

Transcript Prepared by Clerk of the Legislature Transcribers Office
Appropriations Committee March 7, 2023

CLEMENTS: My name is Rob Clements. I'm from Elmwood and I represent Legislative District 2, which is Cass County and eastern Lancaster. I serve as Chair of this committee. We'll start off by having members do self introductions, starting with my far right.

ARMENDARIZ: Christy Armendariz, District 18.

DORN: Myron Dorn, District 30.

WISHART: Anna Wishart, District 27.

ERDMAN: Steve Erdman, District 47.

CLEMENTS: Assisting the committee today is Tamara Hunt, our committee clerk. And to my left is our fiscal analyst, Clint Verner. And our pages today are Malcolm, from Omaha, a UNL student and Cait [PHONETIC], from Kansas, UNL student. At each entrance, you'll find green testifier sheets. If you're planning on testifying today, please fill out a green testifier sheet and hand it to the committee clerk when you come up to testify. If you will not be testifying but want to go on record as having a position on a bill being heard today, there are white sign-in sheets at each entrance where you may leave your name and other pertinent information. These sign-in sheets will become exhibits in the permanent record after today's hearing. To better facilitate today's proceeding, I ask that you abide by the following procedures. Please silence your cell phones and electronic devices. Move to the front chairs when you are ready to testify. The order of testimony for bills will be introducer, proponents, opponents, neutral and closing. When we hear testimony regarding agencies, we will first hear from a representative of the agency. Then we will hear testimony from anyone who wishes to speak on the agency's budget request. When you come to testify, spell your first and last name for the record before you testify. Be concise. We request that you limit your testimony to 5 minutes or less. Written materials may be distributed to the committee members as exhibits, only while testimony is being offered. Hand them to the page for distribution when you come up to testify. If you have written testimony but do not have 12 copies, raise-- please raise your hand now, so the page can make copies for you. Now we will begin today's hearing with LB444. Welcome, Senator Linehan.

LINEHAN: Thank you, Senator-- Chairman Clements and Appropriation Committee members. My name is Lou Ann Linehan, L-o-u A-n-n L-i-n-e-h-a-n. I represent Legislative District 39 in western Douglas County. Today I am introducing LB444. LB444 creates the

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Post-Secondary Workforce Development Fund and appropriates \$60 million from the cash reserve for a one-time investment to develop Nebraska's workforce, attract out-of-state students to Nebraska to attend college and most importantly, graduate from college and spur economic development. Under LB444, a one-time grant can be awarded. Under the bill, Creighton University would apply for these funds. The committee knows better than anyone that the state of Nebraska is in an unprecedented fiscal situation. Being in this position, we need to ask ourselves what are the biggest challenges facing Nebraska and what are the most strategic investments we can make to solve those challenges? I believe the biggest challenge Nebraska faces is workforce and population growth. In tackling those challenges, I look to see who is ready in-- who is already doing that well and how the state can offer support. These are startling numbers, I think. Creighton University is adding 450 graduates to Nebraska's workforce on an annual basis. Eighty percent of Creighton's graduates are from outside of Nebraska and 50 percent of those graduates stay in Nebraska. Creighton has a 79 percent graduation, graduation rate, which is nearly 15 percentage points higher than the national average. Of these graduates, there is a 99 percent outcome rate for those, for those graduates being employed or seeking an advanced degree. All of these great outcomes are done without tax subsidy or state support. LB444 would offer support to Creighton University in three different areas. First, Creighton is building a new health science center, which will continue to produce health science professionals for the state of Nebraska. On a daily basis, 6,000 students, faculty and staff will utilize this new facility. Second, Creighton is seeking enhancement of a connectivity on campus, to support expanded residence halls and overall community mobility throughout the campus. This investment provides a more attractive campus in an ever-increasing competitive environment, especially for those out-of-state students. Last, the bill would include funding for baseball and softball complex on the east end of campus, in large part to benefit a great economic engine of our state, the College World Series. Creighton University has privately invested more than \$250 million in its campus since 2016. The significant investment this institution has made for the betterment of students, faculty and ultimately, the state of Nebraska is admirable and, I believe, worthy of a partnership with the state of Nebraska, as contained in LB444. Thank you and I'm happy to answer any questions.

CLEMENTS: Are there questions from the committee? Seeing none, thank you.

LINEHAN: Thank you very much.

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CLEMENTS: We will now invite proponents for LB444. Welcome.

DANIEL HENDRICKSON: Thank you, Chairman Clements and members of the Appropriations Committee, for this opportunity to meet with you. My name is Daniel Hendrickson, D-a-n-i-e-l H-e-n-d-r-i-c-k-s-o-n, and I am president of Creighton University. Creighton has long been nationally attractive and with strategic decisions and investments, our presence and our reputation here in Nebraska has become even more noticeable, just in the past ten years. Of our nearly 4,500 undergraduates, 80 percent now come from outside the state. We're tracking that upon graduating, of those 80 percent, nearly 50 percent remain in Nebraska for a first job, for graduate school or professional school. This says nothing of our remarkable 20 percent Nebraska students, many who also stay here after graduating. If there are any takeaways from our conversation today and what Senator Linehan just offered, respectfully, please be mindful of this 80/50 reality. You are already aware of brain drain concerns within Nebraska. And at Creighton, we are proud of our role in creating and strengthening Nebraska's brain game and brain retain. Eighteen years after the economic downturn of 2008, we face, in 2026, a demographic cliff. Nationally, there will be 15 percent fewer 18 year olds. This reality is nuanced in different U.S. geographies and we're watching it closely. To this end, we began implementing three key strategies after my arrival as president, in 2015. First, our fundraising priority has shifted to scholarship dollars. Ninety-five percent of Creighton students receive financial assistance of some amount and the need for help is growing. We are breaking records in our scholarship efforts and yet, it's just the start. Too many kids want to be in our classrooms, in our laboratories, in our research projects, at local internships that we facilitate, on spiritual retreats and involved in community engagement and cannot. We, we educate individual expertise and we also form personal character and they know this, too. Second, we are becoming more efficient and at the same time, more innovative. Shortly after arriving almost eight years ago, I enacted a 6 percent reduction in force. We expanded a program of shared services to all corners of our campus. More back office functions are coming into alignment. This year, to address inflation, other increased costs and shortfalls in graduate level enrollment, we are reducing our FY24 expenditures by 5 percent in nearly every department on campus. And at the same time, we are investing and expanding in programs that students want and skills that Nebraska needs. A new physician assistant program, a new entity for adult learning and an expanded IT platform are just three examples. Third, we keep investing in our campus facilities and

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infrastructure, which have never before been of such interest and energy with prospective students and families. We know that a family's investment in higher education provides them with notable economic returns and a sense of well-being, but that such an investment is costly. They know it too. In recent years, we renovated the historic California Street Mall. We redesigned 24th Street, making it both safer and more attractive. We upgraded numerous laboratories. New programs were-- and new programs and renovated space in our business college are cutting edge. We expanded mental health services. We built a new facility for women athletes. Right now, we are constructing a new state-of-the-art health sciences building. In this third strategy, we are seeking your support for a one-time cost and without any request to fund personnel or operations and with a dollar per dollar match of philanthropy and institutional resources toward our request. LB444 asks the state of Nebraska for a partnership that portends a strong return on its investment. Thank you for your time and attention and I would be happy to answer any questions.

CLEMENTS: Are there questions from the committee? Senator Wishart.

WISHART: Thank you for being here today. Senator Linehan mentioned it's the Health Science Center, more connectivity on campus and then, the baseball and softball complex. Can you break down out of the \$60 million, what would be invested towards?

DANIEL HENDRICKSON: I can. We have modeled that \$14 million of the \$60 million bill would go to the Warner Center for Health Sciences and this would be to fund the technology and laboratories and such within that facility. We have indicated that \$20.9 million would go for the connectivity, for the transportation, the beautification of campus, mainly for the, the street work and layout of them and then, \$25.1 million for the baseball and softball complexes.

WISHART: Thank you.

CLEMENTS: Senator Armendariz.

ARMENDARIZ: Thanks for being here. Can you go into some detail on how that baseball-softball complex will generate some more economic development in the city?

DANIEL HENDRICKSON: We can. The, the College World Series is the-- our key advocate and partnership in that process, which alone, brings in about \$90 million of economic impact in a given year. We're very

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proud to be the host institution year after year. We are 12 or 13 years, my colleague, in just a minute, can confirm that, into a 25-year contract with College World Series. It has needs in the partnership that we offer and that will be spelled out in just a minute, particularly at this practice field. College World Series and Creighton University together generate other kinds of national programs that come in and through Omaha on an annual basis, particularly with little kids and youth, to be participating in different baseball- and softball-related activities.

ARMENDARIZ: Again, just let everybody know that my son was a select baseball player growing up. So I know very well these small-- these younger kids and the tournaments are quite massive, probably way more kids coming in from states than even the college World Series teams. There, there are many, many, many teams across the span of 2-3 weeks alone, let alone all kinds of tournaments then, throughout the summer, as well that these fields can be used for. Is that right?

DANIEL HENDRICKSON: That's correct. And Senator, I'm forgetting the name of one of the programs. It's sluggers something, but it's-- that alone, is \$25 million in economic impact for the state of Nebraska. And we will be a partner in that program, as well.

ARMENDARIZ: I appreciate that.

CLEMENTS: Senator Dorn.

