now have

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the committee members with us today introduce themselves, starting on my left.

CLOUSE: Stan Clouse, District 37, Kearney, Shelton, and Gibbon in Buffalo County.

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

DeKAY: Barry DeKay, representing District 40, which consists of Holt, Knox, Cedar, Antelope, northern part of Pierce, and northern part of Dixon County.

RAYBOULD: Senator Jane Raybould, Legislative District 28, which is the center of Lincoln.

JUAREZ: And I'm Margo Juarez, south Omaha.

BRANDT: OK. Also assisting the committee today, to my right is our legal counsel, Cyndi Lamm, and on my far left is our committee clerk, Sally Schultz. Our pages for the committee today are Emma Jones, a junior at the University of Nebraska, and Kathryn, a junior majoring in environmental studies at the University of Nebraska-Lincoln. With that, we will begin today's hearing with LB480. We have moved the hearing schedule around a bit to accommodate Senator, Senator DeKay, who has another bill immediately after this in another committee.

DeKAY: Thank--

BRANDT: Wel-- welcome.

DeKAY: Thank you, Senator Brandt and Natural Resources Committee. First, I have to apologize for being the difficult one here today, but I appreciate what you're doing. So, anyway, for the record, my name is Senator Barry DeKay, B-a-r-r-y D-e-K-a-y. I represent District 40 in northeast Nebraska. I'm here today to introduce LB480. A bit of history first, for those new to the committee. In 2021, the Legislature passed LB406, which resulted in the creation of the Statewide Tourism and Recreational Water Access and Resource Sustainability, or better known as STAR WARS Special Committee. This committee was tasked with identifying opportunities to enhance and sustain Nebraska's 2 greatest assets, its people and its resources, by examining 3 specific resource areas within the state: the Lake McConaughy region in Keith County, the Lower Niobrara in the Lewis and Clark Lake Region in northern Knox County, and the Lower Platte River

Corridor region. The Water Recreation Enhancement Fund only pertains to projects in the Keith and Knox County, which is what LB480 covers. The 2023 Legislature, through LB1023, authorized the construction of a marina at Lewis and Clark Lake, a marina at Lake McConaughy, and an event center or large facility at Niobrara State Park. Due to a number of reasons, including the inflation that happened after the pandemic, the marina at Lewis and Clark Lake, which will cost approximately \$55 million, was deemed to be the only big project that has the ability to be fully feasible, per a study done by HDR as part of the 2022 STAR WARS Committee's final report, given current fiscal and time restraints. However, there is still need to reallocate some of the remaining \$30 million currently remaining in the Water Recreation Enhancement Fund to other smaller projects at Lake Mac and Niobrara State Park. However, the language currently in law says that the Game and Parks Commission can only spend the money in this fund on the Lake Mac and Lewis and Clark marinas and the Niobrara State Park lodge. Following conversations with Speaker Arch last year, who chairs the STAR WARS Special Committee, I introduced LB480 to provide more flexibility for the Game and Parks Commission to use the remaining funds in the Water Recreation Enhancement Fund on projects that align with the intent of STAR WARS. If the full balance of the Water Recreation Enhancement Fund is maintained and that there is a-- and that is a big if, since the governor's budget proposes to transfer \$65 million out of the \$85 million from the Water Recreation-- Recreational Enhancement Fund up to the General Fund, then LB480 would provide a pathway for other improvements to be made at Lake McConaughy and Niobrara State Park, since those locations would otherwise not benefit from the money initially allocated to, to them in 2022. This bill would not impact a current marina project at Lewis and Clark, which is nearing completion of final design work and should be set for bidding later this year, assuming at least \$55 million is left in the Water Recreational Enhancement Fund when we pass the budget. I will also add that negotiations are ongoing with Appropriations and the Governor's Office regarding any sweeps to the Water Recreation and Enhancement Fund. The Game and Parks Commission has worked on several alternative proposed projects that they could pursue if this bill goes through, which includes a visitor center to Niobrara State Park and road improvements at Lake McConaughy. Such projects, in my mind, would align with the vision and goals of the STAR WARS Committee recommendations, as set forth in LB1023. The Game and Parks Commission will be following behind me to testify on proposed projects. With that, I would be happy to try and-- to answer any questions you may, may have. Thank you.

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BRANDT: OK, let's see what we have. First, Senator, would you like to introduce yourself?

CONRAD: She who needs no introduction, Senator Danielle Conrad, north Lincoln.

BRANDT: OK. Senator Clouse.

CLOUSE: Thank you, Senator Brandt. Can you go over those numbers again? Because I, I-- of the-- what was originally allowed [INAUDIBLE]--

DeKAY: Can-- start over. I missed the first--

CLOUSE: Can you review those numbers again? What was originally budgeted for all the projects and then kind of what was [INAUDIBLE]?

DeKAY: Originally, with the-- original intent of the bill, there was about \$200 million allocated to STAR WARS. And there was probably \$35 to \$40 million per se, to Lake McConaughy and Niobrara State Park, with about \$55 to \$60 million going to Lewis and Clark marina, and then the rest going to the lake in between Lincoln and Omaha. So the breakdown of it was part of that money got swept last year, which encompassed the money going for the lake between Omaha and Lincoln. And we were trying to preserve funds going forward, that would be able to complete the project at Lewis and Clark, and do some smaller projects at Niobrara and Lake McConaughy. So with that being said, with the money at Lake McConaughy, there was a floating dock-- or a floating marina proposed. That has been scrapped to do some road maintenance and maybe some boat landings-- low-level boat landings. And Niobrara, the lodge area and conference center was eliminated. But with that, we're still trying to maintain some funds to possibly put a visitor center. The current park offices are about a mile or so into the park, and this, they put it down right to the entrance of Highway 12, coming off of Highway 12. And we're trying to keep some money together for those 2 smaller projects, plus be able to complete--

CLOUSE: So, so what this does is takes that \$30 to \$40 million and just starts using it. Is that--

DeKAY: This, this-- right now, the bill that was passed last year, directed X amount of dollars going to Lake McConaughy, X amount of dollars going to Weigand, X amount of dollars going to Niobrara. This gives the Game and Parks the flexibility to take smaller amounts of that money to be used at McConaughy and Niobrara and the balance of

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that to be put toward any other project, which would probably be the Weigand Marina, to do completions with as many of those projects as we can.

CLOUSE: OK. Thank you.

BRANDT: Other questions. Senator Raybould.

RAYBOULD: Thank you, Senator DeKay. I'm on the STAR WARS Committee, and I just seem to recall our last meeting in December, the prognosis for a lot of these projects seemed somewhat bleak, you know, with the cost of Lake McConaughy and, of course, the Niobrara lodge. You described them both being eliminated only because one of the projects, you know, Lake McConaughy is impractical, particularly with the drought and the-- it, it just didn't make economic sense when they have to focus on the dam. I guess my question is-- to you, is, do you feel optimistic about trying to get the governor's budget reconciled with the Appropriation budget that they just presented, because it seems like they've swept the additional funds from those 2 categories and then put them in General Fund?

DeKAY: Yeah, I'm the eternal optimist. I think, I think there's a path forward with this. And we have been in contact-- we had conversations with the Governor's Office and with the Game and Parks, to try to put numbers together to show why the Weigand Marina is feasible. And we're trying to keep some money together to show that we are doing as economically feasible as we can to enhance tourism and economic development in all 3 of these projects in northeast Nebraska and out in western Nebraska. So I think there's definitely a path forward, and I'm going to pursue it to the end.

BRANDT: Yes.

RAYBOULD: Just to follow up with the Weigand boat slips. And I know that that project came in, I think, at \$20 million above the budgeted amount, if that-- I'm-- I know we're going to have Game and Parks talk about it correctly. But I guess the, the question to you is I know that they've looked at the option of reducing the number of boat slips presented to half the number.

DeKAY: Wouldn't, wouldn't be-- if I recall right, it won't be quite half. I think the original number they were talking about was a little over 500 boat slips, and it was reduced down now, to 420. But through conversations I've had with Weigand, we were at a stale-- not-- a

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stagnant position with going forward, but 90% of that work order was complete and we were waiting on clearance from Corps of Engineers. And we've gotten-- since then, we've gotten that clearance. So with that being said, if we would have had that clearance a year ago or so, we wouldn't even be having to have this conversation now, because Weigand Marina and some of these other projects would be well under way, probably half to two-thirds completed by now.

RAYBOULD: OK. Thank you.

DeKAY: Thank you.

BRANDT: Any other questions? I guess I've got, I've got a couple. Having served on the original STAR WARS Committee when we used to have \$200 million, 3 things have happened. One, Lake Mike, parentheses, not Flood, is a no-go. And they did some conservation work, I believe, up-- upstream. And that's probably all of the funds that that part of the project would get. The original intent was one-third, one-third, one-third. When we toured Lake McConaughy, at that time, they wanted a floating marina because the water level fluctuates 65 feet. Subsequently, now we've found out they're going to rebuild the dam and the water level is going to get very low. In conversations with the senator that has that district, they just want water access and to rebuild, I believe, campgrounds. And then when we toured up in your district, Senator, the intent was twofold. And I understand the, the Niobrara park project, the private partnership we were going to have there has pulled out and the other part has been modified. So I, I think it's good that we're looking at this. We've downsized on funds. Do you feel that the funding, the \$20 million will be enough to accomplish both the McConaughy portion for, I believe is \$20 million-- is that right? And the, and the Niobrara is \$20 million?

DeKAY: According to the briefing I had-- we had yesterday, it was \$20 million to go to Keith County and \$20 million to go to Knox County, which encompassed 2 projects in Knox County. And no, \$20 million will not complete Knox County, but \$20 million or less I think we can do what we want to in Keith at Lake McConaughy and Niobrara State Park.

BRANDT: And do you have some assurances from the budget people that that money would, would be there?

DeKAY: I have ass-- right now, I-- we have assurances for \$40 million for-- and so we're trying to-- obviously, the ask is going to be for the original 55 for Weigand. And the reason I will elaborate a little

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more on that number with Weigand, and I've told everybody this from day one and I think everybody is in agreement with this, is that we can-- you can't do part of a project at Weigand and then add on to it like a puzzle later on. If you had the boat slips now and you don't have a marina, you will not get visitors to fill the boat slips. If you have the marina without the boat slips, you won't get to utilize the marina too much, because there won't be enough people there to fill the boat slips. So Weigand, I think, has to be a complete project in its own. And I-- we, we are working on numbers to show that-- show the feasibility of Weigand Marina, and the Game and Parks-- and the testifier behind me will say more on it, but it shows the feasibility payback of 20 years. But when you start to add in the residential, the businesses that were assured that the marina was coming, with maintenance buildings for boats, storage units, residential, the total impact goes well beyond what the Game and Parks will be bringing in, when you start in add-- start adding in property tax and sales tax.

BRANDT: So it looks like, reading through the bill, the purpose of the bill today, as opposed to 3 or 4 years ago, is to give the flexibility to go from the intended purposes to give you the flexibility to apply the money to those 2 projects. Is that correct?

DeKAY: Yeah, 2, 2 to 3 projects. So yeah, it gives us to be able to shift money around, to be able to accommodate as much as we can in all 3 locations. And the Lower Platte portion of STAR WARS has been completed. So that-- that's why that's not part of this scenario.

BRANDT: OK. Senator Clouse.

CLOUSE: Thank you, Senator Brandt. So what-- we said Weigand? What is that? What's that-- we need it for?

DeKAY: What's that?

CLOUSE: Weigand? What is that? Isn't that what you said?

DeKAY: That's Lewis and Clark Lake. Weigand Marina.

CLOUSE: Weigand.

DeKAY: That's the Weigand area on the Nebraska side of the river.

CLOUSE: OK. Thank you.

BRANDT: Senator Raybould.

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RAYBOULD: You know, I'm looking at the fiscal note, and it, it doesn't list the numbers on the fiscal note. And is there a reason why it doesn't list the numbers?

DeKAY: Well, right now, if I recall right. And I think you can probably-- under-- you saw the same numbers I had, that there's approximately \$85.1 million left in that fund. And so, the, the intent originally was to sweep-- not by me, but it was going to be swept and leave us about \$40 million left in that to split up between the 3 locations.

RAYBOULD: OK. Thank you.

DeKAY: And those-- I'd-- like I'd say, those numbers aren't exact because they vary from-- kind of from day to day to-- with the intent of what we want to try to accomplish at all 3 locations.

BRANDT: OK. Let's see who we've got for testifiers.

DeKAY: Thank you.

BRANDT: Yep. Proponents. Welcome.

JIM SWENSON: Good afternoon, Chairman Brandt, members of the Natural Resources Committee. It's a pleasure to be here. My name is Jim Swenson, J-i-m S-w-e-n-s-o-n, and I presently serve as the deputy director for the Nebraska Game and Parks Commission, 2200 North 33rd Street, Lincoln, Nebraska, 68503. Game and Parks supports LB480. And thank you, Senator DeKay, for the great history and background on the STAR WARS project that presented the opportunity for us, Game and Parks, to do some great investment on, on critical park areas in the state of Nebraska. We're excited about the opportunity when we received this, this opportunity, and we moved pretty quickly. We started to initiate design work for the Lewis and Clark marina, up there at Weigand, that portion of Lewis and Clark State Recreation Area, and made great progress. We also initiated design process for the group lodge conference facility at Niobrara, as well as the McCona-- Lake McConaughy marina project. As we moved through that process, we quickly achieved a level of design for Lewis and Clark. We were able to push that project forward to the Corps of Engineers for a review and that's presently where it remains at this point in time. That particular project has had the most intense work done with it when we talk about economic impacts. HDR, who was the firm who did the initial concepts for, for these projects that identified in their

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report that the, the marina complex at Lewis and Clark could potentially generate, with 675 slips, approximately 8-4-- \$8.4 million of regional impact. We've looked at that number. Now, we've reduced scope already in the project and we're down at about 425 slips at this point, partially to help maintain budget expenditure a little bit. But we still, when we look at the formulas they used, numbers they presented, we project about a \$5.3 million regional impact. And if you drive up that landscape any time here recently, you notice that there are storage buildings being constructed, new campgrounds. Folks are banking on, on the fact that this project is, is going to come to reality, so there's a lot of activity taking place up there. In addition, when we started our design process, we created a market analysis and an operational plan to make sure that we, Game and Parks, would be able to manage this facility. So that, that, that analysis was completed. It presented a number of scenarios that we could consider, scenarios where we operate it ourselves or we involve some level of concession operations. We've chosen one of those scenarios that incorporates a concession operation to cut down on some of our overhead expenses, plus create economic opportunity for someone on a competitive bid process. We look-- looking at those numbers in the first 3 years, we can project anywhere from \$1.2 to \$1.4 million extra revenue above our expenses, which helps us to maintain that facility into the future. Now we're going to take a harder look at those numbers to spread it out over a little longer term to see if that holds true, but, but it looks promising. The other 2 projects, we took-- carried to a 30% design, that, again, be in the group lodge at Niobrara State Park and the marina at, at Lake McConaughy. The marina at Lewis-- at Lake McConaughy became a huge challenge. Lake McConaughy is the only inland reservoir in the United States. We learned it carries a 12.5-foot-high wave under windy conditions, so we were very limited in where we could put this project on the landscape, to deal with the 65-foot water fluctuation that occurs, ice that occurs, so on and so forth. We tucked it into a bay that was somewhat protected, bolstered the protection in the design. The result was we would only get about 110 boat slips with that project, so we had to change, change direction there, and, and it wasn't feasible for us. The group lodge at Niobrara, of similar consideration. At the 30% design, we were able to identify we're running out of budget dollars to carry all these to completion. So, we have reduced the scope at Lewis and Clark. We, we like LB480 because it creates some flexibility with remaining funds to perhaps do some other projects, as the Senator identified, and we've had conversation with local stakeholders on that. So we do recognize that the funds are under review. We'll see how the funding

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recommendations play out and what's available, and we'll move forward accordingly on a fast track to get, get those dollars invested as possible. Thank you, and I'm happy to answer any questions you may have.

BRANDT: OK, let's see what we've got. Senator Raybould.

RAYBOULD: Thank you so much for being here and, and providing all this really helpful information. So with the Weigand boat slip, what percentage of the design work is completed and are you already out for bids on the project?

JIM SWENSON: Good question. We're at a-- I'd call it a 99% design, and we submitted that to the Corps of Engineers. The Corps of Engineers actually owns the property up there, so we have to work very closely hand-in-hand with them, and they handle all the review process for the permits. They have that now and are in the final review stage for it. We're hoping that that comes through that review here in the next month or two. We're hopeful for that-- optimistic. They've had it for a year, so hopefully it comes to completion. If that happens, we'll move to the bid process very quickly, probably looking at a late summer/fall bid, but hopefully end construction in 2026.

BRANDT: Yeah.

RAYBOULD: And I know we had mentioned that there were some cost increases that probably pushed the project out a little bit more. I know you said it's a 20-year return on investment, but with additional cost increases, could you talk a little bit about those and what, what was the cause of the cost increases?

JIM SWENSON: Sure. You know, it's the con-- you know, when the original concept design was created by HDR, it was nothing more than a picture on a piece of paper. And I, and I don't think there was a deep dive done into what the actual budget for these projects would be. That project was initially identified in one of the preliminary fiscal notes at about \$41.5 million, if I remember. When we started getting the information back on-- as the design process played out, we immediately see that it started at much higher than that. And with, with the changes that we made with the parking to accommodate the growth and the number of boats and folks that are going to be there, we ended up at the \$55 million mark. So it's a series of design elements, plus construction costs have increased dramatically. And we're in a remote location to some extent, so that makes it a little

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more difficult to get a number of bids in a competitive process. So, good question.

RAYBOULD: Thank you.

BRANDT: Other questions?

JUAREZ: I have a question, please.

BRANDT: Yes, Senator Juarez.

JUAREZ: So I don't watch the news every night. And you might not know the answer to this question, but are we assuming that the staffing is going to be there at the Corps of Engineers to approve these projects that you're discussing today?

JIM SWENSON: You know, that is the greatest mystery of our time right now. So I-- you know, I don't know. I know that they started reviewing in DOD today. I can only hope that it will not impact us, so.

JUAREZ: Another eternal optimist.

BRANDT: Other questions? I guess I've got a couple. Do we destroy the old marina when we build the new one?

JIM SWENSON: Yes. A lot of the old marina goes away because we need to make way for ch-- we need to change the access into the bay to facilitate boats better, have a wider ramp system, and then create more parking opportunities, so the old building would, would be replaced. Yes.

BRANDT: So will there be slips for day-boaters?

JIM SWENSON: You bet. There will be. You know, the 425 slips that we have, a large portion of those are annual rental, but we did maintain some for daily use, as well. In addition, we have some jet ski/wave runner type slips incorporated into the design.

BRANDT: So how does that compare to the South Dakota side? They have a big marina over there.

JIM SWENSON: It puts us right on par with South Dakota, so.

BRANDT: I like it. And then I guess the last one, I remember from taking that tour, you or somebody was telling us how long these slips have been in certain families' hands. Could you enlighten us on that?

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JIM SWENSON: Yeah, it's-- you know, it's a great tradition, you know. It's great to be popular. And that reservoir is tremendously popular. We draw-- we have a huge draw from all around the region. Some families, to accommodate the boats they have, they rent these slips on a regular basis. They, they pass that down from generation to generation. It's created an extensive waiting list for us. We capped the waiting list a number of years ago at 100, simply because we didn't know if we'd ever see enough turn around on that list. But there-- there's a proud tradition. People love to come to that reservoir. It's kind of Nebraska's version of a fishing/boating resort, if you will, similar to what you experience in Minnesota and other locations. So, very popular, very high demand.

BRANDT: So, so how many slips typically open up in a year's time?

JIM SWENSON: Oh, gosh. They probably only have a turnover-- I'm going to guess maybe a dozen, maybe-- in a good year of turnover.

BRANDT: OK.

JIM SWENSON: We have 120 slips right now. That's, that's all we have to offer at this point in time.

BRANDT: All right. Senator Hughes.

HUGHES: That just led me to one question. How much does a slip rent for, for the year?

JIM SWENSON: Well, we haven't finalized that yet, but it'll be a little bit higher than where we're at right now. It'll have to be, in order to generate that return on the investment.

HUGHES: Thanks.

BRANDT: I don't see any more questions. Thank you.

JIM SWENSON: Thanks for the opportunity.

BRANDT: Other proponents. Any more proponents? Any opponents? Any opponents? Anyone in the neutral capacity? Neutral? Senator DeKay. And while he's walking up here, we had, on LB480, no proponents, 1 opponent, no neutrals on the online comments. You're welcome to close.

DeKAY: Thank you. Just a couple of things to clean up before we close on this hearing. Senator Raybould asked about the fiscal note-- if

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we're looking at the same fiscal note. It reflects that no balance is because the bill simply expands the spending authority to the Game and Parks can have to spend down the Water Recreational Fund. When it comes to slip availability, it might be easier to get Husker football or volleyball season tickets than it is to get those boat slips. And talking to-- what Senator Hughes, you asked about, I've talked to people that have boat slips up there. And one person said it costs 10,000 bucks before he puts a boat in the water. And I said, well, what's the average? And he said the average he would say, would be close to \$10,000. There are boat slips going for 5,000 bucks, up to people-- multi-thousand dollars, like \$20,000-25,000. So, the average-- so if you figure that out at 4 point-- 420 boat slips at \$10,000, that's \$4.2 million worth of revenue coming in. Plus, you look across the lake up on the bluffs, you see a lot of homes on the South Dakota side of the river that are owned by the people from Lincoln and Omaha. And this would be a great opportunity to start having those houses being built on the Nebraska side.

BRANDT: OK. Let's see what we got for questions. I know Senator Hughes had her hand up.

HUGHES: So if I rent a boat slip, I pay \$10,000-15,000 a year to rent that. And then if it's making \$4-ish million, is that-- is this-- I mean, is this like-- can you make money on it? And then as you make money, build more slips, or is this a one-time thing?

DeKAY: Well--

HUGHES: This is a whole industry I know nothing about.

DeKAY: One thing about it-- number one, when you're talking boat slips, the person I talked to has a jet ski and a boat. So before that person puts a boat in the water, it's \$10,000 that they're spending for that. And that boat stays in the water. And-- but that's a large boat. And so, it doesn't-- you just don't back up to the dock and take it off the trailer.

HUGHES: Yeah, you don't have to drive it in and everything.

DeKAY: Exactly. You gotta take the people to bring it in and off. But-- so there are people that-- day boaters up there. Obviously, they're probably just going to pay a park fee, and if there's rent on using the boat docks and probably renting a boat slip for the day, whatever, so those are going to vary. But if you're a permanent boat

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slip owner, that's basically what the-- they said the average cost would probably be.

HUGHES: Do you know what it costs to build one?

DeKAY: That would be a question--

HUGHES: Oh. I'll get that later. OK. Thanks.

BRANDT: OK. Senator Raybould.

RAYBOULD: Senator Hughes asked my question. Thank you.

HUGHES: Aww, I'm sorry.

DeKAY: You want me to answer it again, then?

BRANDT: Senator Clouse.

HUGHES: No, I heard you the first time.

CLOUSE: Yeah. So thank you, Senator Brandt. So Senator DeKay, so you know, that kind of money for renting a boat, so like 10 grand. Are these the same people that complain about property taxes so that we rob and swipe from those funds to build more slips so they can pay 10-15 grand? You don't have to answer that.

DeKAY: [INAUDIBLE].

CLOUSE: The answer is yes.

DeKAY: The person-- no. The-- that, that isn't the right-- and the person I've talked to about it is-- knows the financial situation here. And so, yeah, everybody wants property tax lower, but they're not-- they know the situa-- financial situation area. And so, they're willing to pay for their recreation and pay for the properties they have, so.

BRANDT: OK. Any other questions? I guess I just have one, and maybe you can explain this to the committee. When I was up there-- if you've never been to Lewis and Clark Lake on the Nebraska side, it's like the Rock of Gibraltar. There is no beach. You cannot walk along the edge. And my understanding is that this new marina will be a breakwater built out into the lake. Can you expound on that?

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DeKAY: Part of that is right. It's-- you know, you have your valleys that go down, and where Lewis and Clark Marina is, is in a valley. But to expand it, you have-- they have to build out into the breakwaters and have some protections built in by the Corps of Engineers. So that's been kind of the hold up on that. But yeah, this gives Nebraska excellent opportunity to start with the development on the Nebraska side. So I think this shows a lot of economic value to me, to be built. So.

BRANDT: OK. With that, we'll close the hearing on LB480. Thank you, Senator DeKay. And Senator Lippincott's bill is next, and that is LB548. Yep. There it is. Welcome.

LIPPINCOTT: Thank you, sir. Good afternoon, Chairman Brandt, Natural Resources Committee. My name is Loren Lippincott, L-o-r-e-n L-i-p-p-i-n-c-o-t-t, and I represent District 34. LB548 proposes allowing large industrial customers to participate in prepay transactions by partnering with political subdivisions that own and operate natural gas systems. This collaboration would include significant natural gas discounts for large industrial consumers, additional revenue streams for municipalities, and enhanced economic development opportunities for Nebraska. So this is what the bill does: (1) The IRS provides a tool for public natural gas systems to issue tax-exempt debt to purchase future natural gas supplies, which provides a discount on the gas price. This is called a gas prepay. Right now, industries cannot take advantage of this without being within a municipal service area. (2) Cities/municipalities would now be able to enter into long-term contracts with large industries where the gas price discount is shared between the industry and the public gas system. (3) It will allow large industries that are not customers of any investor-owned or publicly-owned gas system to take advantage of the discounted gas price. It also provides funds to the city, through the discount, which can reduce the need for more property taxes, sales tax, or utility rate increases. This can be done without taking customers or sales away from anyone. And it's interesting to note that Black Hills is an investor-owned, and would not be affected by this bill. I also wanted to point out to-- the fiscal note, as it has no impact on the state level. So this can be a great benefit for our municipalities. By passing LB548, Nebraska communities can offer a compelling incentive for industries to establish operations within the state, fostering economic growth and benefiting both municipalities and industrial consumers. Ready for any questions, sir.