DORN: Thank you, Senator Clements. Thank you for being here. In the fiscal note, it says to receive grant funds, the application must provide proof that the Health Science Workforce facility is 75 percent complete. So where are you at in that project now or when do you expect to be 75 percent complete? Part of the reason I ask is because this is a, a funding expenditure in this current budget year, and I-- yeah.

DANIEL HENDRICKSON: We're right on track in that process. So we plan to open the facility in August of 2023. So a 75 percent completion rate would be about the time of budgetary cycle in, in the end of June.

DORN: Thank you.

DANIEL HENDRICKSON: Yes.

CLEMENTS: Other questions from the committee? Seeing none, thank you for your testimony.

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DANIEL HENDRICKSON: Thank you very much.

CLEMENTS: Are there other proponents for LB444?

JACK DIESING: Good afternoon, good afternoon, Chairperson Clements and Appropriations Committee members. My name is Jack Diesing, that's J-a-c-k D-i-e-s-i-n-g. I'm chairman and president of the board of College World Series of Omaha, Inc. And I've been in that position for 34 years. I know I don't look that, that old, but I-- you know. I'm here today on behalf of College World Series of Omaha, Inc., and Creighton University to testify in support of LB444 and in particular, the appropriation to allow for the new baseball athletic complex, as this portion of the legislation that directly impacts the experience of the top college baseball athletes from across the nation and the city of Omaha, Nebraska. As you probably know, Omaha, Nebraska, has been the home of the College World Series, also known as "The Road to Omaha," "the Greatest Show on Dirt" for over 72 years. It's a very unique relationship with the NCAA and it's the only NCAA championship to-- that has had any relationship even close to that long. The key reason that the relationship has been that successful is doing the proactive approach Omaha stakeholders have taken, to ensure that the fan and student athlete experience is one of a kind. Over 14 days of the College World Series annually, it brings in nearly \$460,000,064 million in media, public relations and marketing value to the state of Nebraska, in addition to Omaha and the surrounding communities. In 2022, total attendance was 336,105. Fifty-nine percent of attendees are from outside Nebraska, utilizing hotel, restaurant, retail services and visiting local amenities, like our top three nationally-ranked Henry Doorly Zoo. Thirteen percent of attendees who are from Nebraska live outside of Omaha. One out of every four season ticket holders, ticket holders are not from Nebraska. Creighton University, as Father says, serves as the host institution and has done that for the length of the series. It is important that the university is able to provide an excellent practice facility for the College World Series' participating athletes. Each year we receive feedback from the teams and one of the leading feedbacks, of late, emphasizes the importance of having practice fields as close as possible to the hotels and the ballpark. This new facility would be blocks away from the Charles Schwab field, field and provide amenities commensurate with the needs of our CWS players. It also provides a new experience for alumni and friends, who travel to support their college team, by having them within walking distance of the tailgating and fan district-- Fan Fest district events. As the College World Series [INAUDIBLE] president, this legislation is an opportunity for the state of Nebraska to

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invest in the College World Series. The economic impact to the city and state is significant, as Father mentioned, with an overall annual impact of \$88.3 million, as of a couple of years ago. It creates the equivalent of 1,103 full-time jobs and additionally, creates annual wages and salaries of approximately \$29 million and annual tax collections of about \$8.7 million. They bring several other benefits in addition to the games. As, as you mentioned, Senator, during the CWS, Omaha hosts youth baseball tournaments, which would not be in Omaha if it weren't for the College World Series. The Omaha SlumpBuster tournament hosts players from 40 states. With the opportunity to play unique competition and sharpen their skills for the summer campaign, they spend over 36,000 hotel stays across 42 area hotels. The Battle of Omaha is another tournament, ages 10-14, occupies over 4-- 5,200 hotel stays across 34 area hotels. Local and regional attractions that receive visits include the Old Market, Omaha Zoo, Capitol District, Joslyn Art Museum, Boys Town Campus, Durham Western Heritage Museum, Strategic Air Command and Aerospace Museum, to name a few. In addition, these teams play their-- majority of their games on fields throughout eastern Nebraska. So in summary, College World Series of Omaha and Creighton, the Metropolitan Entertainment Convention and metro-- Metropolitan Entertainment and Convention Authority in the City of Omaha do host the premier college baseball event in the nation and the NCAA's second-most successful championship. While it's under contract, as Father indicated, to be in Nebraska through 2036, I learned a long time ago you never take anything for granted. To continue as a host of the College World Series past that time will require continued proactive approaches to enhancing both fan and student experiences. Certainly, continuing to have a state-of-the-art competition ballpark is a vital, key strategic element to provide the appropriate experiences for the participants, but having a top-line practice facility near Charles Schwab field is also very important, vital and key strategic element. Thank you very much for your consideration and hope that your approval of this bill is a key part in maintaining Omaha's and Nebraska's position as the home of the College World Series and the "Greatest Show on Dirt."

CLEMENTS: All right. Are there questions from the committee? Senator Erdman.

ERDMAN: Thank you, Senator Clements. Thank you for coming today. So I have a question about the baseball complex. So the Health Service Workforce Development Facility is now being constructed. Correct? OK.

JACK DIESING: It's [INAUDIBLE].

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ERDMAN: And so then the baseball complex has-- you have not started building that yet?

JACK DIESING: No.

ERDMAN: OK. All right. So, so if we don't fund this, the, the baseball facility won't get built?

JACK DIESING: I would say that it's very important for the baseball facility to proceed forward, as they have funding from the state. We, we-- the goal was to-- is have something in place by 2025.

ERDMAN: OK.

JACK DIESING: And it takes, it takes a while to get everything taken care of. But we are already receiving feedback from the teams of not having a practice field, is a, is a wrong check mark on the, on the balance sheet, especially since in the Southeastern Conference, at their tournament, they have two practice fields, right next to their stadium.

ERDMAN: OK. So maybe I didn't ask the right question. Let me ask it again. If we do not fund this, they won't build this-- the baseball complex?

JACK DIESING: Well, that's probably a question for--

ERDMAN: OK. All right. I'll ask somebody else. Thank you.

CLEMENTS: Other questions from the committee? Seeing none, thank you, Mr. Diesing.

JACK DIESING: Thank you.

CLEMENTS: Are there other proponents for LB444? Welcome.

CLAY VANDERHEIDEN: Hi. Good afternoon, Chairman Clements and the rest of the Approach-- Appropriations Committee. My name is Clay Vanderheiden, C-l-a-y V-a-n-d-e-r-h-e-i-d-e-n, and I'm here today to support LB444. I'd like to thank Senator Linehan for introducing the bill. I was born and raised in Orion, Illinois, and was considering many colleges to attend while I was in high school. And I ended up ultimately enrolling in Creighton at-- in 2014. My plan at the time was to come to Creighton, try to play baseball and then, eventually, find my way back to Illinois, probably Chicago or somewhere, where I could find a job. Well, I'm here today because that plan didn't quite

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go as planned. I injured my throwing arm when I was at the end of my high school life and quickly realized that baseball was not going to be my future. I was already focused on academics, but that became more of a focus. Especially-- I majored in financial analysis and business intelligence and analytics at Creighton. I also decided to try to find a way to continue my passion for baseball; ended up being a student manager for the baseball team for all four years I was on campus. My career path started in 2015 when, with the help of the Creighton Business School and their career center, I landed an internship in downtown Omaha at Berkshire Homestate and then, the career center helped me again, landing a second internship. And then, ultimately I was kind of placed as a financial analyst intern with Green Slate Development, in the fall of 2017. Green Slate is a mixed-use, commercial/residential real estate developer in Omaha. After my successful internship, I was offered a full-time job out of college and am now proud to have become a partner and owner in the firm, as of 2020. My responsibilities there are, kind of, overseeing a diverse portfolio of real estate development projects, handling underwriting, acquisitions, financing and other strategic planning. Ultimately, my decision to attend Creighton University led me to this great opportunity I have now. And I'm proud to call Nebraska home. I've lived here for nine years and I can, kind of, officially say I'm one of these transplants that isn't going anywhere. I also have two of my best friends that, while I was at Creighton-- one of them is from Denver and one is from northern California. Both recently married, started families here in Omaha and I can say, with good confidence, that Creighton is the reason they decided to come to Omaha and kind of ended up making it home. The proposed investments in LB444 are critical improvements in investments for Creighton. And I urge the committee to support the bill and happy to answer any questions.

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

CLAY VANDERHEIDEN: Thank you.

CLEMENTS: Are there additional proponents for LB444? Welcome.