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DeKAY: Thank you. Sorry about that. Is there any questions from the committee? Senator Hughes.

HUGHES: Thank you, Senator DeKay. Thanks for bringing this, Senator Lippincott. So I'm just a little confused by point 3, because it says that this will allow industries that are not in a municipality gas company-- they, they can opt into that. But currently, they're using gas from someone, so how is that not sales away? Because if, if, if I'm a big industry, I'm "Hughes Brothers" and I'm outside of the city. I'm paying someone for my gas. Now I'm going to jump in and get the city one. I've just removed my service from whoever had me before, right? So how do-- how can you say that, I guess? How can-- this is done without taking customer sales away from someone.

LIPPINCOTT: This whole entity currently exists. What it does is it changes the area of service in order to com-- to com-- to com--

HUGHES: So you're redrawing a service area.

LIPPINCOTT: Say again?

HUGHES: You're redrawing service areas.

LIPPINCOTT: Correct, to comply with IRS. That is correct.

HUGHES: So, so then you are taking away-- I mean, if you're redrawing the service area, you're now removing part of that service area from-- if it's A and B, if you're taking part of A and putting it into B, you've just removed it from A. Right?

LIPPINCOTT: The architect of this is sitting right back here.

HUGHES: I'll ask next. OK.

LIPPINCOTT: Yep. Chris Anderson, he came up with this. And this would be a benefit not just for Central City, but there's about 14 different cities, Fremont, Hastings, Nebraska City, Wahoo, that would benefit from this. And for instance, Central City, the size of 3,000 people could benefit up to approximately \$500,000, \$0.5 million, per year. It's just simply through competition and prepaid gas.

HUGHES: If I can ask a follow-up.

LIPPINCOTT: And--

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HUGHES: How-- who draw-- who drew the original service areas? Where did-- how, how is that done? OK. I'll save these later. Perfect.

LIPPINCOTT: I don't want to tell you anything that's not 100% accurate--

HUGHES: Yep. Great.

LIPPINCOTT: --or guess. And he also has a little diagram that makes it a little simpler, not on the handout that I gave you but one that will be given to you. And it should kind of help guide you through that whole process. Chris Anderson, back here, is our city administrator. And he came up with this, which is done in other states, not all states, but some states that they've been benefiting from this. And this would greatly help some towns save a lot of money.

BRANDT: OK. Senator Raybould.

RAYBOULD: Thank you very much. This is very interesting. Can you tell us a little bit more about the IRS tool and help us understand why it's not even referenced in your bill? You're pointing a finger at someone else. OK.

LIPPINCOTT: Yeah.

RAYBOULD: OK.

LIPPINCOTT: I don't want to tell you anything that is not clear.

RAYBOULD: OK.

LIPPINCOTT: And so, Chris would probably be best to answer that.

BRANDT: Senator DeKay.

DeKAY: Thank you. Thank you, Senator, for being here. You said there was approximately 14 other cities that could benefit from this-- or how many? It doesn't matter the number. My question is, do any of them have existing natural gas pipelines going to those cities already?

LIPPINCOTT: They do. And as I mentioned, there with Senator Hughes-- for instance, sen-- the, the towns that can benefit from this are towns that actually own their-- the gas service. So Central City owns theirs. What this would simply do is it would just change the

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boundaries from which the service would be permitted. So the answer is yes. There are cities that currently have this.

DeKAY: Do all the cities own their own infrastructure?

LIPPINCOTT: No.

DeKAY: So that-- that's the question I'm getting to. If a company comes in and builds infrastructure, how are they, how are they able to recoup their costs for putting that infrastructure in the ground?

LIPPINCOTT: Well, as, as you know, oftentimes with a lot of these utilities, they're, they're already established. It's just that different companies can purchase those utilities that are currently in existence.

DeKAY: I'm, I'm, I'm not fully aware of how, you know, natural gas works with my-- education in this comes from the electric side of it with the infrastructure stuff. So that's where my questions are coming from with that. So anyway, thank you.

BRANDT: Senator Clouse.

CLOUSE: Yeah, thank you, Senator Brandt. I think what this is referring to is not taking the supply off of their system, but it's just a contractual obligation to purchase. Correct?

LIPPINCOTT: Yes.

CLOUSE: So you're not-- so the city-- Central City is not serving it, so it's not on their, their supply. This is more of a, a purchase agreement to help share the purchase price of a large volume of gas that's probably served off a wholesale pipeline, is what I'm guessing.

LIPPINCOTT: That is correct. Yes, sir.

CLOUSE: So it's not, it's not like the electrical system where you're, you're extending the, the system.

DeKAY: All right. Thank you.

CLOUSE: It's just a contractual purchase agreement.

LIPPINCOTT: That's correct. Yes, sir.

BRANDT: Senator Raybould.

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RAYBOULD: So I'm trying to wrap, wrap my hands around a, a political subdivision who maintains and operates their own gas system. How can they contract out-- outside their political subdivision? That would be like a county, county entity being able to-- wouldn't they have to contract with a political entity-- say, if we're talking about Central City. And then, outside of Central City is in a political subdivision geographical area, I don't know how they can have authority to, to contract out for something that's outside in the county. That seemed like it would be-- unless those facilities and gas lines are servicing the entire county. So maybe-- can you help me figure that one out?

LIPPINCOTT: Well, again, what this does, is it does-- it, it-- the way the bill is written, it's written so that it keeps the guardrails fairly narrow. And it's limited-- as you actually read the full text of the bill, it is-- it limits the service as to the BTUs that's being offered. So it's not going to just extend its tentacles everywhere, but it's redrawn so that it's not being limited as to what it is right now, in order to get the tax benefits of prepay services.

RAYBOULD: So do you think it's clear enough to you to, to be able to discern that? To me, it doesn't spell it out clear enough.

LIPPINCOTT: I do. Yes.

RAYBOULD: OK.

BRANDT: Other questions? OK. Let's see who we have for testifiers. Are you going to stick around to close?

LIPPINCOTT: Yes, sir.

BRANDT: OK.

LIPPINCOTT: Thank you, sir.

BRANDT: Proponents. Welcome.

CHRIS ANDERSON: Thank you. Senator Brandt and members of the committee, my name is Chris Anderson, C-h-r-i-s A-n-d-e-r-s-o-n, and I'm the city administrator in Central City. People often say that government should run more like a business. They say that we should be more entrepreneurial and should find creative ways to generate new revenues that are not dependent on sources like property taxes. That's what this bill is all about. Publicly-owned natural gas systems around the country routinely utilize a tool called a natural gas prepay. A

prepay transaction issues tax-exempt debt to finance the purchase of future natural gas supplies. The transaction captures the spread between the taxable and nontaxable bond rates to create a financial benefit that is shared between the public entity and its customers. Recently, that ran-- that spread has ranged from \$0.30 to \$0.60 per unit, meaning that if the current market price for natural gas is \$3 a unit, the actual cost within the transaction is \$2.40 to \$2.70 a unit. When a city enters into a prepay arrangement with a large industrial customer, that discount is typically split evenly between the industry and the city, providing significant financial benefits to both. Our city was recently approached by a large industrial facility in another part of the state about entering into a prepay transaction with them. They want to realize the same prepay benefits they receive at their plants in other states. They need a municipal partner in Nebraska to do that. They are not inside any city, they are not a customer of any investor-owned or municipal gas system, and they purchase their gas in the market directly-- for delivery directly off the pipeline. This bill would allow Central City to recognize the footprint of this industrial facility as being within our service area simply for the purpose of entering into the prepay transaction. The Internal Revenue Service, Service regulations that govern prepay transactions say specifically that a potential customer must be in, quote, an area recognized as the surface area of this-- of such utility under state or federal law. That is our request with this bill, that we recognize such an industrial facility as being within our service area under state law, only for the purposes of a prepay transaction. This bill introduces some guardrails to keep this authority narrow. First, the facility would need to be large and consume at least 3 billion Btu's of gas per day, which is equivalent to 3,000 MMBtu. For comparison, a household might use 1 or 2 MMBtu per day for heating in the winter, so these are very large. Second, a contract of at least 2 years is required to ensure that this isn't some short-term marketing strategy. Third, the industry cannot be a customer of any investor-owned or government-owned gas system. We're not trying to take business from anyone. We are not taking anyone's existing customer. We are simply taking advantage of an opportunity that does not take \$1 out of anyone's pocket. If the industry is working with a gas marketing company or a supplier, they could remain in place and the city would simply become a layer in the transaction. We have no intention for this bill to financially harm anyone, simply to add value. Businesses and farmers routinely look for provisions in the tax codes that will benefit their operations. That's just a part of doing business. This bill would allow the city to utilize a tax provision to our benefit,

just like any business would do. It allows us to capture the funds that will benefit the industry and make them more competitive in their marketplace. It provides funds that the city can plow back into critical infrastructure improvements without raising property taxes, imposing a new sales tax, asking the state for any funding, or raising utility rates for our residents. And in response to a previous question, our intent would be to take funds from a transaction like this to put into infrastructure improvements. So-- oh, my light is yellow, so I'm going to-- we would respectfully request that you advance this bill to provide a creative tool for addressing the revenue needs of our city. Thank you for giving me the opportunity to speak.

BRANDT: All right. Let's see what we've got for questions. Senator Clouse.

CLOUSE: Yes, thank you, Senator Brandt. Chris, I'd like some clarification, because I'm a power guy, not a gas guy. So the jurisdictional service territories- or areas are different than power designated service territory. Correct? So when you have a service area that's just basically in your community, this is the area you're going to serve, is that protected boundaries?

CHRIS ANDERSON: They are not, to my knowledge. The city-- to my knowledge, we can, we can serve our current service area and the areas that are not currently served.

CLOUSE: Right. And so there are areas in the state that have no jurisdictional boundaries around them. So you could have a customer in an area-- in the, in, in the power realm, there's always service territory, but that's, that's not the case in gas. So you could have an area that's out there that nobody really has jurisdiction. So if they want to go in there, wherever they want to buy their gas from is contingent on where they're at with the gas supply. Is that correct?

CHRIS ANDERSON: That's my understanding, yes.

CLOUSE: So what you would do is if they're in that area and nobody else has a right to claim it, you can say we'll work with them, we'll work on our purchase power wholesale pricing, and you'll split, you'll split the cost, it lowers your cost, lowers their cost, and you reinvest in your system. So that's the advantage to the city. Is that right?

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CHRIS ANDERSON: Yes, Senator, there are, there are some very large customers who have gas trading desks within their operations, which means they need to employ their own strategies on how they're going to acquire gas, through hedging and, and things like that. And this gives us an opportunity to become a layer in that transaction. [INAUDIBLE].

CLOUSE: And I guess my point is that let's don't get caught up on protected service territory on, on power side, because the gas side's a little bit different. Is that right? I mean, I've never run a gas system, so I don't know.

CHRIS ANDERSON: Yes, Senator. That's--

CLOUSE: OK. Thank you.

BRANDT: Senator Hughes.

HUGHES: OK. So I also am a little bit confused with the gas world here, too. Answer me these specific questions. Where-- I know where Central City is, where is this large facility located? Like, how many mile-- it doesn't [INAUDIBLE] where. How many miles away from Central City? Just curious.

CHRIS ANDERSON: It's quite a distance. I've asked the industry a number of times if I can identify them and they've asked me not to identify.

HUGHES: But are we talking over 20 miles away?

CHRIS ANDERSON: Yes.

HUGHES: OK. So-- and there are twel-- I got a series of questions. Is that OK?

BRANDT: Yeah.

HUGHES: Yeah I heard before-- shh-- 12 to 14-ish municipalities do their own power.

CHRIS ANDERSON: So there's about 15--

HUGHES: Or not power. Gas.

CHRIS ANDERSON: There's about 15 that own and--

HUGHES: 15.

CHRIS ANDERSON: --operate their natural gas.

HUGHES: So, here's my question. What stops facility-- industrial facility from saying OK, hey, Central City, what kind of deal are you going to give me? We're going to split it 50/50. And then, they're like, hey other city, Central City is giving me 50/50. What if you give me-- I'll give you 40 and I keep 60. And they're like, oh, yeah, we're going to get that from Central City. Do you know what I'm saying? I don't-- like-- what is stopping somebody from doing that in-- to their benefit?

CHRIS ANDERSON: I'm, I'm not sure that you could stop that. But there are IRS regulations that require that the city receive a minimal amount of the benefit. So we couldn't, we couldn't go in and say, we'll give you 80 if you give us 20. You couldn't get to that low of a don-- of a number.