ERICA BOYLE: Hello, Chairperson Clements and members of the committee. My name is Erica Boyle, E-r-i-c-a B-o-y-l-e, and I am here as a 2017 graduate of Creighton University, University. I am originally from Hooper, Nebraska, and today, I live outside of Scribner, Nebraska, with my husband and our 18-month-old daughter. I currently work for AmerisourceBergen as a user experience strategist,

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focusing on future technological innovations for a global pharmaceutical sourcing and distribution services company. I'm here today to personally testify in support of LB444, as legislation that impacts the university that gave me my start to my career. After graduating from Logan View High School. I chose, after one visit to campus, to attend Creighton University to earn a business degree. I was struck by how at home I felt walking down the campus mall and was blown away with the successful job placement statistics the school shared with me. I double majored in marketing and business intelligence and analytics through the, through the Heider College of Business and I loved my college experience. The Creighton community is one that is warm and inviting. I felt at home on the campus because of how similar it felt to the small Nebraska town that I am from. It is easy to see a friend walking to class any day of the week. Faculty encourage you to bring real world ideas and problem solving to the classroom, as well as purposefully engage in the community in and around Omaha and throughout the region, through service to others. My success in the classroom has brought me success in my career. I would not have gotten my first job at Quantum Workplace without my Creighton degree. Creighton is where I discovered more about myself and more about the world beyond where I grew up. My classmates came from all over the United States, including Minnesota, Iowa, Kansas and Colorado. My friends also spanned across all the colleges at Creighton University. And they stayed in Nebraska following graduation, due to internships that led to jobs in business, criminal defense and journalism or continued to a wide variety of professional school programs. We may be all doing different things now, but the unifying reason we all now call Nebraska home, is Creighton University. LB444 proposes, proposes a number of capital projects, including equipment to support the future healthcare workforce of Nebraska, the construction of facilities for baseball and softball and street beautification. The common denominator of these projects is they all help to ensure that Creighton continues to have world-class facilities and campus life that will ensure this pipeline of out-of-state talent to continue to flow into our state. While I grew up in our state and chose to stay here to pursue my career and raise my family, I know that if Nebraska is to grow and prosper, we must continue to bring in new business leaders, nurses, physicians, therapists, dentists, pharmacists, teachers and lawyers to our state. These people will continue to come here because of Creighton University. Thank you for your consideration of support for LB444, so that we can continue to welcome new generations of talented residents to Creighton University and the state of Nebraska. I will now respond to any questions.

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CLEMENTS: Are there questions from the committee? Seeing none, thank you for coming.

ERICA BOYLE: Thank you.

CLEMENTS: Thank you for your testimony. Are there additional proponents for LB444? Seeing none, is there anyone in the opposition? Seeing none, is anyone wanting to testify in the neutral capacity? Seeing none, you're welcome to close, Senator Linehan.

LINEHAN: Thank you all for listening to this. I'm just-- I'm going to be real quick here, I remember and many of you may remember-- he's still with us this session, it seems like he's gone-- John Gottschalk. I was in his office at the World Herald and he took me to a window on the north side and he said, we're going to put a baseball stadium there. I thought, you're crazy, but it's there. Omaha has been blessed, over the years, with great leadership, civic leadership. Gottschalk, who's retired now, can't do that role anymore, but there's also other people: Walter Scott, Chuck Durham. There were a lot of people that did a lot for Omaha that aren't with us anymore. And now we have a lot of foundations. It's just a different world than it was 20 years ago. But I have friends from all over the country. A friend of mine, John Bass, who's like the top foreign service officer at the State Department today-- I always try to get him to Nebraska. He never had time. But this summer, he and his wife came and spent four days, because we have the College World Series. It's a big deal. So thank you very much. And I really appreciate the support.

CLEMENTS: Are there questions from the committee? Seeing none, thank you, Senator. I have no positions. Oh. I do have? Excuse me. Clerk. I do have online comments. We have two proponents, one opponent, one neutral regarding LB444. And that will conclude the hearing for LB444. We will switch now to Agency 72, Department of Economic Development. Just a minute, Director.

ANTHONY GOINS: Yes, sir.

CLEMENTS: We'll get our other notebook out. All right. Welcome, Director.

ANTHONY GOINS: It's an honor to be here.

CLEMENTS: We'll open the hearing for Agency 72.

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ANTHONY GOINS: Good afternoon, Chairperson Clements, and the members of the Appropriations Committee for the record. My name is Anthony Goins, and that is spelled AT&T h0ny Geo in s and I am the director of the Nebraska Department of Economic Development. I appear before you today in support of the Department's 2023 through 2025 biennial budget as contained in the Governor's recommendation. The department works with. Several. Programs to encourage economic development, which are vital to the state's goals of growing the workforce, creating the best state in America for technology, meeting the housing demand and encouraging entrepreneurship and developing communities. On February the seventh, Governor Pilling announced the inclusion of an annual \$5 million competitive grant program within his budget to encourage and facilitate mentorships within Nebraska schools. A shortage of skilled labor is the main obstacle that is preventing economic growth in our state right now. Mentoring programs address the issue in two ways. First, they equip students with academic and life skills that position them for workplace success. Second, mentorships cultivate relationships that strengthen the sense of belonging, increasing the likelihood that they will remain connected to their community throughout their education and upon graduation. Program guidelines would need to be written for this new grant program to reach these younger students and achieve Governor Palin's vision. The governor's budget recommendation also includes \$10 million in the general fund appropriation for both fiscal year 24 and fiscal year 25. To continue the marketing efforts of Goodlife is calling campaign. The 2022 campaign far surpass key success measurements and leading indicators. Consumers who experience the messaging report, they think of Nebraska more favorably and show a higher intent to move here. There's still more work to fully complete the goals of this campaign. The funding would expand the media footprint to key primary and secondary markets within 500 miles to build a retention strategy centered around our many colleges and universities and revamp our digital tools and leverage our national network of Nebraskans who organically champion the state of Nebraska. D appreciates the committee's intent regarding an increase in the cash fund, a spending authority in the current year for the Affordable Housing Trust Fund and the Site and Building Development Fund programs. However, we are still in the process of determining the best use of these funds and anticipate the buying into adjustment requests if additional appropriation is needed. The Department continues to distribute the American Rescue Plan Act ARPA funds resulting from the 2022 legislation on a daily basis. Awards are being made, contracts are being signed, and payments are being generated. As most of you aware, d d experienced an increase of over

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\$700 million in our base appropriation, which included ARPA funding as well as other general funds that were added to the existing D. D programs. DDC has distributed 51.9 million in Arbor Aid and the dollars awarded 259 million. And I think that number to date is about 281 million. The department requests re appropriation of 20 million for the intern Nebraska program, which became effective with Elbe 1011 back in 2022. A contract is yet to be signed, but work is continuing to develop this program. It is it is going to be challenging for these work to be completed and smart by June 30th of 2023. I want to note that we are very close to signing a contract and committing those funds to a local nonprofit organization to manage the internship program. I wish to thank both the governor and the Appropriations Committee for supporting the department's mission for growing the state of Nebraska. I would be happy to answer any questions that you may have. Thank you.

CLEMENTS: Questions from the committee? Senator Wishart.

WISHART: Thank you, Director, for being here. Thank you, Chair. Yes, I'm going to break my-- usually I don't just make comments on the record, but I am going to make an exception. Director, I, you know, I am so impressed with your department. You are a small but mighty department.

ANTHONY GOINS: Thank you.

WISHART: And the work that you've done, not just with these ARPA funds and the significant amount of dollars that we have entrusted with your department to get out, but it dated back before that to even the COVID pandemic--

ANTHONY GOINS: Yes.

WISHART: --and the incredible work your team did to support small businesses through that very challenging period of time. So I just want to thank you and thank your team for, for the work that you're doing.

ANTHONY GOINS: Thank you.

WISHART: Very impressed.

ANTHONY GOINS: Thank you, Senator Wishart. And it is definitely a team effort. If you look on this front row, these are the teammates that tirelessly work literally 24/7 to make sure that that happens. So it's, it's my team.

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CLEMENTS: Other questions from the committee? I had a question. "The Good Life Is Calling" almost sounds like a tourism slogan. How would you compare that to tourism [INAUDIBLE]?

ANTHONY GOINS: Absolutely. I'd be happy to answer that question. So "The Good Life Is Calling" was led by Archrival. It shares the true value proposition of living in the state of Nebraska, doing business in Nebraska, and really articulating the life that you can have here. In contrast to the tourism slogan, which is "Nebraska Is Not for You," there are stark differences when you look at the leading indicator numbers in terms of the clicks on our website. And let me also note that even though this was a one-time campaign and any of you that run firms, you understand that marketing is a consistent piece of your business model that helps you to attract revenue as well as create profitability. There were five families that moved to Nebraska from one campaign. And what I am confident in is that consistent-- we've allowed other states to tell our narrative because we never had a marketing campaign other than a tourism campaign. And I think this gives the state of Nebraska the opportunity to talk about all the great things that we already know. Even if we retain every student that graduated from the university system, we would not have enough people for our workforce. So the retention, as well as the acquisition strategy underpinned by marketing, is mission critical to filling our jobs.

CLEMENTS: In your remarks, I thought I heard you say there was a college focus to this program. Is that true or--

ANTHONY GOINS: That is true, absolutely. So the college focus really centers around internships. There's \$20 million set aside for internships. And as a part of the internship strategy, there would be a marketing component to that internship strategy so that you are attracting student interns from out of state also. That is correct.

CLEMENTS: Senator Vargas.

VARGAS: Do you have more questions?

CLEMENTS: I will, but go ahead.

VARGAS: You know, comment-wise, I appreciate the transparency on the Affordable Housing Trust Fund, the site development building [INAUDIBLE]

ANTHONY GOINS: Sure.

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VARGAS: --obligated funds. That's helpful for the public to know. We often, especially for new members, you know, we've been going back and forth and looking at the funds within some of these housing or economic development tools. And we hear the term "obligated" and we don't really know what that means---

ANTHONY GOINS: Sure.

VARGAS: --for all of us. So that's really helpful. So thank you for that. You know, I'm still not sure about this "The Good Life is Calling" campaign, not because of the independent campaign, but because we do have a tourism department that I believe should focus on tourism and economic development. And I think about the redundancy that we address these last couple of years with, with combining different agencies.

ANTHONY GOINS: Um-hum, um-hum.

VARGAS: But I just don't know if that was ever a conversation, you know, with you and Governor Pillen because it seems, you know, we had the Tourism come in here and I'll, I'll be the first to admit I didn't think that there was alignment on both the campaigns there for tourism,--

ANTHONY GOINS: That's right.