HUGHES: OK. And then-- so then that kind of leads me to why do you, why do you guys get this tax-exempt thing? Like, just explain that to me a little bit. Sorry. Like, why are you guys able to offer that?

CHRIS ANDERSON: As a publicly-owned utility, as a government-owned utility, we have the access to tax-exempt borrowing.

HUGHES: OK. So then my next question is this facility, who, who are they paying for their gas today?

CHRIS ANDERSON: Sure. They're buying gas on the market with their own staff. So somebody on their staff will buy it every day, gas for delivery to their plant. And they have the ability to buy that from whoever they'd like. And so sometimes, they'll--

HUGHES: So they're playing the market a little bit.

CLOUSE: They're playing the market.

HUGHES: They might buy it from here or there or whatever. OK.

CHRIS ANDERSON: And they could hire a company to do that for them, they could contract with a company or-- there's a lot of waste.

HUGHES: I think that's it. Thank you.

BRANDT: Senator Conrad.

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CONRAD: Thanks. Thank you so much for being here. So maybe this is too simplistic of an example, but is this kind of like gerrymandering for electrical utilities that we're just going to draw the lines wherever. We want to, to secure a benefit for your municipality or the, the natural gas utility that you have that, that wouldn't exist otherwise?

CHRIS ANDERSON: Yes. You know, .

CONRAD: OK.

CHRIS ANDERSON: It's probably a little bit more than gerrymandering--

CONRAD: OK.

CHRIS ANDERSON: --because it doesn't have to be physically connected.

CONRAD: OK. Is there any limitation on where the industrial user can be at? Just anywhere in the state of Nebraska or--

CHRIS ANDERSON: Yes, Senator. That's the way it's written.

CONRAD: OK. Very good. Thanks.

BRANDT: Senator Raybould.

RAYBOULD: You know, the-- my question about, you know, you referenced the IRS as a tool, and-- but there's no mention of it in the draft. You know, it's like you open up any political subdivision which owns and operates a natural gas system. And then I would probably put in, and pursuant to IRS code, yadda, yadda, yadda. I mean, that, that gives it a little bit more credence because you're relying on an IRS code. And the other question, like-- well, go back to that. How come you didn't mention IRS in the draft? Is there a reason?

CHRIS ANDERSON: I don't specifically know the answer to that. We are working with an attorney with a firm called Orrick in San Francisco, who issues the tax opinion on, on the bonds. And this is the language that he told us would be compliant with the IRS regulations, so it-- it's upon the advice of that attorney.

RAYBOULD: So you're saying that this potential large-use customer can use your bonding authority for the infrastructure improvements or, you know--

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CHRIS ANDERSON: So they cannot use ours. But there is an entity that we would partner with, who would be the issuer of the bonds and the pers-- and the administrator of the deal. And so we do an agreement with them as a third party. The party that we partner with is called Black Belt Energy. They're located in Alabama. It's a public entity run by a few small cities there. They issue the bonds and structure the, the benefit.

RAYBOULD: OK. And then, so who currently has oversight of all the public gas systems in our state of Nebraska? What entity?

CHRIS ANDERSON: I think all of the gas entities are locally governed and overs-- have local oversight.

RAYBOULD: So there's, there's no oversight commission that would review to make sure that as a municipal-owned public utility, that you're in compliance with-- I know we-- we're-- I'm trying not to get hung up on the geographical area. But to me, it seems like interesting, like if you're in Central City, why-- what would prohibit you from procuring something similar for maybe Scottsbluff, unless Scottsbluff is listen-- listed here. It's not. So what restricts you from doing something like that?

CHRIS ANDERSON: So this would not. We are attempting to utilize a tool that is not available to most of these industries because they're not under a municipal jurisdiction. And so we want to be able to utilize the tool without taking somebody from-- something from somebody else. But yes, the way this is written, we could go a long ways, geographically.

RAYBOULD: So could you tell us a little bit-- I think, in your remarks, or maybe it was in Senator Lippincott's remarks, you referenced some other states that are, are utilizing this technique of providing the discounted rates to large industrial users. And so if you could talk a little bit about that and why would a large industrial user-- what would be the needs of that large industrial user?

CHRIS ANDERSON: Sure. So prepay transactions happen around the country. Typically, for instance, the city of Central City is currently in-- a part of 4 different prepay transactions in cooperation with other cities, and that gas is used to serve our customers in Central City. What differentiates with this bill is that we would have the ability to go to another location to do the same

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thing. But around the country, there are cities that do this in a variety of ways. I think some of the more creative ones are in Louisiana and Mississippi, but in other states there are groups that come together to issue prepay transactions. And it's done with groups, because these are so large that typically, one entity can't do it by themselves unless, unless they're large. So if we do a transaction, it's probably going to be combined with a factory in Louisiana and a plant in Georgia and, and combined into one big transaction. I think I drifted on you a little bit there.

RAYBOULD: I think-- I don't know if you answered both questions or not. But you're saying that in Louisiana, is one state where it permits this type of activity.

CHRIS ANDERSON: They've created structures that, that allow it. Yes.

RAYBOULD: And the second question was talk about some of the large industrial users. This is, I think, for Central City, you were referencing a potential--

CHRIS ANDERSON: Yes.

RAYBOULD: --large industrial user. So help us understand some of the big, large industrial users. You gave a, a comparable situation on a household. But what, what would-- what type of large industrial user would need that huge capacity?

CHRIS ANDERSON: Sure. As an example, in Central City, we have Green Plains ethanol plant. They have their own trading desk. They don't-- they're in our city limits and they don't buy gas from us because they wanted to have the flexibility to purchase it the way they wanted to purchase it. And that's the type of industry we're talking about trying to target here. It's going to be a scale of an ethanol plant or significantly larger. This is not intended for a small, a small customer or it's not intended for us to try and reach out and gain service areas so we can spread and, and, and put tentacles from there.

RAYBOULD: OK. So just one more question. So doesn't that make you kind of in the natural gas business--

CHRIS ANDERSON: We are.

RAYBOULD: --for, you know, in getting the discount rates? But that means, you know, you're a competitor to, you know, the private industry?

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CHRIS ANDERSON: Yeah. Yeah, that's, that's what we very specifically wanted to address from the beginning of this process when we started writing, was that we were not a competitor. If, if these plants that we were talking about were within the service area of another investor-owned gas company and we were taking them or trying to use a prepay to cut a better deal, I could see that criticism. But in these cases, these industrial facilities have the ability and the right to go out and buy their own gas. And if they would like to get a benefit from us by participating in a prepay, it's-- it-- we see it as a win-win for both. I can see other perspectives.

RAYBOULD: So again, sorry. May I have one more question?

BRANDT: OK. One more.

RAYBOULD: So the contract is for 2 years. How, how-- when you go out for bonding authority, it's usually for longer terms.

CHRIS ANDERSON: Sure. We put in there that the minimum is 2 years. A prepay transaction is typically in the 20-30-year range.

RAYBOULD: OK.

CHRIS ANDERSON: And that transaction would expire upon the demand leaving. So if the business went out-- if the company went out of business, the transaction would end. But they're, they're usually 30 years in length.

RAYBOULD: OK. Thank you.

BRANDT: OK. Let's see if there's-- Senator DeKay.

DeKAY: Thank you. You just answered one question for me. But in section, the third section of what we said, we were trying not to take business from anyone. We are trying to-- we are not taking anyone's existing customer. So what does this-- if they are an existing customer, how is that different than-- and then what does that do to the, the company that, that you take over? And if you're there, if this company is X miles away from Central City, you answered it was a 2-year provision or a 2-year contract, basically, with the prepay, to make sure you have those customers on board for 2 years. So what, what-- is there any other protections built in to protect you going down the road?

CHRIS ANDERSON: To protect the city?

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DeKAY: Or-- what's that?

CHRIS ANDERSON: I'm-- are, are you saying to protect the city or to protect the customer?

DeKAY: Well, what, what, what-- do you have anything built in to protect you going down the road from some other city that might be closer to that facility that would say, we want them and we're going to give them a better deal? And I guess with what we're trying to-- wait. If I understand it, the way you're saving people money is being able to buy gas at a lower price plus using the tax provisions, right?

CHRIS ANDERSON: That's correct, Senator.

DeKAY: So that answers that. What part gives you protection, the 2-year contract on the prepay?

CHRIS ANDERSON: So when we enter into the Naisby [PHONETIC] contract with, with the industry, it has a, a term that's equal to the term of the, of the prepay. So they're-- they have an obligation of 30 years going into the agreement. I don't know if that addresses your question.

DeKAY: I guess, going one step farther, say, say if Black Hills is the existing provider. If they have contracts in place now, how long-- are those contracts upheld until they expire or is there a buyout on that, or how does that work?

CHRIS ANDERSON: We would not be eligible to approach that customer under this bill. We could not, we could not do a deal with them. This would, this would only be targeting an industry that's out buying their own gas on their own. Now, if they're-- if they have a supplier that they're contracting with, so there may be a company that they contract with that buys the gas for them, they can stay in place. We would just become a layer, so we would not dislodge that, that supply and gas company.

DeKAY: So if they have a 2-year prepay contract with you, they are not able to go out on the market on a day-by-day basis to bid in, like you do with electricity?

CHRIS ANDERSON: Actually, they would continue to buy gas the-- exactly the same way that they do now. So the gas would-- we would become a, a stopping point in the transaction. So the gas is flowing from this point to this point, it's flowing through us, and it's going back into

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the stream. So we're just a layer. They will buy their gas the exact same way they do--.

DeKAY: So they buy the exact same way they have been in the past, but it gives you an option to oversee the operation, the operation of moving that gas from point A to point B for 2 years?

CHRIS ANDERSON: Yeah, we're just a stopping point to, to capture the tax benefit.

DeKAY: All right. Thank you.

BRANDT: Senator Clouse.

CLOUSE: Thank you, Senator Brandt. So, so Chris, just to kind of, kind of understand this. There are-- this is already something that's allowed and being done within your own service territory-- service area. So all-- the only difference is this is somebody outside your service area, and the advantage is volume purchase. And that's what you bring back to the city for your discount or, or the benefit to the city is increased volume, lower price. Is that correct?

CHRIS ANDERSON: Yes, Senator. That's correct. We're hoping to capture financial benefit that we can use to not increase property taxes and not increase utility rates.

CLOUSE: All right. So it's already being done, and you're just the, the, the frontrunner to try this, so somebody else should have thought of it first.

CHRIS ANDERSON: I, I think people have thought about it.

CLOUSE: I'd agree to that. Thank you.

CHRIS ANDERSON: Yes, Senator.

BRANDT: I guess I've got a few questions. How do you limit the liability to the municipality? Because now you're dealing on the board of trade, I would assume New York and trading futures. And if you've ever seen that, there's always a risk to this. And I guess my concern is that you partner with this large utility and it's 10 times bigger than the gas that your city uses. Then all of a sudden, they wake up one morning and say, tough luck.

CHRIS ANDERSON: Yes.

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BRANDT: We're done with you guys. And now, you're on the wrong side on the board and the citizens of Central City are going to get hooked for these bonds, because it will be your taxpayers that are securing these bonds for this other company. Is that correct?

CHRIS ANDERSON: That's a great question, Senator. That's the, that's the number one issue that we address when we're evaluating the deal. So that's the third party that in the, in the chart, Black Belt Energy, they are our, our firewall on the bonds. So the language of the contracts are very specific that the only obligations that the city have are what's called the escrow account. So over the cur-- over the course of the year, the financial benefits that are captured for the city go into an escrow account. And if there's some sort of a catastrophic default on the bonds, the extent of the city's liability is whatever is currently in that escrow account. And that's very specific and very clear in the contract, that no obligations extend to the city beyond the financial benefits that are being held in reserve for us. And that-- and that's something that we spend a tremendous amount of energy making sure that that firewall cannot be breached.

BRANDT: OK. So looking at what you handed out in your-- I believe there's about 14 of you that run your own independent gas companies that can follow up and, and do the same things. Would it be wise to put limiting legislation in the bill, that says if Central City uses so many billion or million cubic feet-- you could do 2 times what you use on the annual basis. Because right now what's being proposed, there would be no limit to the liability to your, to your city. Am I reading this wrong?

CHRIS ANDERSON: I-- we wouldn't-- we would not. Our, our city council would not allow us to enter into a transaction that exposed the city to financial liability if, if the, if the deal went bad. We would not agree to that. I would not advise them to agree to that. The, the, the key provision to this is that we cannot have that kind of exposure, and that's the reason why there are multiple parties. Goldman Sachs, who we work with, absorbs a certain amount of that exposure if there's a default. And then Black Belt Energy is the issuer of the bonds, and they're the only ones who have an obligation to service the bonds.

BRANDT: So you feel the way the bill is written, you're protected?

CHRIS ANDERSON: Yes, Senator. I do.