VARGAS: --which should be about economic development. It's not just about bringing people here. It's about people coming investing dollars, but also bringing people here in terms of bringing-- making sure kids stay. And I don't know why we don't have some alignment on that. And I don't know if there's been talks about combining agencies. We did that with natural resources.

ANTHONY GOINS: Um-hum. Um-hum.

VARGAS: There's two agencies, Department of Energy.

WISHART: Yes.

ANTHONY GOINS: That's correct.

VARGAS: Yeah. Thank you. But I feel like there's-- it's not good when we have two different messages out there, and there's just huge discrepancies in what they're actually doing and how we can connect them to economic impact. So I didn't know if you can speak to that.

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ANTHONY GOINS: You know, quite frankly, Senator Vargas, I don't disagree with you. I do think that there should be one message. But I think the one message should be from a Nebraska firm that understands our way of life and has the gravitas to be able to articulate why Nebraska is a great place. As an agency, we don't believe that we should be made a mockery of and made a mockery of by an agency that is not even from Nebraska. So I don't disagree with you. I think there should be alignment. I think what I can tell you is that, and my teammates will attest to this, it's created some, some confusion in the marketplace because of the two different campaigns. So I think "The Good Life Is Calling" is a great representation of who we are. I, I, I beg to differ with the tourism model and their slogan. And I think a number of Nebraskans don't like being made fun of.

VARGAS: Well, I would agree with that. I would like to see, I don't know a better word. I hate the word synergy, but something's got to-- we got to work something out because--

ANTHONY GOINS: I agree.

VARGAS: --if both of these-- both these are government agencies. And remind me, is this ongoing or is this a one-time \$10 million appropriation?

ANTHONY GOINS: No. This would-- this would be ongoing.

VARGAS: OK. All right.

ANTHONY GOINS: Correct.

VARGAS: OK. Thank you.

ANTHONY GOINS: And it would be the first time in the history of our state that the Department of Economic Development would run a, a true marketing campaign marketing, telling the story about our state.

CLEMENTS: All right. Thank you. Back to ARPA, we are still receiving concerns from people who are waiting for their ARPA awards and we're getting requests from other people who say, is there some ARPA money available that's unobligated and how much is it? That's our committee that deals with that. And would you help give us a timeline of how you think you're going to proceed through the grants and if you're going to see some unobligated money?

ANTHONY GOINS: Absolutely. Absolutely. So let me say this. The program, and I'll speak to LB1014 as well as LB1024. That total

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dollar amount is \$646,814,178. In terms of obligated, that number is \$495,148,816 that's already been obligated. When we look at disbursed, that number is only \$51.9 million. However, the disbursement process has a longer tail to it simply because it's a reimbursement process based on the drawdown. So I'd be happy to address anyone that has any conversations about a slowdown. There are parts of some of the funding, I think Senator Vargas is aware [INAUDIBLE] \$250 million that is not under our influence. And so that funding, we, we have no jurisdiction over that funding.

CLEMENTS: Right.

ANTHONY GOINS: We get calls about that all the time, but we have no--

VARGAS: [INAUDIBLE] just kidding.

ANTHONY GOINS: Yeah, we have no jurisdiction over the fund.

CLEMENTS: That's a different agency you're saying.

ANTHONY GOINS: Well, it's, it's the, you know, I think it was a senatorial legislative committee that has influence over the movement of that money. Let me say that.

CLEMENTS: All right. And have you had ineligible recipients that are not going to use the money or some that are turning back any excess?

ANTHONY GOINS: We have had a small number of those that was really more so around shovel ready. You know, these are federal dollars. And as we all know in this room, federal dollars come with a different set of stipulations. And some of those stipulations are fairly laborious, including the controls that you have to put in place. So there have been a few organizations that have decided that they would rather not go that route.

CLEMENTS: Very good. Well, thank you. We appreciate you keeping us up to date as we do get requests, especially with our fiscal analysts. We've asked them to keep us informed about those programs, those dollars.

ANTHONY GOINS: Absolutely.

CLEMENTS: Any other questions from the committee? Seeing none, thank you, Director.

ANTHONY GOINS: Thank you all.

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CLEMENTS: Is there anyone here wishing to speak to the Department of Economic Development budget? All right. Welcome. This can be proponent, opponent, or neutral. We take them in any order here.

Hello.

CLEMENTS: Welcome.

[AGENCY HEARINGS]

CLEMENTS: Other testifiers regarding the Department of Economic Development? Seeing none, we have position comments. We have one proponent remark. And that will conclude Agency 72. Next on our agenda is Senator Wayne, LB349. Just a minute. Got to switch notebooks again. All right. We'll open the hearing for LB349. Senator Wayne, welcome.

WAYNE: Thank you. Chairman Clements. My name is Justin Wayne, W-a-- J-u-s-t-i-n W-a-y-n-e, and I represent Legislative District 13, which is north Omaha in northeast Douglas County. Today, LB349 is a very simple bill. One thing I think when we talk about growing Nebraska, we have to figure out how to dig into innovation. And I think innovation is very important as we, as we talk about growing Nebraska. The Innovation Act, I think, was, from my research, was 2011. And so, when I started digging into these numbers, what I found out is that they've only actually funded two black-owned startups for around \$500,000. And I don't think it's a race thing. The more and more I kept digging into this, it seems like it might be a geographical thing, where we should probably invest more and have people on the ground in different communities. I think Omaha is completely different than rural Nebraska, but I do think innovation happens in rural Nebraska. There are a lot of companies who are innovative in rural Nebraska, and I think we cannot dispute the benefit that Invest Nebraska and the Innovation Act has provided for our, our, our state. Some reports even say for every dollar invested, \$100-\$200 is, is, is made through our state or, or reinvested in our state. So I believe in what Invest Nebraska is doing, I believe in what we've done at the Innovation Act as a body. But I think if people-- if we were to break this up by congressional districts, we might get more bang for our buck, by working with startups in those communities and taking a more local approach to innovation versus a state-wide approach. And so what this bill does and to not make anybody upset, we just tripled it and said we'll give each dollar-- an equal amount of dollars to each congressional district. So the thought is, instead of having one person, like Invest Nebraska-- it

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could be one person like Invest Nebraska, but we could have three or we could have one. But we want to make sure we break it up, the dollars, locally and I think the best way to do that is through congressional districts. So that's the, the genesis of the bill. I think in 2021, Invest Nebraska did about 40 deals, about \$317 million in venture capital. Through January 1 of 2012 to December 31 of 2021, I, I believe about \$1,000,000,000 were deployed through this type of mechanism. And I think we can double or triple that and I think we can do that by focusing on local innovation, rather than taking the state-wide approach. So it's really that simple. If the-- this budget committee-- Appropriations Committee doesn't have the dollar-- do not have the dollars to maybe triple it, I'm OK with doubling it. But I do think we have to put some language in there about breaking it up by congressional district, so we can focus on innovation at the local level. And with that, I'll answer any questions.

CLEMENTS: Questions? Senator Vargas.

VARGAS: Thank you, Senator Wayne, for bringing this bill. Do you have any data or information on past distribution, based on geography? Obviously, they didn't collect that necessarily, explicitly, but--

WAYNE: Yes, there is somebody who has that data.

VARGAS: That's great.

WAYNE: And again, it's not-- I'm not-- let me be clear, I'm not knocking or, or, or talking negative--

VARGAS: OK.

WAYNE: --of Invest Nebraska, but what, what I'm trying to do is increase, increase more innovation. And I think if we have the local feel to it at the local level, we can do that. But somebody does have the data, behind me.

VARGAS: I think we set the standards for splitting by congressional district for a lot of other bills. So I think that makes sense.

CLEMENTS: Other questions? Seeing none, we'll welcome proponents for LB349.

RICHARD BAIER: Good afternoon, Chairman Clements, members of the committee. For the record, my name is Richard Baier. Sorry. R-i-c-h-a-r-d, the last name is B-a-i-e-r. As many of you know, I'm a registered lobbyist with the Nebraska Bankers, but today I'm

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appearing in my volunteer role as a past chairman of the Invest Nebraska Corporation Board and I also currently serve as a board member emeritus. I'm also representing the Omaha Chamber of Commerce. I do want to extend a special thank you to Senator Wayne for his commitment to innovation and entrepreneurship. This has been a passion of mine and maybe that was my goal, is to share a little bit of background on the Innovation Act. As many of you know, I was the DED director. And that would-- I think that's the last time I testified before this committee. So it's been a nice dry spell for me not to have to do that. But during my time at DED, we actually commissioned a group called the Battelle Research Partnership, out of Ohio. And one of the folk-- one of the things that we asked them to do was identify Nebraska's shortcomings. And they identified a variety of activities and that-- mostly in the areas of innovation and technology, research, large project development and then lastly, workforce attraction and retention. And obviously, because of term limits, many of you-- none of you were here when we, kind of, went through this process. But what resulted out of that and the legislative solution to that was an effort called the Talent and Innovation Initiative or passionately, for those, us science geeks, TI squared-- that we pushed through the Legislature. And I'm going to give you a little bit of a perspective on that. The Talent and Innovation Initiative included creation of the Business Innovation Act, the Site and Building Fund, which you've already heard some about today, the Intern Nebraska program, as well as research and development tax credits. So it was a pretty monumental lift for the Legislature. We were actively involved, with folks like Senator Fischer and a var-- Senator and Congressman Flood and a variety of others, to enact that legislation. Today, I want to talk a little bit about the Business Innovation Act. And you'll find at the top of my comments on page 2, kind of a breakdown of the various programs you'll see there, that are built into the Business Innovation Act. Pre-seed Prototyping Grant, that's really kind of the initial stages of entrepreneurship-- how do I have an idea and begin to develop a prototype? So the state has matching grants. We also found out that SBIR-- and I apologize, I have a typo in there-- SBIR and STTR matching grants, we were-- Nebraska was woefully short-- as well as academic R&D grants, seed and commercialization funding for people who want to commercialize a new business and then lastly, microenterprise. You know, as we began to look at putting this legislation together, it was really incumbent upon us to make sure that we had a variety of things. And our number one, we wanted it to be impactful. And number two, to do that, part of that was to make sure that our businesses had skin in the game. And you'll see that in