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BRANDT: And then can you send to the committee the specific code-- section code of the IRS that authorizes you to do this? I would be interested in, in reading through that.

CHRIS ANDERSON: Yes, Senator.

BRANDT: Any more questions? I see none. Thank you.

CHRIS ANDERSON: Thank you.

BRANDT: OK. We're on proponents. Any other proponents? Welcome.

LASH CHAFFIN: Thank you. Good afternoon, Senator Brandt, members of the Natural Resources Committee. My name is Lash, L-a-s-h, Chaffin, C-h-a-f-f-i-n, and I'm with the League of Nebraska Municipalities. Today I'd like to offer the, the League's support of, of LB548. This seems like a tool that, that those 14 cities and villages that do operate their systems could use if they, if they, if they think this is an appropriate tool for them. And, and, and again, I'm gonna skip on to what I was going to say. There are 14 cities that own and operate the system. And they-- and some of those cities do serve other neighboring cities as well. So this, this is-- and it-- they range from sizable cities like Fremont and Hastings to Lyons and Pender. So it's a, it's a big continuum of who does run the natural gas system. And, and and I think Senator Clouse alluded to it but I'm going to go into a little more detail. Erase from your head this concept of the electric grid map. That-- this is, this is a much different situation with natural gas, with natural gas. Natural gas-- electric systems exist. There's-- it's 100% saturation. Somebody has to serve a customer. They're required to serve a customer somewhere in Nebraska. There's some utility that has the obligation to serve every customer. That concept doesn't exist with natural gas. If you grew up on a farm, you didn't have natural gas. You probably had a propane tank. There are sizable cities in Nebraska that don't have access to natural gas. Valentine does not have access to natural gas, you know, a size-- a fairly sizable city. So the concept-- the-- so the concept of service is a little more organic. It's kind of where the spiderweb of pipes is. It's not, it's not some state agency laying down stamp-- postage stamps of who serves what. It's a little more organic and it's fairly rare-- it's-- it does happen that the, that the pipes even abut each other. So these-- this-- kind of this concept of my customer versus your customer, it does pop up. It pops up outside of Hastings, and it pops up outside of Wahoo. But, but this, this concept-- outside of the metropolitan area, where there are specific service territories in the

metropolitan area. But outside of that-- it's, it's a little bit rare to have these sort of territorial disputes that exist in the electric industry. So, so the concept of service is a little different than we're, than we're used to. And as, and as far as customers go, the, the state or the cities, it's up to the, to the company. The state or the cities can regulate natural gas rates for residential and small customers. But when that rate sys-- used to be this was a long story. But the, the cities regulated all rates. And then that, that was-- there were litigation, all kinds of stuff. So eventually, that kind of moved over to the state with a city option. But, but at the time, large industrial customers, they didn't want to be part of the rate regulation. They wanted to cut their own deals and they didn't want anybody to know who their, who their supplier was. That was proprietary. So they're, they're not part of the rate regulation system. They're out on islands already-- ethanol plants, they, they, they do their own thing. So there, there's no one regulating those customers right now. And as a matter of fact, there's no one keeping track of who they're buying their gas from. So, so I think this-- what's being proposed by Central City seems fairly narrow in that it's those large industrial customers and, and the concept of service territory is a little different than we have in our heads what is related to electricity. So this seems to-- in my mind, this seems like a pretty narrow exception that can benefit industries and it can benefit the cities that, that own and operate the systems. And, and, and it's interesting. Some of the-- a lot of those cities are already in the market themselves. They, they all, they all have different purchasing strategies for their gas that they provide to their own customers. Some of them work together. Some of them have their own independent buying desks, some of them buy gas every day, some of them purchase storage and store gas. They all do it a little differently. Pender does it a little differently than Fremont. And they, and they, and they all, they all work with pipelines. So it's a matter of contracts is kind of how the gas system works. And that, that said, I think this is pretty narrow and I think it's a good tool that would benefit a lot of people. But I would certainly answer any questions.

BRANDT: Senator Raybould.

RAYBOULD: Just to follow up. So, so give us some of the examples of cities that have-- are any cities in Nebraska operating like this, as being proposed or no?

LASH CHAFFIN: I don't, I don't really understand the tool that they're, they're going to use. That, that-- that's a lot of financial

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stuff for me. But I, I-- and-- I'm not sure I can, I can answer that question, Senator. I don't think that, that anybody is using this tool. I will say, though, that cities do serve customers outside of the corporate limits.

RAYBOULD: So like Hastings, for example, probably can service Red Cloud. Is that-- I mean, that's far--

LASH CHAFFIN: In theory they could, if, if Red Cloud-- OK. Nebraska City serves multiple other villages. I think-- oh, I'm draw-- I'm drawing a blank. Fremont ser-- Fremont served Scribner and Hopper for a while. They sold those to a private gas company. I think they still serve Cedar Bluffs, possibly. So it's not a comp-- and I-- and some cities do serve rural customers, and they serve ag customers, too. Because it-- unlike the electric, unlike the electric system, there's not an REA waiting there to serve them. There's no one there to serve them. So if they want natural gas, closest, closest person providing it might be, you know, the city of-- the village of Pender. So.

RAYBOULD: So the way this is written, it's really focusing only on the large industrial users.

LASH CHAFFIN: That's a lot of gas. That threshold is a lot of gas.

RAYBOULD: So it's really pretty restricted, saying that they have to require at least 3 billion Btus. So, I mean, an ethanol plant, like they explained, is probably the likely suspect.

LASH CHAFFIN: Ethanol-- well, you know-- and there, there are other industries that use heating sources, intense heating sources. And they do exist throughout Nebraska. And, you know, and there-- so there, there could be, other than ethanol and [INAUDIBLE], there could be beyond the kind of ag production manipulation facilities, there are-- probably are other facilities as well, as well, but--

RAYBOULD: OK. Thank you.

BRANDT: Other questions? OK. Can a city hedge their gas now?

LASH CHAFFIN: I'm not sure if I know the answer to that. You'd have to talk to some of the attorneys. Well, hedging the gas, it's probably not the right term. Cities do pre-purchase--

RAYBOULD: Contracts.

LASH CHAFFIN: They do pre-contract. They do-- the terms are a little different than if I was to go out and buy orange juice futures. They use different terms. And, and cities do invest in storage. And you know, the storage might be in Louisiana or Kansas or Montana, for, for that matter. They, they do, they, they do-- and I don't know if hedging is the right word, but they do use a variety of financial tools to secure a gas sup-- a gas supply that has-- that's not, that's not, you know, sort of monot-- you know, it's not monotonous. It's sort of [INAUDIBLE], you know, it's not singular. It's--

BRANDT: So, so the advantage to the city would be if they use a billion and they can partner with somebody that has 10 billion, they go out and shop it to 5 or 6 different gas companies out there and say, I've got 11 billion Btus that needs to be filled for the next calendar year and they can get a better deal than just on their own. Is that kind of the gist of what we're doing here?

LASH CHAFFIN: I believe that-- that's a-- yes. That is a, a lot of the--

BRANDT: And the advantage to the corporation or the entity is the tax-free bonds.

LASH CHAFFIN: That could be. I'm not a, I'm not a tax expert. But there-- certainly, certainly that's probably part of the question.

BRANDT: But do you see my question about risk here, that you're using the citizens of a town--

LASH CHAFFIN: Yes.

BRANDT: --to issue tax free bonds that can be defaulted on?

LASH CHAFFIN: Sure.

BRANDT: OK.

LASH CHAFFIN: I, I do understand that. And, and perhaps, you know--

BRANDT: Is--

LASH CHAFFIN: --it's worth discussing with Central City's attorney.

BRANDT: Is this bill written soundly enough that those citizens are not going to be on the hook in the event of a default?

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LASH CHAFFIN: I, I hope, I hope so. I, I, I--

BRANDT: You hope or you--

LASH CHAFFIN: I did not-- I was not-- I did not participate in the drafting, so I'm, I'm not sure. But I'm here a little more for policy. But I think that's probably a, a legitimate discussion to have with Central City and--

BRANDT: All right.

LASH CHAFFIN: --their attorneys.

BRANDT: Any other questions? I see none. Thank you.

LASH CHAFFIN: Thank you.

BRANDT: Any other proponents? Welcome.

HANNES ZETZSCHE: Good afternoon, Senators. Thank you, Senator Brandt, members of the Natural Resources Committee. My name is Hannes Zetzsche, H-a-n-n-e-s Z-e-t-z-s-c-h-e. We represent Central City and helped to bring this bill forward. I, I can't say-- claim that I have personal knowledge drafting the bill myself, but we helped the city along the way. I don't want to belabor the points that have been brought up. I think a lot of really good points. This is essentially a bill to create a new revenue-generating mechanism for, for cities like Central City that have a natural gas system already in place. It takes advantage of a, of a tax provision. I know, Senator, you asked about which provision. It's 26 U.S.C. Section 148 (b) (4). I'm happy to forward that language around after the fact. It's an existing provision of tax code. It allows Central City and then this industrial oftaker to participate in the tax benefit of Central City being part of it as a publicly-owned natural gas supplier. It's not robbing Peter to pay Paul. It's, it's, it's really targeting these large, really large, 3 billion Btu industrial oftakers, but, but they wouldn't be going to an investor-owned utility, otherwise. They'd be on the open market on their own. And so this way they can, they can essentially maintain what they're doing with that added tax benefit. So it's essentially a lure for these, for these industrial oftakers to come to Nebraska and, and get this tax advantaged, natural gas supply. I'm happy to answer any other questions you have. Again, I don't want to belabor the points.

BRANDT: OK. Senator Clouse.

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CLOUSE: Thank you, Senator Brandt. So since you helped with this, that limit that Senator Raybould mentioned, is, is that something we shouldn't be looking at lowering? I'm guessing and, and this-- and maybe Senator Lippincott can address this, is that the right number, or is that number just to protect-- [INAUDIBLE] put it high enough so that you don't have people that don't know what they're doing try to get in the game?

HANNES ZETZSCHE: That you the 3 billion Btu number, is that what you're talking about? I think-- I, I, I, I, I, I need to just claim I didn't-- I wasn't-- not personally involved in drafting the bill. So I'm not sure that I can speak to that specifically. I think that was really targeted so that it really reaches this upper, upper crust, the, the really, really large industrial offtakers, the ethanol companies, primarily. I think. So I'm, I'm happy to discuss that number. Certainly.

CLOUSE: Thank you.

BRANDT: Senator Hughes.

HUGHES: You said this would attract people to Nebraska if we do the-- how many other states provide this?

HANNES ZETZSCHE: I, I was afraid you'd ask that. I don't have that number off the top of my head. I'm sorry. I'm happy to follow up, though, Senator.

BRANDT: Senator Raybould.

RAYBOULD: I'm, I'm sorry. I'm going to call you Mr. Z. I didn't catch your last name because you--

HANNES ZETZSCHE: [INAUDIBLE].

RAYBOULD: --you did it so quickly. But-- so, I guess, are you a bond attorney?

HANNES ZETZSCHE: I certainly am not. No.

RAYBOULD: OK.

HANNES ZETZSCHE: I'm, I'm-- yeah. Like, Senator Clouse-- I'm more on the energy side-- on the electricity side. And I, I dabble in natural gas.

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RAYBOULD: OK. And are you from Nebraska?

HANNES ZETZSCHE: I am. Yeah. I'm from here in Lincoln. Yep.

RAYBOULD: Oh, OK.

HANNES ZETZSCHE: Yeah.

BRANDT: OK. Any other questions? I see none. Thank you.

HANNES ZETZSCHE: Thank you.

BRANDT: Next proponent. Any more proponents? Opponents. Welcome.

JILL BECKER: Good afternoon, Senator Brandt and members of the committee. My name is Jill Becker, spelled J-i-l-l B-e-c-k-e-r, and I am the registered lobbyist for Black Hills Energy, appearing before you today in opposition to LB548. I'm going to cover at least a little bit of my prepared remarks and then I'll answer as many questions as I can. Contrary to what you have heard today, we firmly believe that this bill absolutely is a service territory issue. During the late 1990s and early 2000s, Black Hills Energy's predecessor and MUD, Metropolitan Utilities District, were involved in numerous boundary disputes. Several legislative bills were introduced over a period of years, commonly referred to as the gas wars, leading to passage of what was then referred to as LB78. That bill established a process for orderly growth of utility infrastructure and natural gas services. And that process was in front of the natural-- of the Nebraska Public Service Commission. That legislation established criteria for how MUD and now Black Hills Energy should resolve boundary disputes. For several years, proceedings before the Public Service Commission ensued with Black Hills Energy and its predecessors being successful in almost every proceeding, in-- including the court cases. Disputed boundary filings are still made with the Public Service Commission, as retir-- as required by the State Natural Gas Regulation Act. But there has only been one significant dispute in years. Municipalities were not included with the LB78 statutes, as, at that time, there was not as much ongoing territorial disputes. LB548 would change that fact, where the law would permit a municipality to go anywhere in this state, including because Metropolitan Utilities District is at least a quasi-municipal system to compete. And so this bill completely ignores all of that history. LB48 [SIC] would undo years of peace and orderly growth. And would it increase disputes within each municipality that attempts to extend its own city borders well beyond its current

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statutory limits? In fact, the Public Service Commission has refused to grant a competitive natural gas provider certificate to both MUD and to the Alliance for Competitive Energy, when each of those political-- public subdivisions attempted to serve natural gas to natural gas end users across the state of Nebraska. This type of expansion contemplated in this bill would cut-- would test the constitutional limits of a municipality's power to engage in private enterprise. To us, this bill is government versus private enterprise. It truly is. And all of the things that you heard about why government wants this, why a city wants to have these powers, they have advantages that a private entity does not, like those tax-free bond rates. We can't offer that. If they want to be a municipal-- to be like a competitive natural gas provider, then they should be required to do all the things that we have to do, to go before the Public Service Commission to get a certificate to serve. If they want to run like a business, they have to have the Public Service Commission weigh in on their rates and to have a public advocate advocating on behalf of customers. This bill provides none of those things in it. And to say that this bill has guardrails is simply not true. It is just very, very broadly written and would really encompass the entire state to be the potential service area for a municipality. We really do believe that this bill is taking something from someone else. Because even though this customer is probably large enough that they would have a contract with either directly with, you know, probably a transporter or a natural gas supplier, it probably wouldn't necessarily be directly with Black Hills Energy. There is most likely a private entity that would lose out on that. And if you were able to be part of that transaction and participate in a public bond at a lower rate, of course you would. Of course you would. But that is not the way that our system is set up. Municipalities are limited in their jurisdiction and they are limited in their powers for a reason. And the reason that Central City is asking for this bill is because the IRS safe harbor provisions require that this be within their service territory and that's why they need it. And we firmly disagree that they should be allowed to say that anywhere in the state is their service territory. I see that the yellow light is on. I would be happy to answer any questions that the committee may have.

BRANDT: All right. Let's see what we've got. Senator Raybould.

RAYBOULD: So thank you, Ms. Becker. I think you answered my question. Like what entity out there has oversight of public gas systems in Nebraska. And it's the Public Service Commission has the municipalities or their systems, as well as--

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JILL BECKER: I would say no. The Public Service Commission has jurisdiction over the, over the jurisdictional investor-owned natural gas utilities. I would agree with Mr. Anderson that for our public natural gas utilities, it is their board or city council, depending on how they're structured, that would have that oversight, not, not the Public Service Commission.

RAYBOULD: All right. Thank you.

BRANDT: Senator Clouse.

CLOUSE: Thank you, Senator Brandt. So Jill, the amount that's mentioned in here, you definitely would not go lower than that if, if we ev-- if this went through. Is that kind of what I'm hearing you saying, too? The 3 billion-- or I know you don't want it at all, but you definitely wouldn't want it lower than that?

JILL BECKER: So, Senator, there is a statute-- and I'm sorry. I don't know the number right off the top of my head, but there is a statute already that if a customer uses a certain amount of gas, they are, I think the statute says a large volume user. So, so I think this bill, I believe, is higher than that number already. So the ability for large users to-- as, as Lash stated, to do this contractually already exists.

CLOUSE: OK.

JILL BECKER: That part already exists.

CLOUSE: Thank you.

JILL BECKER: So-- but I'm not, like I said, I think this number in the bill was higher than the current statute.

CLOUSE: So you're still not conceding?

JILL BECKER: No, I'm not. I'm still opposed. Still opposed.

CLOUSE: Thank you.

BRANDT: Senator DeKay.

DeKAY: Thank you. When it comes to infrastructure, and that's what I got to wrap my head around, who-- the pipe-- gas pipelines running across the state, who owns those?

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JILL BECKER: Yeah. So there are pipelines that are owned by pipeline companies, like Northern Natural Gas, and we are more of a distribution company. So we would tap off of those pipelines and bring the pressure down for that gas and bring it into a community to serve. So if we bring that gas into the community to serve, we own that infrastructure in that town. And this is where I probably don't know enough of my history, Senator. But, you know, a lot of those towns were piped, probably 8-- well, just based on our agreements with cities, over 80 years ago, maybe even longer. So we own those. One of the differences that occurs, though, is that we don't have exclusive territory, and-- which is why are-- there are statutes regarding the prohibition on duplicate piping, for example. And if we are within a city, usually we have a franchise agreement with that city that lays out our agreement and kind of the boundaries of our relationship with them, and working within the city. Plus, a city has condemnation authority over our facilities. So-- and this has happened, a community can decide that they want to own that and they can condemn that system and own it. Now, we hope that doesn't happen, but in fact, it has. We've had a couple of communities condemn our system and now those are municipal systems. And we had a situation in Omaha, where Omaha annexed some additional territory and MUD is permitted to serve Omaha proper. And when that annexation happened, we were forced to basically sell, if you will, because we're not really selling, selling our facilities to MUD.

DeKAY: So, so I, I understand this right, you have your main pipeline that will say, run across the state or run along the highway. And then, a company like Black Hills will come in, tap off of that, and serve the city.

JILL BECKER: Yeah.

DeKAY: And so, if that pipe-- what you do goes into the town, city, whatever, however you want to classify it, and that's condemned, what's the process to bring it back up in a running condition again?

JILL BECKER: Well, hopefully, it's in good condition, right, because we have to comply with all sorts of safety requirements, and that would be a really long list of all the things that we have to do to ensure that our facilities are safe and in good condition. And then it would go through a condemnation proceeding. And I'm very thankful to say I don't know a lot about that because our attorneys would handle that, but that's the process.

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DeKAY: Black Hills owns infrastructure like going into the city. Is that--

JILL BECKER: Absolutely.

DeKAY: You're not a--

JILL BECKER: We serve 319 towns across the state.

DeKAY: You're not a gas company selling gas for [INAUDIBLE], right?

JILL BECKER: I, I feel like people use that term loosely. Are we selling gas? I, I guess kind of, because all, all of our customers are using natural gas, so we've got to have that supply there.

DeKAY: So you'd be more of a broker rather than the main gas company that's selling the product?

JILL BECKER: That is cor-- like, we don't sell the, we don't sell that product. That's true. Like, we are not a marketer, if that's maybe the term that you're looking for. We're not a marketer. We're not a broker. Like, we will purchase that gas from someone else. Does that make sense? And we purchase that on behalf of all of our residential customers, all of the customers, commercial and ag and small volume that, that we serve. Does that answer your question?

DeKAY: Yeah, yeah. Pretty much so. [INAUDIBLE].

JILL BECKER: OK.

DeKAY: We're, we're obviously [INAUDIBLE] like I said, not an expert on this at all, and that's why I'm asking some of the questions I am. If you are, if you are a gas provider, you can still sell the gas maybe at a reduced rate and still make financial gain from it?

JILL BECKER: So we, we do serve as a transporter for some customers. So they would purchase that gas from a gas supplier and-- but maybe transport it on our system. That's why they'd be called a transport customer. So, so that is a scenario that does happen. Absolutely. Yeah.

DeKAY: OK.

JILL BECKER: Yeah. Kind of depends on where that customer is located and who owns that infrastructure and yeah, those kind of factors.

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DeKAY: OK. Thank you.

BRANDT: Other questions? Senator Juarez.

JUAREZ: OK. I'm sorry. I'm getting so confused with everything that's being discussed. I'll admit right up front. So tell me again, what is the bottom line why you object to what's going on with this bill?

JILL BECKER: Yeah, it is government taking over private industry. It truly is. A, a-- we have a municipality saying we are going to cherry pick this customer, irrespective of any other, any other statutes we have in place.

JUAREZ: So, I mean, if, if this is going on in other states, right, that these transactions or however you want to word it, is this setup is happening to-- I mean, do you know, has there been a problem when the-- when this has been enacted? Is there a problem that we're not seeing right now today that could happen that will hurt us?

JILL BECKER: So I don't know if I can speak to how prevalent this is. I have heard that this happens in other states. I don't, I don't know that I can say it happens a lot or it happens rarely. I don't know. If I had to make a-- an educated guess on how those can work in the other states, it is because they have service territories. It is because they have a regulatory body, and they probably have both investor-owned and municipal systems under the jurisdiction of them. And that's how they would decide these issues of-- that serve-- you know, who gets to serve.

JUAREZ: Because they are service territories.

JILL BECKER: Service territories. Yeah.

JUAREZ: OK.

JILL BECKER: Yeah.

JUAREZ: All right.

JILL BECKER: To me, to me, that is one of the differences when we look around to our other states. They have certificated terr-- territories for natural gas. We don't have those here.

JUAREZ: OK, That, that clears up a lot for me. Thank you.

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BRANDT: Senator Raybould.

RAYBOULD: Ms. Becker, I know you referenced those-- you referenced LB78 that establishes a process for orderly distribution. Could you, could you get us that information or the history of-- and some of the court cases, so we can understand better how to move forward on this?

JILL BECKER: Sure. I would be happy to.

RAYBOULD: Yeah, that would be very helpful. Thank you.

BRANDT: I guess I've got a question. If you were on the other side of this, how much are those municipal bonds worth?

JILL BECKER: I honestly couldn't say. Senator. I, I am not in the bond market and I'm not a tax attorney, so I do not know. You would have to ask someone that-- I would agree with the earlier testimony that there is probably a difference in the spread of what they can pay for the gas versus what they can sell it at.

BRANDT: OK.

JILL BECKER: So I mean, that would be--

BRANDT: All right. I see no further questions. Thank you.

JILL BECKER: All right. Thank you.

BRANDT: Any other opponents? Opponents? Neutral capacity. Anybody in the neutral capacity? Seeing none, Senator Lippincott, you are welcome to close.

LIPPINCOTT: Senator Juarez, when Chris Anderson came to talk to me about this, I said, make it as simple as possible, because he was confusing to me also. So don't feel alone. It's very simple. I think that Senator Clouse kind of summarized it fairly simple, saying that Central City could be the very first town here in Nebraska doing this. Chris Anderson wanted me to make sure that I communicated that Central City does not want to financially harm anybody else, take any of the business away from any of the companies that are currently serving Nebraska right now, i.e. Black Hills. And the city could realize some significant financial benefits, \$0.5 million a year. That's a lot to a town the size of Central City, with 3,000 people. And they could do so without any risk to any of their local residents. And I think that that question was answered also, that the chairman asked. Again, this

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is very simply a prepay discount price which captures the spread between the taxed bond rates and the nontaxed bond rates, which normally is sometimes around \$0.30. So that adds up after a while. There's no takeover. Central City already have their own service, so it's very straightforward. That's all I have, sir.

BRANDT: OK. Let's see what we've got for questions. Would you be opposed to putting a no-risk clause to those bondholders in this bill?

LIPPINCOTT: Yes, sir.

BRANDT: That's-- your're, you're opposed to, you're opposed to it, or you're--

LIPPINCOTT: No. We would be-- we would not be opposed to it. We would be for that, if that's-- would make this committee happy.

BRANDT: OK. I don't see any other questions. So the hearing will close on LB548. But before we close it, we had 1 online proponent, 1 online opponent, no one in the neutral capacity. The hearing is closed on LB548. We have 1 confirmation hearing. We're going to squeak in here ahead of Senator McKeon. Would Mr. Bradley Dunbar come forward, please?

BRAD DUNBAR: Good afternoon, Senators. My name is Brad Dunbar.

BRANDT: Let-- let's wait a second here--

BRAD DUNBAR: Sure.

BRANDT: --Brad, and make sure everybody's set. Is-- yeah. Welcome to the Natural Resources Committee. And before we start, we did hand out a pink sheet to all the members. And this-- you're our first appointment this year, and this is to give all the members a background on what's required on your specific committee. So please, take it away.

BRAD DUNBAR: My name is Brad Dunbar, B-r-a-d D-u-n-b-a-r. I'm starting the third term of the govern-- governor-appointed position on the Natural Resource Commission. I'm representing industry/manufacturing within the state. I have served on that, again, here for-- this is actually the ninth year. I worked for Lindsay. I've worked with Zimmatic center pivot dealers throughout the region here, covering from Manitoba, actually down through part of Kansas. Actually, also have a farm interest in Dawson and Frontier Counties, where we grow

corn, wheat, soybeans, popcorn, and then also have a cattle operation. So just came from Kearney, actually, here, this afternoon, where we had a Natural Resource Commission meeting. I don't know how familiar some of the newer senators are with the way the, the, the commission operates. We have 13 members that represent-- that serve on NRD boards and also represent different watersheds across the state. And then there's 14 governor-appointed positions, representing different interests across the state. This is something I've had a lot of passion for, serving in this capacity. Not only does it relate into what, what I do on a day-to-day job, but I've also had a passion for wise water use across the state and natural resources. So this has been something I've had a passion about for a, for a long time, growing up on a family farming operation. With that, I'll open up to any questions.

BRANDT: OK. Let's see what we've got. Questions for Mr. Dunbar. Senator Raybould.