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terms of matching funds, both from the founder of the business but also from other investors, whether that's other angel investors or other venture capital. So today, I did include for you the recently released 2022 BIA Review, which was conducted by the Bureau of Business Research. It gives you a variety of, of background and information. More specifically, I would point you to the chart that's on the top of page 9. And it gets at some of the metrics that Senator Wayne was approaching and discussing. And again, we have had almost 400 companies that have received support through the Business Innovation Act. These are the ones that have-- excuse me, that have responded. You'll see that to date, the groups that responded has received-- have, have kind of placed out their-- almost \$40 million in VIA funding. And that's in all of these programs and these five areas of activity. But what you will see is the private investment follow up-- was up to \$10 for every dollar of VIA funding. And then also, if you track them, the revenue of those new companies, it was more than \$12 for each dollar that the state invested. So clearly, it's having a huge impact. The salaries are well above where the, the state averages are at. So again, I think that's a strong, strong metrics. I think, in the early days, a lot of the focus was on technology and software companies. That's really started to change. We're seeing a lot of manufacturing companies, a lot of biotechnology companies, a lot of healthcare companies, people who are patenting surgical robotics and those kind of activities. So clearly, the other thing I would share with you is just from a geographic perspective. Our projects have been spread statewide. And I wouldn't want to question Senator Wayne's intent, because, clearly, we need to do a better job in north and south Omaha and some of our underserved communities. But I would tell you right now, a lot of our activity is in Lincoln or Omaha. And it's, sort of, that continuum of early stage businesses all the way through this, sort of, high growth mentality. So I think the numbers speak for themselves. Obviously, you have difficult decisions to make, but I did want to share with you that, quite frankly, that the programs are working and they're very, very successful. I might, before my time runs out, I might address, address the comment about the diversity. And, and I would tell you that we have been very deliberate-- Senator Clements, if I might finish that thought?

CLEMENTS: Oh. Yes.

RICHARD BAIER: We have been very deliberate, in terms of bringing on new minorities onto our board of directors. So we, recently, brought on a south Omaha representative and we've also brought a African American representative onto our board, so people who are involved in

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this business-- line of business activity. So we've been very deliberate in that process and I think we're making huge headway as a state. And I'd just encourage you to continue to support, whether it's this proposal or others, to support innovation and entrepreneurship in the state.

CLEMENTS: All right. Are there questions from the committee? Senator Dover.

DOVER: I just wonder if you could just explain where it says the department shall ensure that funding under the act is distributed evenly among three congressional districts at a maximum extent possible-- just your past experience in dealing with that type of allocation--

RICHARD BAIER: Sure.

DOVER: --pros and cons, those kind of things.

RICHARD BAIER: I'm, I'm going to put my old DED hat on. That was always really tough for us to balance, because it's really hard for somebody in state government or in a not-for-profit like Invest Nebraska to say, we're going to have all of our projects this year in Omaha or they're all going to be in Lincoln or they're all going to be in rural Nebraska. Again, quite frankly, our initial round of projects was mostly Lincoln and Omaha. And western Nebraska trailed behind. I tell you, now they're catching up, but that's really hard to implement. I understand the intent, but from an operational side, it's really, really difficult. But obviously, it's a-- our board is statewide, so we have members on the Invest Nebraska board, for example, from Kearney, North Platte and further west. And so, we have a diversity of our board membership and we really work hard to, to keep the state engaged.

CLEMENTS: Other questions? Do you find--

DOVER: One last, one last question, I guess.

CLEMENTS: Oh, go ahead.

DOVER: So I mean, I would think that I mean, I'm in Norfolk, Nebraska. I'd like to see us get as much as we can get, obviously, for the benefit of--

RICHARD BAIER: Sure.

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DOVER: --my constituents. But it seems as though, sometimes, where probably spouses prefer to live or there's already existing structures in place, or perhaps, there may be businesses that can support the other business and so, I just would think it'd be somewhat challenging to-- I mean, I mean, to me, I'm a, I'm a private-- independent market--

RICHARD BAIER: Yep.

DOVER: --private business person and it seems to me, you really need to go where the greatest potential is.

RICHARD BAIER: Yeah.

DOVER: Comments?

RICHARD BAIER: Yeah. And, and that level of activity fluctuates again, a lot, depending on, on types of activities. If you see an uptick in the ag sector, for example, there's more dollars out there. So you're going to see people trying to come up with new innovation. We've done some things. I use the coworking space up in Norfolk as a good example or the ag tech incubator here on East Campus. Those are the kinds of foundational work they're doing right, now as well, so-- but yeah. It is really challenging to, sort of, ride those cycles and know what, what area might be hot when.

DOVER: All right. Thank you.

RICHARD BAIER: You bet.

CLEMENTS: Is this mostly business startups or are there some ongoing business that you helped expand?

RICHARD BAIER: Yeah. There's been a few existing companies, mostly, Senator-- and it gets into a lot more detail. A lot of, a lot of times, you'll have the lifestyle entrepreneurs or the local restaurants, those kinds of folks. Our focus is really, the folks who are in that high growth arena, who are going to bring money from outside of Nebraska into the area. So we've done some existing company work and we continue to help them grow through that continuum. So they might get a prototyping grant, but then we help fund them through commercialization and help them capture, capture venture capital from out of state with our team. So we kind of work our way through that process. So, I'd say it gets a little convoluted because some of our existing companies that have been around six or

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eight years, but they're still working their way through that continuum.

CLEMENTS: All right. Thank you.

RICHARD BAIER: You bet.

CLEMENTS: Senator Armendariz.

ARMENDARIZ: Thank you. Thank you. Do you guys participate or sponsor Startup Weekend or any kind of programs like that and maybe, in western Nebraska?

RICHARD BAIER: We do a variety of activities across the state. We're involved with the Bio Nebraska efforts, we're involved with 1 million Cups, is that what it's called? I'm drawing a-- I think it's 1 Million Cups. So there's a variety of those kinds of activities, of which we help sponsor. We have a great team, quite frankly, at Invest Nebraska, of legal minds who are dedicated. They get up in the morning at 6 a.m. and go to bed at 10:00 at night, thinking about this space. And I think Nebraska ought to be proud of the work that they're doing. And so, they are heavily invested in attending a lot of those meetings, so-- and I wouldn't know that, other than a lot of times, they call me on their drive home at night, just to check in.

ARMENDARIZ: Yeah, I just--

RICHARD BAIER: It's about 8:00 at night.

ARMENDARIZ: --I have to wonder about the farmer that has invented something for a problem he has that never, you know, it never sees the light of day because it's solving his problem.

RICHARD BAIER: Yeah, right.

ARMENDARIZ: But maybe, he isn't enticed to participate in something like that.

RICHARD BAIER: Senator, actually and, and if I may follow-up to that, one of the things we saw this last year, the American Farm Bureau kind of had an innovation showcase. And they took, sort of, the best companies from around the country. Three of the tie-- three of the top five companies were from Nebraska and the winner was from Nebraska. If you've not ever seen the grain weevil, I would encourage you to go on YouTube. It is a Roomba vacuum for a grain bin and what it's designed to do is push the grain down, so that someone doesn't

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have to go into the grain bin and risk their own personal safety. So those are the kinds of innovative activities that are out there and that crosses again, that one's a mix of ag and manufacturing and IT, all, all wrapped into one.

ANTHONY GOINS: That's great. Thanks.

CLEMENTS: Other questions? Seeing none--

RICHARD BAIER: Perfect.

CLEMENTS: --thank you for your testimony.

RICHARD BAIER: Thank you. Appreciate it.

CLEMENTS: Are there other proponents for LB349?

JOHN HLADIK: If anyone is missing the yellow sheet of paper, here's a packet. Good afternoon, Senator Clements, members of the committee. My name is John Hladik, and I'm testifying-- J-o-h-n H-l-a-d-i-k, and I'm testifying on behalf of the Center for Rural Affairs and the Nebraska Economic Developers Association. And the previous testifier did a really good job talking about the four, sort of, biggest programs within the Business Innovation Act. And the fifth program doesn't get as much attention, but ends up making a really big difference in Nebraska and on main streets, both in Omaha and Lincoln and statewide and that's the Microenterprise Loan and Technical Assistance Program. This gets the smallest amount of funding by far, but we think it's the most accessible. And it's currently making a very big impact in hundreds of communities across the state. And that's simply because microentrepreneurship is the career of choice for so many Nebraskans. We have over 145,000 businesses in the state with five or fewer employees. That's 86 percent of all businesses in Nebraska. And 74 percent of Nebraskans consider a micro-business as their sole source of income. And for these business owners, as you know, the past two years have been extraordinarily difficult with inflation and supply chain disruptions. And that's where we're able to come in. Established specifically to help these businesses overcome obstacles through training and technical assistance and targeted lending, the Microenterprise Assistance Program was designed for moments like these, and it's really stepped up. Right now, it's exceeding expectations. The Nebraska Small Business Collaborative has been a recipient of these funds since 2012. The collaborative includes Catholic Charities of Omaha, Center for Rural Affairs, Community Development Resources of Nebraska and the Nebraska

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Enterprise Fund and together, we provide that technical assistance and loans to entrepreneurs who can't get a bank loan. They can't get a bank loan because they don't have enough collateral or because they have credit shortcomings or it's a startup that the bank simply can't fund. And so, we can use the most recent data available to show what difference it makes when we can support some of those businesses. In 2020 alone, this collaborative received just \$500,000 for technical assistance and another \$500,000 for lending. And each of our organizations had to provide a 35 percent match using nonstate funds. And this small investment had really impressive results. Over 6,300 small businesses received technical assistance and classroom training through the program, 164 businesses accessed direct loans through the program and more than \$4.1 million in new capital was put to work through the program. And because we're working with first time entrepreneurs that banks can't or won't fund, we know a lot of these businesses just wouldn't have opened if it wasn't for the Microenterprise Assistance Program. So we support the committee's-- excuse me-- we appreciate the committee's support for these important programs and we hope that can continue. And with that, I'd be glad to answer any questions about them.