RAYBOULD: Well, thank you for being here. And my question is, what do you envision a solution for our state of Nebraska, to help us get through the \$2.3 billion of requests from communities all across our state for clean water and for drinking water? How do we, how do we handle that?

BRAD DUNBAR: That's a, that's a big one. Quantity and quality across the state is, is definitely an issue. I think Nebraska is very fortunate on the amount of water resources we actually do have. And yeah, we do have some quality issues. One thing that we, we see-- one of the big, the big fund that is our responsibility to oversee and, and allocate resources from the Unicameral out for is the Water Sustainability Fund. And we've seen that start to shift a little bit towards some municipal-type projects. I'd say that, that wasn't exactly how that fund was established, but there are some, some instances where we have, have helped, helped cities out with their applications on that. We have different, different issues on that quality side across the state. Obviously, we have areas where we've had groundwater that's been impacted by fertilizer, other potential industrial contamination, and some of that ventures into things that have [INAUDIBLE] responsibility on the federal side too, as far as cleanup and things of that nature. One thing that I'm pretty proud of is what we're doing on the agriculture side of it, on having wiser water use throughout the state and being able to utilize technology to help producers know exactly what their soil-holding capacities are, when they irrigate, what crop-- growth stage that crop is, exactly how

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much water that needs, and the ability to spoon-feed fertilizer onto that crop exactly when it needs it, versus putting it on in the fall or all of it in the spring. So there's some things that, that we are definitely doing, and we're continuing to improve and will continue to prove over the course of time. Some of this, though, we know that there's been a lot of problems that have existed, that started, you know, 30, 40 years ago that we'll be addressing for a while.

BRANDT: Yes.

RAYBOULD: Just to continue the discussion about something that I really care deeply about, making sure that we deliver safe, clean drinking water. But in many of the communities throughout the state of Nebraska, there's just really critical infrastructure needs of aging water systems that most municipalities, villages, or towns just don't have the financial wherewithal to, to get to them. And so how do you envision us getting to that really backlogged list? I mean, every year that I've been here and watching it, it seems like it goes up, you know, one year on one side of the drinking water, its ability for, you know, it was like \$950,000. Now it's over \$1 billion. And on the clean water, it's now \$1.3 billion. So it, it seems like we're spending, but we just can't keep up with the demand for infrastructure needs, you know, wells, and you know--

BRAD DUNBAR: Yeah.

RAYBOULD: --making sure that they have access to clean, safe drinking water.

BRAD DUNBAR: And I'm not coming to the committee asking for money. We deal within the-- when we, when we take a look at the, the Water Sustainability Fund, that fund averages around \$11 million that comes into it, so you can kind of see the-- how big-- how many projects that we can actually fund. We have 2 different categories of projects when those applications come in. A lot of times, they are from natural resource districts that are applying for those projects, potentially themselves or with other partnering agencies. And those are set in 2 different groups. We have a small category and a large category, so that gives some of those smaller municipalities, maybe they do have a problem, a chance to, to capture some of those funds versus large ones. That, that threshold is \$250,000 in those applications. We've, we've shifted when those-- the due date happens now. And those applications are due here middle to the end of March, is the application period.

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RAYBOULD: OK. Thank you.

HUGHES: So by default, because I sit closest to Barry DeKay, I am now the vice vice vice chair. Are there any other questions for Mr. Dunbar?

JUAREZ: Yes, I'm sorry.

HUGHES: Oh, yeah, sorry. Go ahead.

JUAREZ: So this really isn't a question, I guess, per se, about your appointment personally, your qualifications. I would just like to get some feedback about what is it that the governor looks for, when he's looking at candidate for an appointment, you know, in this area. I just feel that people in the community, including myself, that we're not really knowledgeable about, you know, how can we possibly recommend someone for appointments, you know, like in this area in particular. What kind of questions would I ask someone? How could I get more informed so that I could try to put forth names myself--

BRAD DUNBAR: Sure.

JUAREZ: --for people to be considered?

BRAD DUNBAR: So the 14 governor appointees span a, a wide gamut of water interest across the state, from cities of the first class, cities of the second class, surface water users, groundwater users, ag interest, ranching interest. Senator Clouse was-- said he served on the commission, as well, as a government-- governor-appointed-- public power is represented, as well. MUD has a, a spot on the, on the board, too.

JUAREZ: So how do I find out-- like who is considered second class? What do you mean by that?

BRAD DUNBAR: Cities of the-- I-- I'm going to, I'm going to have Senator--

CLOUSE: Clouse.

CONRAD: We can continue that offline. Yeah. Yeah.

BRAD DUNBAR: --answer that one.

CONRAD: Yeah.

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CLOUSE: I, I can help you with that, Senator Juarez.

JUAREZ: Thank you.

CLOUSE: If you want to do it offline, I'll bring you all up to speed on all this stuff, beginning--

JUAREZ: OK. Thank you.

CLOUSE: --up to speed. Yeah.

HUGHES: All right. Any other questions? You're, you're killing the committee. Wow.

RAYBOULD: You're really killing it.

HUGHES: It is on now. Thanks for driving in from Kearney. Anyway, I think that was it--

BRAD DUNBAR: Thank you.

HUGHES: --so thank you.

RAYBOULD: Thanks so much.

JUAREZ: Thank you.

HUGHES: Are we doing this next bill? Like, everybody's gone. All right. McKeon. We are last bill of the day.

McKEON: Yeah. they all left me.

HUGHES: LB471. All right, you ready? You've been here a while. I think you're ready. Go ahead.

McKEON: So good afternoon, Vice Chair, Vice Chair--

HUGHES: Vice vice vice. I don't even know what it is. [INAUDIBLE]-- oh.

McKEON: Vice Vice Vice Hughes, and members of the Natural Resources Committee. I'm Senator Dan McKeon, representing District 41 in the Nebraska State Legislature. I'm here to introduce LB471. LB471 is a simple bill that gives the residents of any type of political subdivision the forever freedom to buy, sell, drive, or ride any street-legal motor vehicle, regardless of what power-- powers the

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vehicle. The bill refers to the Nebraska Revised Statute Sections 39-101, with the definition of a motor vehicle as: every self-propelled land vehicle not operated upon rails except mopeds, self-propelled chairs used by persons who are disabled, electrical, personal assistive mobility devices, bicycles, and electric bicycles. We're seeing more and more attempts to establish mandates that would deny free choice and force costly mandates. For example, in-- California has a law that will ban the sale of gas-powered cars and light trucks beginning in 2035. Many farmers, small businesses, middle-class, and lower-income people cannot keep up with the increasing inflated cost for new vehi-- newer vehicles or equipment that would be required with some of these mandates. We need to maintain a free market where customers can purchase the vehicles of their choice. If innovation makes these types of the engines obsolete, then the customer will decide on their own to make that change. This should not be a decision made by the government. LB471 respects the people's choice, and I ask this committee advance of LB471 to the General File.

BRANDT: OK. Let's see what we've got for questions. Questions? Senator Raybould.

RAYBOULD: So, Senator McKeon, tell us how you feel about reducing emissions.

McKEON: Well, I think overall, as a human being in the human race, we need to, because we'll have one chance of being here, OK. So we have to, just like in agriculture, if we're not taking care of it, it ain't going to be there for future generations. So-- but you have to put that all in perspective.

RAYBOULD: So would you be opposed to like mandates requiring, oh, vehicles-- or retailers must sell only ethanol blends and things like that?

McKEON: They have choices.

RAYBOULD: OK. So you would be opposed to a ban that requires retailers to sell ethanol products?

McKEON: No, I'm say-- this, this bill is just giving the choices to the, to the people.

RAYBOULD: OK.

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BRANDT: OK. Other questions? Senator Hughes.

HUGHES: Thank you, Chair Brandt. Forgot your name for a minute. OK. So we're-- this bill prevents a state agency from being able to restrict a certain type of vehicle to be sold. Can this-- I-- my question is, is, is this necessary, because can't a state agency do that anyway, without having legislative-- like, that we had allowed it?

McKEON: That's a great question. I don't know if I can answer that.

HUGHES: Awesome. I don't know. I-- like I, I, like I all-- I feel like are we preventing something that they can't do anyway without us like [INAUDIBLE]?

McKEON: Maybe somebody behind me testifies can--

HUGHES: OK.

CLOUSE: There's nobody there.

HUGHES: I'll save it.

BRANDT: OK. Any other questions? Senator Raybould.

RAYBOULD: Senator McKeon, are you familiar with municipalities having environmental action plans?

McKEON: Well, I'm assuming they have some type of plan, but I, I have never sat on a city board. I, I live out in the country and I don't--

RAYBOULD: I know the city of Lincoln-- I mean, we, we have an environmental action plan. And it's not like California, but it's a little bit similar, to really find ways to reduce emissions in, in our city. And part of that plan or program is to look at electric vehicles. You know, we have grants-- I think we have 8 electric buses. We have, I don't know, 12 or 19 compressed natural gas buses, to really try to find ways to reduce our emissions. As a municipality, those are our goals and efforts. And so I don't think this would restrict the, the city of Lincoln from doing and, and complying with their environmental action plan. But that's their goal, to do things like that-- purchasing things that are in compliance with their environmental action plan.

McKEON: Is that a question or a statement?

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RAYBOULD: I think it was more of a statement.

McKEON: OK. All right. Just asking.

BRANDT: Any other questions? I guess I've just got one. Do you believe in local control?

McKEON: Yes. The-- that-- I'd rather see loc-- no more overreach. Let the locals, the people, then, decide what they, what they want.

BRANDT: But based on that statement, wouldn't it be up to the cities or villages?

McKEON: This is more for the people, though. That's what I'm saying. This is to let the people understand their choices of what fuel choices they want.

BRANDT: So you're saying this would not restrict the village of Amherst from passing an ordinance? If this passed, this would not restrict any county, village, or city in the state from, from doing an ordinance?

McKEON: What's that? Yes.

BRANDT: Or do you want to li-- wait and see what the testifiers say?

McKEON: Yeah, let's see what the testifiers--

BRANDT: OK, let's do that. I don't see any other questions. You'll stick around to close? OK. First proponent. Welcome.

KENT ROGERT: Good afternoon. Chairman Brandt and members of the Natural Resources Committee. My name is Kent Rogert, K-e-n-t R-o-g-e-r-t, and I'm here representing ABATE of Nebraska today as a proponent of LB471. ABATE is American bikers aimed toward education. And we want to thank Senator McKeon for introducing this bill. This is in response to what's going on in other places like California. I, I heard this phrase actually, this afternoon. And I like it. And it's-- when you're talking about motorcycles, loud pipes say bikers. I don't know if you know what a electric Harley sounds like? Zzzzzzzz-- not much. Our guys are, are big into the, the, the loud motorcycles, you know, the ones that-- the bigger ones that ride-- and they take them all the way across the country. And they are-- they would be very sad if they were being forced to not buy a gas-powered motorcycle in wherever they live in Nebraska. So, yes, Senator Brandt, this would

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restrict any county, city, or village from passing an ordinance that says you can't sell elec-- a-- you know, a gas-powered vehicle inside their borders. I'd answer any other questions. I know there's going to be a couple of opponents. And just so the committee knows, I'm not set on this language if there's a couple of changes that need to be made. I think on line 2, right out of there, it says use, so restrict the use of. We can get rid of that. We can just say restrict the purchase or sale of a motor vehicle within that area. And Senator Hughes, the, the second section talks about cities, counties, and villages. We added the, the first section, just-- it, it-- that, that came from Revisors. And that's what they thought was a really good idea, so.

BRANDT: OK. Let's see what we've got for questions. Senator Raybould.

RAYBOULD: So thank you, Mr. Rogert, for this. I, I know-- I'm just reading through some of the letters of opposition. And lo and behold, there's one from Yohance Christie, our city attorney for the city of Lincoln [INAUDIBLE].

KENT ROBERT: Yeah. Well, and I think it's-- I think his opposition is for that word use. And because-- it, it would say that-- it's possible that-- because if, because if, if you guys want to-- if the city of Lincoln wants to say you can't have a, a gas-powered vehicle on your bike trails--

RAYBOULD: Right.

KENT ROBERT: --we don't have a problem with that. I don't think they should have electric bikes on those trails. Those guys move fast. They don't have horns.

RAYBOULD: I have a-- I agree with you. I do have a concern about electric bikes on those trails. But I, I think his broader concern was that it could be a blanket prohibition on whatever the city chooses to require or mandate or restrict. And so--

KENT ROBERT: That's our goal.

RAYBOULD: What?

KENT ROBERT: That's our goal.

RAYBOULD: That's right.

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KENT ROBERT: We want a blanket restriction on the sale-- we can't-- we're saying you cannot use that blanket restriction. That's what this bill would say.

RAYBOULD: Yeah, and that's why he's objecting to it. So.

KENT ROBERT: Yeah. I'll settle it with him at the Old Pub later on. I'm going to find him later. Thank you, Senator.