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

JOHN HLADIK: Thank you.

CLEMENTS: Are there other proponents for LB349? Seeing none, is there anyone in opposition of LB349? Seeing none, anyone here in the neutral capacity? Seeing none, Senator Wayne, you're welcome to close.

WAYNE: Thank you, Chairman Clements. Again, if this committee feels that three times might be too much, I'm, I'm OK with lowering that amount. I think the key is to put some more money in here. I think it's important. You heard the return on investment that we make. And I think we have to figure out how to, how to break this thought process up by congressional district to make sure we start innovation at the local level. And with that, I'll answer any questions.

CLEMENTS: Any questions from the committee? Seeing none--

WAYNE: Thank you.

CLEMENTS: --thank you. And let's see. I have a position comment, one proponent, no opponents, no neutral. And that concludes the hearing for LB349. Next, we open the hearing for LB682, Senator Vargas.

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VARGAS: Ready?

CLEMENTS: Oh. Yes. Welcome.

VARGAS: I don't mean to startle anybody. Good afternoon, Chairman Clements and members of the Appropriations Committee. My name is Senator Tony Vargas, T-o-n-y V-a-r-g-a-s, and today I'm presenting LB662, a bill that would appropriate \$500,000 to the Department of Economic Development for the purposes of carrying out an economic development study. The study will be focused on the development of a south Omaha business park and shall include information relating to infrastructure, transportation, site preparation, workforce talent, attraction and retention, economic impact and business development opportunities. The study will be limited to consideration within 68105 and 68107 ZIP codes. I'll explain why in a minute. Prior to the COVID-19 pandemic, Latino communities and entrepreneurs were growing at a faster rate than any other demographic. The economic contributions of Latinos in the United States has also grown significantly since 2010, from \$1.7 trillion that year to \$2.6 trillion in 2018. It's been devastating to see the unprecedented economic hardship these past years that have caused our communities. Now southeast Omaha concentrates the largest population of Latinos in the country of close to 57 percent of all Latino city living in the area and representing almost 36 percent of the population of southeast Omaha. Providing funds for an economic development study will allow us to better understand the needs of the two zip codes, 68105 and 68107 and ensure that the development of a business park has a positive, long-term economic, economic impact in south Omaha. For some of you that have been here, and I don't think many of us have been here, I think a few of us have been part of this. I think Senator Clements, definitely Senator Wishart and Senator McDonnell. You may recall that this committee funded a north Omaha economic plan, as well. It was, I think, maybe \$350,000, something to that effect. And the reason we did it is because Senator Wayne brought this bill. It was focused on some of the aspects of what we are now investing in, into this airport business park in north Omaha. And the rationale that came to us and what we worked on and we talked about was before we invest more funds in specific areas, it's beneficial for us as a state and the Department Economic Development to do their due diligence on where are areas of economic opportunity. And, and in conversations with DED and in my community, there is a portion and Senator, Senator McDonnell and I talked about this, there is a portion of south Omaha, that exists in both of our districts, that is probably the most apt for doing some sort of business park in the future. Unfortunately, it's not something we have really looked at or

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studied in some cohesive way. And the report that came out with that \$350,000 appropriation for that North Omaha Airport project has led to a lot of the economic development we're now seeing in north Omaha. There is a need for us to do much more analysis and study for a specific area of south Omaha. And I think that, in conversations with the DED, this is an important step forward for us figuring out what more can we do, when we're talking about leveraging the existing-- I have a different issue in our, in our districts in south Omaha than north Omaha. We don't have a lot of land that hasn't been developed and some of the land that, that hasn't been developed is-- some of it is either city-owned, some of it is county owned, some of it is private business owned. But there is a continuous area and strip and that's what-- the area that we really want to focus on. So that's, that's where this came from. Looking at what-- something that we have done well in the past, when we funded that project, \$500,000 was what we started off with. I think it could be done for less, honestly. I think in the hundreds of thousands is-- we want a good study that's actually going to lead us in the same direction on some of the things we've seen in north Omaha. And I think a good study will be important for a business park, like a similar project that what we saw, that we funded years ago. So that's what this, this what this came from. Happy to answer any questions. And-- but I appreciate the committee and as part of this, when we funded that and has led us to where we are now, with some of this work in north Omaha.

CLEMENTS: Are there questions from the committee? Seeing none, thank you. We will now welcome proponents for LB682. Welcome.

ITZEL LOPEZ: Gracias. Good afternoon. I'm Itzel Lopez, I-t-z-e-l L-o-p-e-z. I'm the board president of the Latina Economic Development Council and I am here today to support LB682. My vision for Omaha is to see a community that is inclusive of all members of society, regardless of citizenship, status, color, race, ethnic background, a community that provides access to quality services for all. As I mentioned, I'm here today to support LB682, which will appropriate funding for an economic development study of a south Omaha business park. Many will be surprised to learn that there are about a hun-- 1,500 Latino-owned businesses in Nebraska and that the Latino population in Nebraska will triple by 2050. And I, among other Latino community leaders, have an active role in educating non-Latinos on how to better understand and engage our demographic. Now, I share all that because southeast Omaha is mainly, mainly of Latino, Hispanic descendant community members. And this is why I also believe that an economic development study will allow us to better understand the needs of the two zip codes today, presented at 68105, 107. And ensure

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that the development of the business park in either area has a positive long-term economic impact of south Omaha. That's all I have. Thank you.

CLEMENTS: Are there questions from the committee? Seeing none, thank you for coming.

ITZEL LOPEZ: Gracias.

CLEMENTS: And thank you for your testimony. Are there additional proponents? Welcome.

MARCOS MORA: Good afternoon. My name is Marcos, M-a-r-c-o-s, last name Mora, M-o-r-a. I would love to see this study take place. You know, I've been in south Omaha all my life. My family has been in south Omaha since 1925. Got two more years, we could celebrate 100 years. We love south Omaha and Nebraska, love Nebraska football, we just love everything about it. But there's still a lot to be done in south Omaha. And if you look at the-- over history, over time, you know, there's been some just wonderful immigrants and there's a lot of hardworking people in south Omaha. But I think this study would really help to identify, you know, what are our needs in south Omaha. Sometimes, we feel like we're left out and a forgotten little city down there. So I am very much in support to, to see this happen because I-- we just want to make a difference. All right. I think Omaha, Nebraska-- we just want to celebrate our great city, our great state. And I think anything that can help make that better is a win-win for everybody. So thank you for your time.

CLEMENTS: Are there questions from the committee? All right. Let's see. I had one. Do you see the city of Omaha doing any development studies of this sort?

MARCOS MORA: Not that I'm aware of. I mean, we've been talking to the city. I'm also part of the South Omaha Business District Board. I forgot to identify some of the things that I do. I run the Cinco de Mayo Festival. I'm also part of Latino Economic Development Council. Not at this time. I know, as advocates, we, we just-- are-- been trying to see some things happen. But no, we, we really-- we've seen it in other parts of town, but not really in south Omaha.

CLEMENTS: All right. Thank you. Thank you for your testimony.

MARCOS MORA: All right. Thank you.

CLEMENTS: Are there additional proponents for LB682? Welcome.

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CESAR GARCIA: Good afternoon. Cesar Garcia, C-e-s-a-r G-a-r-c-i-a, executive director of Canopy South, an organization serving the south Omaha community. Canopy South is in support of LB682 for appropriation of \$500,000 to perform a comprehensive economic development study for the potential development of a south Omaha business park. Canopy South is a nonprofit organization, based in south Omaha, focusing our work on elevating economic vitality, enhancing community vibrancy, bolstering high-quality education and developing affordable and mixed-income housing. Since 2019, we have engaged in hundreds of hours with residents, stakeholders, institutions and service providers in zip code 68107. We have completed neighborhood surveys, needs assessments, a gap analysis, a market study and a multimodal transport-- transportation study. For the last several months, our organization have been working diligent-- diligently to ensure a comprehensive master plan is created for south Omaha as a whole, focusing on economic development, affordable and mixed-income housing, site prep, infrastructure, industrial and commercial development. This initiative was born out of a strategic plan last year and has been at the forefront of our mind as we engage with partners like the city of Omaha, residents and various stakeholders. South Omaha has been a bustling hub of agriculture business in our metro for decades. Despite the absence of holistic economic development plan and a lack of resources allocated towards its development, south Omaha has managed to thrive and grow. The community has been able to leverage its location and access to major transportation routes, including rail and highways, to attract and retain businesses. With its strong tie-- with its strong ties to the meatpacking industry, the community has also developed a diverse economy that includes food processing, manufacturing and other service industries. Despite facing challenges, south Omaha has continued to adapt and evolve, cementing its position as a vital and thriving business community in the Omaha metro area. Now it is time to provide the Omaha community with the resources to execute a comprehensive economic development study that translate into facilitating economic growth, ensuring sustainable development, attracting investment, promoting community inclusion and most importantly, enhancing the quality of life of the residents of south Omaha. Canopy South is not only in support of the economic development study, but also ready to sit at the table, share our knowledge and make sure that the study directly address the needs of our community. Last thing I will say is that we have been working for the last three years with the community and we have looked at different sides and what could be a very holistic, comprehensive approach that we could take together, to not only focus on housing,

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industrial, but making sure that it's all coordinated. South Omaha has grown in a way that sometimes, you even wonder how, how all this is happening. You can find a very nice house and very nice neighborhood right there, close to the meatpacking plants. Right. It's time. It is time to make an effort to allocate all those industries in a coordinated way that will serve the community now and in the future. Thank you.

CLEMENTS: Are there questions from the committee? I ask you the same question. Have you been involved with the city of Omaha in, in seeing any efforts to help-- doing studies like this?

CESAR GARCIA: Correct. So we have been working with economic development. You know how it is in the cities. It changes. People go, people come. There is a new person working on economic development with the city of Omaha. But this person brings a lot of experience in a lot of projects that they've done, in Iowa. And now, we're looking into south Omaha. We just-- about three weeks ago, we just got in a car and drove through Omaha-- south Omaha for 4 hours, just getting out of the car and just know, looking at the size, thinking about what it could be. And so, so there's interest and of course, there's always lack of resources.

CLEMENTS: Very good. Other questions? Seeing none, thank you for your testimony.

CESAR GARCIA: Thank you.

CLEMENTS: Are there other proponents for LB682? Seeing none, anyone in the opposition? Seeing none, anyone here in the neutral capacity? Seeing none, Senator Vargas, welcome to close.

VARGAS: Thank you. Fellow members of the Appropriations Committee and Chair Clements. There's a couple of things I just wanted to add. One, I know the city is dedicated to doing more intent and work. There's a reason, I think, in-- there's a difference between the city of Omaha doing sort of their work for planning and they have a planning department that focuses on that. In, in some ways, a little similar to how Director Goins was speaking, that tourism is focused on tourism and his department is focused on economic development. The city of Omaha might be focused on the planning side, but that isn't always really focused on economic development. And the parameters of this is there are tracts of land, 300 acres that are very specific that we want to study. This could be a huge economic benefit to our state when we're talking about being able to attract new businesses

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to come here. We need to make sure that there is the infrastructure that is available for different land availability. There's a short turnaround time when we're talking about trying to meet the needs of potential companies coming to the state. And I think we've heard it in the past from the director. It's why we've invested funds into many different DED programs, including the Site and Development Fund or even the incentive package. This is getting ahead of that. This is-- within this-- these, these different communities within Senator McDonnell's and I's district, there are places, but we need to better understand what is needed, what's the economic opportunity impact. And if we have the answers to this in a study from DED, then when DED is looking at potential places to do investments in the future, through some of their other programs that we have, this is something that they can point to and it can help us as a state, in what you heard from some private entities, to figure out what we, as a community, also do and-- along with the business community. So I appreciate having the Omaha Chamber's support and the Latino Economic Development Council and, and the-- and Canopy South and others and ask that-- again, it's, it's not a \$500,000 or, or nothing. This is a set amount that we can put towards a study. And I'm willing to work with some of the other partners to find matching funds to do something, as well.

CLEMENTS: Are there questions from the committee? Senator Dover.

DOVER: I noticed you had like 2 zip codes already. Is any adjacent zip codes not continuous with the area you are interested in? Did they get [INAUDIBLE], are they left out? Is-- it's kind of-- I, I looked on the map briefly. I just was kind of wondering why that's the line.

VARGAS: It's hard to describe and I'll have to take you-- we'll have-- we'll take you to, to some of our, you know, favorite restaurants. And you have to see it to understand that there-- this is where there is the most land that is either, either industrial land or is just not currently being used. And that was the reason behind those zip codes, just because we have-- we're, we're pretty dense in terms of, you know, housing in the area. But this is the area where we just don't have as much development happening.

CLEMENTS: Other questions? Senator Erdman.

ERDMAN: Thank you, Senator Clements. Thank you, Senator Vargas. Senator Vargas, who might, who might do this study?

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VARGAS: You know, this would be something that either DED would contract out to another entity-- they've done that in the past. You know, we have worked with, with the Star Wars Project, we used, we used HDR. Right. I, I can't remember who they used when they did this for the North Omaha Airport business project, but it would be competitive to process, like they usually do. I trust their judgment, in finding who is going to do the best job of this. Or maybe they do it internally. But my, my hope is they do contract with somebody. We didn't lay it out in this. And I could put language in there to do that. But yeah.

ERDMAN: So, so would it be possible, whoever bids this, if they see how much we've appropriated, \$500,000, that's what the bid will be?

VARGAS: I mean, yes, but similar to the work that we've done in some of the other, other committees, even, even the East Side Recovery grant, we had multiple bids for doing the contract work and that-- some people came at the high end, some people came at the middle, some people came much, much lower. I trust DED's judgment on how they would choose who's the best, based on the quality of the proposal and not just the amount of funding.

ERDMAN: OK. So how long is this study going to take?

VARGAS: We didn't put a date in this, but I'm happy to put something in that this is something that will be done in the next-- within-- by the end of this year or by the beginning of the next, next year.

ERDMAN: Does that seem exorbitant to you that they might get it done in six months and it's 500,000?

VARGAS: Yes, but not exorbitant. But the amount we put in was just for contingencies. And starting off with the conversation, I think we've seen plans that can be done for a couple of hundred thousand dollars to \$300,000, but it depends on the actual work product. The closest thing I can tell you is when we were doing this east side economic recovery process, you know, we had, we had third-party entities that were working to then, do some planned studies. We saw this with the Star Wars, where they were doing some of the planned studies and that cost-- I can't remember their costs-- you serve on the committee. But it was more than-- it was \$2 million. So my hope is this is being-- I, I trust DED to be frugal with the funds.

ERDMAN: I don't think it makes any difference about DED. Once they find out how much we've appropriated, that's what the bid will be.

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That's how that works. It's like, when we're doing-- we're going to do the museum on the fifth floor. The architectural firm was like \$230,000 to design 3,000 square feet. Does that seem a little odd? That's crazy. So \$500,000 for a study is just-- I don't know. And what did, what did Omaha do with all the money we give them? We give them hundreds of millions of dollars. Why haven't they used some of that money to do the studies and things they need to do? What did they do with it?

VARGAS: Which funds are you talking about?

ERDMAN: The ARPA money.

VARGAS: Well, some of the ARPA money has been designated to all across the state, if you remember, from LB1024. We reallocated, what, \$700 million from the ARPA funds to all across the state. That still hasn't been disbursed. I think we saw that reporting from DG and some of those funds still have been dispersed even in the east side of Omaha. But a large component of that was for, to some extent, I would say shovel-ready projects or things that have already been-- started to move and have that momentum. This is looking to areas that have not-- we have not studied the infrastructure, the development that currently exists in land, and that's what we want to look at. So it's not just the south Omaha business, just the entirety of south Omaha. It's a very narrow area. Again, the best, the best example I can come up with is the North Omaha Airport area. It, it was very discrete how we studied that area and this is similar in that vein.

ERDMAN: I'm, I'm, I'm thinking this is still exorbitant. I don't care how you figure it.

CLEMENTS: Other questions? Seeing none, we have position comments. For the record, we have one proponent, one opponent and none in the neutral. That concludes the hearing for LB682. We will now open the hearing for LB784. Senator McKinney. Welcome.

McKINNEY: Good afternoon, Chair Clements and members of the Appropriations Committee. My name is Terrell McKinney. T-e-r-r-e-l-l M-c-K-i-n-n-e-y, and I represent District 11 in the Legislature, which is north Omaha. And I'm here to discuss LB784. LB784 appropriates \$25 million over two years to the Department of Economic Development, to an innovation hub partner located in the city of Omaha. The money will be used for wet and dry lot-- dry lab space, commercial-- commercialization of bioscience, agritech life science, health industries and small business development. Last session, my