BRANDT: OK. Let's see what other-- Senator Hughes.

HUGHES: Still have a question. Thank you, Chairman Brandt. We're getting punchy. It's-- I don't know what happens in here after 3:30, but-- OK. So California said, as a state, no more gas-powered cars can be sold after 2035 or whatever it was, right?

KENT ROBERT: Yeah.

HUGHES: I mean, do you even need-- why would any-- like, I'm sorry. But if Seward County said nobody can buy gas-powered cars here, it would be really dumb because you'd lose on all the sales tax -- do you know what I'm saying? Like, I don't-- would it ever happen that a--

KENT ROBERT: See, we're helping out--

HUGHES: --a small--

KENT ROBERT: --the county of Seward.

HUGHES: But would it ever happen that a small entity within a state-- like it would only really make sense if the whole state did it. Although, then you're driving into other states, but.

KENT ROBERT: Yeah, I don't disagree with you.

HUGHES: OK.

KENT ROBERT: But let's just go ahead and do this and we don't have to worry about it.

HUGHES: How about this? Let me ask this question that I asked Senator McKeon. Can a state agency do this without legislative ov-- like how--

KENT ROBERT: You were whispering with Senator Conrad there. I think the Revisors had that section in there, when we talked about all political subdivisions. When we, when we want to say all political

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subdivisions-- I've seen this section in other places of, of law. They'll say no state agency or other state entity.

HUGHES: Mm-hmm.

KENT ROBERT: And that, that means the Governor's Office, that means the Department of Economic Development, or whatever it may be. They put out a--

HUGHES: Yeah, right. But they couldn't do that, anyway.

KENT ROBERT: They could, through the Administrative Procedures Act. They could do a regulation that says--

HUGHES: They could?

KENT ROBERT: They could regulate those sales [INAUDIBLE].

HUGHES: OK. So an executive-- so Governor Pillen could say no more car-- no more gas-powered cars sold in Nebraska.

KENT ROBERT: He could try. I don't know if that would work, but we could-- you know, I mean, sure.

HUGHES: OK. Fair enough. Thank you.

BRANDT: Other, other questions? The only thing I guess I would like to add is I believe on the Ford-- electric Ford Mustang, you can pick what sound-- how loud you want the mufflers to be.

KENT ROBERT: They had to put those on there so people would stop running over other people in their little cars.

BRANDT: Send me the evidence. All right.

KENT ROBERT: Thank you.

BRANDT: Let's, let's go. Next proponent.

TIM KEIGHER: Good afternoon, Chairman Brandt, members of the committee. My name is Tim Keigher, T-i-m K-e-i-g-h-e-r, and I appear before you today as the executive director and lobbyist for the Nebraska Petroleum Marketers and Convenience Store Association, and shockingly, in support of LB471.

HUGHES: Wait, what?

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TIM KEIGHER: I guess we don't have much to add to what the previous testifier said. But, you know, our concern is what's going on out in California, where they're going to try and prevent any fossil fuel-burning vehicle in the state. You know, I think-- to, to answer your question, I think if this-- and I haven't-- I'm helping Mr. Rogert here. So, I haven't read the bill myself, but I don't think it would prevent the city of Lincoln from having electric buses or natural gas buses, whatever they prefer. Maybe I'm incorrect on that, as I didn't read it. But I guess we feel, as the introducer said, consumers should have a choice of what they would like to use for their fuel. And yes, Senator Raybould, we did oppose the ethanol mandate that was passed last year, and thank you for your help on that. With that, I would be happy to answer any questions.

BRANDT: OK. What do we got for questions? Nothing.

TIM KEIGHER: Perfect.

BRANDT: Yep. Thank you. Next proponent. Any more proponents? Opponents?

RAYBOULD: Let's gather opponents here. OK.

BRANDT: Welcome.

LASH CHAFFIN: Thank you. Thank you. Good afternoon, again. My name is Lash, L-a-s-h, Chaffin, C-h-a-f-f-i-n. I'm a staff member at the League of Nebraska Municipalities. And as it is past 3:30, I will, I will skip over a lot of-- you could give my speech on we're not California. This is Nebraska. You know, I, I think, you know, speculative, legal, legal engineering is not something that we need to be engaging in. As a matter of fact, with, you know, specifically with, with motorcycles, I know hundreds of elected off-- city and staff-- city and village officials. And you know what? Lots and lots and lots of those folks are motorcycle enthusiasts. As a matter of fact, if you, if you ask them to pass a resolution saying we love motorcycles in our town, they would all do it. I think some cities practically have to close down when Sturgis is going on because so many staff members go. It's-- you know, I don't think there's a big threat out there that Nebraska is going to become, become California. And when, when I mention cities and villages, Senator Juarez, Senator-- villages are, are, are incorporated places up to 800 people, 800 to 5,000 is a city of the second class, 5,000 to 100,000 is a city of the first class, and over 100,000 is a city of the primary class.

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And 200-- then Omaha is a city of the metropolitan class. And each, each class has their own little set of laws. And there, and there are shocking amount of differences between the, the laws. So-- but it's a-- and Senator, some, some day when you got some time, I can give you the long--

JUAREZ: Thank you.

LASH CHAFFIN: --long story how it works. Because it is, it is a fascinating-- and there are some exceptions, too. Nebraska City sort of pre-dates the state, so they have their own unique form of government. And then also, there's-- you can vote yourself in and out of a class, which happens once in a while. But, but again, the, the League's bigger problem is, is unintended consequences. For instance, would the language, perhaps if a city has a, a horse trail, would, would this language be so broad that it would prevent the city from banning motorized vehicles on the horse trail? So, so you know, we're willing to work with the senator to try to tighten up some of that language, if, if it can be. But, but over-- overall, I just don't think we're California. And we're not-- I just don't think these things are going to happen in Nebraska.

BRANDT: OK. Let's see what we've got for questions. Senator Hughes.

HUGHES: Thank you, Senator Brandt. Thank you for coming in. Lot of-- like, we're looking at-- like, if people go to electric vehicles, we're not getting the gas tax then, that helps pays for roads, et cetera, et cetera. Electric vehicles are heavier on the road. So I know there's been talk of, you know, increasing registration fees on electric vehicles, potentially. Mile-- you know, looking at the mileage on electric vehicles, whatever. So those are extra fees that are put onto an electric vehicle. That-- would that be seen as some kind of prohibition to-- do you know what I'm saying?

LASH CHAFFIN: That's a--

HUGHES: Like a type of--

LASH CHAFFIN: I haven't--

HUGHES: So I'm just won-- like I'm wondering what an unintended consequence of that potentially could be. We're [INAUDIBLE]-- you know.

LASH CHAFFIN: I don't-- that's like a super good question.

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HUGHES: I-- you know.

LASH CHAFFIN: No, that's a super good question. I, I don't know. I mean, those are the sort of things that--

HUGHES: I mean, it's not an outright ban, right?

LASH CHAFFIN: No, it's not. But it--

HUGHES: But you're making it-- it's not maybe as equitable, because it's maybe per vehicle or whatever. So are you then telling somebody I can't have my electric vehicle because you're charging me more money for it? I, I don't know, just throwing that out there.

LASH CHAFFIN: That, that could be. I mean, I think that's-- yeah. The, the type of-- I'm not sure if that would happen, but, but I suppose if the excise tax on an electric vehicle was high enough, you know, there-- it may have a prohibitive effect. I, I don't know. I think that's a good question. Those are the sort of things that need to be worked on.

HUGHES: Right. These are like-- those are the like what ifs, unintended--

LASH CHAFFIN: Yeah.

HUGHES: --that might happen.

LASH CHAFFIN: Yeah.

BRANDT: Other questions?

JUAREZ: I--

BRANDT: Senator Juarez.

JUAREZ: OK. So, you know, I find it fascinating looking at some of these comments that we've received in regards to this bill. And I have to say that-- I mean, I'm someone-- I don't even think I'm ever going to ever be able to afford a car ever again. I'm in-- on my last vehicle. So I guess I can say, I can-- I represent those citizens who struggle with their transportation issues. I mean, I'm a single person, single income in my household. OK. And I am really worried about my transportation issues for the future, which is why I go to the biggest stream of wanting mass transportation, because I'm a

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person who's not going to be able to afford another car in the future. I mean, even an electric car, I just don't think I'm going to be able to afford another one ever again. And I even worry about my own 4-year terms, hoping that my car is going to hold out for, for my 4-year term in getting here, you know. And I, I just think that people need to be re-- a little bit more realistic that it's not about those of us who have a gas car. I mean, anti-climate are not showing concern for our environment. The bottom line is, you know, my income is what it is. And I, I feel grateful that the gas prices aren't astronomical right now, but who knows what's going to happen down the road. And I just feel that we need to be more open to everybody in, in the state, you know, all economic levels, just not people who are at-- maybe at the higher end, who have 2 or 3 vehicles, have a truck, have an RV, whatever. That's not me. So that's why, you know, I'm receptive to not having "re-stringent" requirements on the energy choice for our vehicles. Thank you.

LASH CHAFFIN: Vehicles have gotten very expensive. A used car could cost more than my first house. I mean, it's--

HUGHES: Yeah. Try buying a house now.

BRANDT: OK. Any other questions? I guess I just have the same one that I posed to Senator McKeon. What's local control to you?

LASH CHAFFIN: Well, to the, to the League, local control is everything. And elected officials at the local level are in a position to best make these type of decisions.

BRANDT: So I, I guess that's kind of how I see it, too. If you've-- if the citizens of your town or county want to ban something or restrict something, isn't that better than having the state mandate it?

LASH CHAFFIN: That, that-- yes. That would be the, the historic position of the League of Nebraska Municipalities dating back to 1909.

BRANDT: OK. All right. I see no other questions. Thank you.

LASH CHAFFIN: Thank you.

BRANDT: Next opponent.

AL DAVIS: Good afternoon, Senator Brandt and members of the Natural Resources Committee. My name is Al Davis, A-l D-a-v-i-s, representing the Nebraska Chapter of the Sierra Club here today, which is made up

of 3,300 individuals with an interest in sustainable agriculture, livable cities and towns, a passion for the environment, and a strong commitment to promoting sensible government policies which protect the vulnerable and build a foundation for a better future for the planet. We are opposed to LB471 for a number of reasons. The bill looks harmless enough and probably would never be used in a conservative state like Nebraska. Nebraskans are believers in choice and individuality, but we also respect the leaders of our state and community when they make decisions affecting our lives. It seems pointless to clutter up the statutes with bills which were rarely, if ever, be called upon to resolve a possible problem. But there are potential complications which could surface, which can cause problems to a city or county making purchasing decisions. And you can tell me if I'm wrong about this, but suppose Fillmore County was making a new purchase of a pickup for the road foreman to drive. County officials, by custom, feel obliged to purchase whatever vehicle is prepared to offer the county, which-- what they need for the lowest cost, but the county would prefer a purchase of a gasoline truck. So if an electric vehicle were to underbid the gasoline truck, would this LB471 force Fillmore County to purchase an electric vehicle when they lack the chargers to make it work? It sounds farfetched, but could be the basis of a lawsuit, maybe. Further, there may be good reasons why a political subdivision would prefer one vehicle over another. Senators are too inclined to try and manage the multitude of political subdivisions by limiting their opportunities to do what's best for their community. And that comes down to the question of local control, which you just talked about, Senator Brandt. These city councilman or county commissioners will face the voters when the voters can, can-- and the voters can take care of individuals who displease them by decisions made. Lastly, Nebraska should not cede our ability to make policy to the federal government, which this bill would do by requiring us to follow the guidelines of the EPA. We don't have a crystal ball to tell us whether the EPA will even exist in 4 years, let alone 40. Nebraska needs to retain the ability to legislate its own path forward, so please do not advance the bill. And just one more comment. On the news the other night, they were talking about President Trump being at the Daytona recently. And so they interviewed one of the gentlemen there, who had an electric car, which is the new thing. The President was very offended by the electric car. But the driver said, well, the electric car gets twice the horsepower that the other one has. So, you know, our, our-- we'll have to put on some sort of symbol-- fake horn for these motorcycle riders. Thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Natural Resources Committee February 19, 2025
Rough Draft

BRANDT: All right, let's see if we have any questions. I see none.

AL DAVIS: Thank you.

BRANDT: Thank you, Mr. Davis. Any more opponents? Anyone in the neutral capacity? Senator McKeon, you're welcome to close.

McKEON: Well, I'm open to any of the changing of the wording for the intent and what some of the testifiers have talked about it, so-- but we need to maintain a free market where consumers can purchase the vehicles of their choice. If innovation makes types of engines obsolete, then the customers will decide on their own to make the change. This should not be a decision made by the government. LB471 respects the people's choice. I ask the committee to advance LB471 to the General File.

BRANDT: OK. Let's see if we have questions. Any questions? I see none. And before we close the hearing, we had 2 online proponents, and 13 opponents, and zero neutral on LB471. That will close our hearing on LB471.