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priority bill, LB450, adopted the Innovation Hub Act. Innovation hubs are an initiative to generate and sustain businesses by providing the tools, skills and expertise to cultivate innovators and entrepreneurs who aspire to enhance educational and economic opportunities for themselves and their communities. Innovation hubs manifest in various ways, depending on how cities or initiatives are defined. As a state that is at a crossroads in our urban and rural communities, innovation hubs can be a catalyst for much needed change and innovation. Placing the innovation hub in a community like north Omaha can be a tool for multiple reasons. One is having a place in a community where business ideas can take shape, facilitating natural collisions between someone with someone with just an idea and a seasoned business owner. Another is centralizing resources for access to capital, information and resources for business planning, bookkeeping and business development from start to finish. The purpose of LB784 is to increase the possibilities for change and innovation in an area that is doing its best to uplift itself and to change perceptions. When you look across the country, the areas focused on this type of, of thing-- of change, have vibrant and thriving innovation-- areas that are focused on innovation have vibrant and thriving innovation hubs, like the Russell Innovation Center for Entrepreneurs in Atlanta, Georgia. In the interim, I was able to visit the Russell Center. In my short time there, I was rubbing shoulders with executives at Microsoft and Coca-Cola and entrepreneurs looking just to get started, which is why LB450 was essential and why LB784 is important. Let's commit to change and innovation in the state of Nebraska. Governor Pillen has stated on multiple occasions that he wants to invest in the state. Investment into innovation hubs is the investment we need. According to the Institute of Innovation and Knowledge Exchange, an innovation hub presents a compelling platform for harnessing capability, focusing on investment and stimulating enterprise. The key to, to successful innovation hub development is to cluster the organization's capacity around new and emerging economic areas of growth. Organizations that create innovation hubs can mobilize innovation initiatives quickly and optimize the time taken, to create new value for their end users and themselves. Innovation hubs provide an effective vehicle for shaping the dynamics of the go-to market solutions. Their primary focus on innovation makes measuring their tangible and intangible outcomes more readily identifiable. Three determinants cur-- three, three determinants to care-- to characterize the benefits of innovation is they, they serve-- they, they act as a catalyst for drive and organizational change. They create the basis for multiplication of factors for growth and they become an instrument

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for attracting capital investment, which is much needed in areas like north Omaha. In addition, there is a direct correlation between the development of a hub and the increase in learning development. Such activities instill a high performing culture that strengthens the organization's readiness for innovation and builds its knowledge base. In close, I hope the committee can see the vision and benefit of investing in innovation hubs and the potential benefit for our state. Thank you.

CLEMENTS: Are there questions from the committee? Senator Erdman.

ERDMAN: Thank you. Thank you, Senator Clements. Thank you, Senator McKinney. Senator McKinney, I read in your statement of intent, it was \$15 million this year and \$10 million next year. And then, when I look at the fiscal note, it--its-- and your, and your bill, it says \$30 million each year. Why-- what's the difference?

McKINNEY: So there's a amendment that I submitted, that I'm not sure if the committee got, but I'll-- it-- I'll change that in a amendment. I'm not sure. Sorry if you all don't have it, but I introduced it last week and I thought you all might have grabbed it, but-- sorry. Yeah. OK.

McDONNELL: Here's a-- look at this copy.

ERDMAN: Yeah. That's what I'm looking at. It says \$30 million.

McDONNELL: It says \$30 million, yeah. So I don't know if the fiscal note is correct.

McKINNEY: So the-- I'll get that amendment to the committee. So that's the difference.

DOVER: Which is it?

DORN: Yeah, which is it?

VARGAS: It's just the statement of intent.

McDONNELL: Senator, you're asking for 30 million, correct?

McKINNEY: 25.

McDONNELL: 25? OK.

McKINNEY: Yeah. So I've got to change that. So that's on me.

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DOVER: It says 15 and 10.

ERDMAN: The bill says 30.

DOVER: I know.

McKINNEY: The amendment switches that.

ERDMAN: It says, it says 60 total, two years of 30.

McKINNEY: No, I know, but the amendment takes it from 30 to 25. But my, my-- it's my bad that you guys don't have the updated amendment. It's what I'm saying.

DOVER: The first page here, of the-- right behind the bill number, LB784.

ERDMAN: Yeah. What about it?

CLEMENTS: Senator Dorn.

DORN: Thank you, Senator Clements. Thank you, Senator McKinney. So to clarify it, you've, you've introduced an amendment already or are you--

McKINNEY: Yes.

DORN: --we just don't have a copy of that. That's why--

McKINNEY: Yes, I introduced it last week.

DORN: --that's why we're looking at-- nevermind.

McKINNEY: So I, I was thinking the committee would have been able to grab it, but I should have brought it, so that's on me. Yeah.

DORN: The amendment updates it to the--

McKINNEY: Yes.

DORN: 15 and ten.

McKINNEY: Ten, yeah.

DORN: OK. Thank you.

CLEMENTS: OK. Senator Armendariz.

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ARMENDARIZ: Thank you. Thank you, Senator. Is I hub a company or-- and what would that be?

McKINNEY: An innovation hub, it-- it's not a company, but somebody-- so last year, [INAUDIBLE] LB450, the Innovation Hub Act, which allows for individuals to partner together to establish an innovation hub. So eventually, yes, it'll be a company, but it has to be formed through a partnership, with multiple entities.

ARMENDARIZ: And where would it be located?

McKINNEY: I want it in north-- well, north Omaha. I'm hoping somewhere within my district.

ARMENDARIZ: OK.

McKINNEY: So, yeah.

CLEMENTS: Are there-- Senator Erdman.

ERDMAN: Thank you, Senator Clements. Just so I'm clear on this, Senator Dover mentioned that on the first page behind the, the numbered page, that's the committee statement. That is not an amendment. So what I'm going to ask is, do you have an amendment that says what your committee statement says, that you submitted today? Is that what you're saying?

McKINNEY: I have an amendment that takes it from the 30 to 15 in one year and 10 in another.

ERDMAN: OK. So your committee statement will be similar to your, your--

McKINNEY: Amendment.

ERDMAN: --I mean, your, your amendment would be similar-- it says LB784, appropriate \$15 million in '23-24 and \$10 million in '25.

McKINNEY: Yes. Yes.

ERDMAN: OK. So this is not an amendment, this is your statement and you didn't get the amendment turned in.

McKINNEY: No, I turned the-- I introduced the amendment on the floor.

ERDMAN: OK.

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McKINNEY: It's in the record. I just assumed it would--

ERDMAN: OK.

McKINNEY: --the committee would have saw it first.

ERDMAN: Yeah, OK--

McKINNEY: That's why I didn't bring it.

ERDMAN: --because those didn't line up. Thank you.

McKINNEY: Yeah.

CLEMENTS: Other questions? Does the clerk have access to that amendment? You do? All right. Will you distribute that to the members? All right. The clerk has it, so we'll have her distribute that.

McKINNEY: OK.

CLEMENTS: All right. Seeing no other questions, are there proponents for LB784? Welcome.

ROB OWEN: Good afternoon, Chairperson Clements and members of the Appropriations Committee. My name is Rob Owen, R-o-b O-w-e-n, and I'm the executive director of Bio Nebraska, a nonprofit trade association dedicated to supporting, promoting and growing the biosciences in Nebraska. Bio Nebraska has over 100 member organizations across the state representing human health, animal health, agriculture, renewable fuels and industrial biotech sectors. Bio Nebraska members also include service providers and academic institutions, including Metropolitan Community College, Southeast Community College and the University of Nebraska and its four campuses. I'm here today to provide, to provide Bio Nebraska's strong support for LB784, which provides funding for wet lab space and funding for bioscience companies and thank Senator McKinney for his leadership on this issue. According to recent data, there are over 18,000 jobs in Nebraska associated with the bioscience, with many of those jobs being closely tied to the ag sector. The average wage for these jobs is \$82,000. If you compare that to the average wage of other private sector jobs in Nebraska of \$54,000, you can see that the biosciences are creating high-wage, high-quality jobs. And as a state, we should continue to find ways to invest in and grow the biosciences. In order to grow our bioscience ecosystem, we need to be offering those companies and organizations living in that ecosystem some of the

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essentials for them to succeed, which includes wet lab space. Wet lab is laboratory space where chemicals, drugs and other material or biological matter can be tested, analyzed, where it requires water, ventilation and different utilities. So it's just not a table top, there's water, vent-- very expensive ventilation systems. Nebraska currently has 7,700 square feet of available commercial wet lab space, which is all located on Nebraska Innovation Campus in the BioTech Connector. To put that number in context, Chicago has 1 million square feet of wet lab space with 6 million square feet coming online soon. And I can't even imagine the amount of wet lab space in Boston. Now, Nebraska is not Chicago. It's not Boston. But I just wanted to show what the numbers are out there. So what do our neighbor states have, if we want it coming this way? The ISU Research Park, in Ames, Iowa, was founded to provide space and resources needed to advance science-based initiatives. Today, over 90 companies own or rent space in a 500-acre development, with more than 800,000 square feet of developed building space, which includes 50,000 square feet of wet lab space. The Bioventures Center in Iowa City, 15,000 square feet of wet lab space. So just two locations in Iowa, I have identified 65,000 square feet of wet lab space. The KU Innovation Park in Lawrence, Kansas, offers a variety of enterprise services for businesses at any level. It has over 40,000 square feet of wet lab space. And if you throw in wet lab space in Kansas City and Manhattan, my guess is Kansas is over 100,000 square feet of wet lab space. Nebraska has 7,700. There is a bright side. The BioTech BioTech Connector is usually full, which also leads to a downside. Let me just throw out three members of Bio Nebraska, what the-- experience they've had with wet lab. One of my members, two or three person company, they had a location at the Med Center in one of the research towers. The Med Center needed their space. So my member company scoured the city of Omaha looking for wet lab space and couldn't find any, until they finally settled on a space at the Center shopping center at 42nd and Center Street that was built in 1955, and if I'm not mistaken, it was one of the first enclosed shopping centers in the entire United States. So I have a biotech connector-- a biotech company in the Center shopping center, another Omaha company, looking for wet lab space, scoured the city of Omaha. They ended up retrofitting a doctor's office in a location just north of Westroads. Another company based in Omaha decided to take the leap to come down to Lincoln for the BioTech Connector. They did that for two years and they decided that was too much time out of their day to be coming down to Lincoln, so they ended up retrofitting a dentist's office on 84th and Center Street. So here are three biotech companies with nowhere to go. If we want to retain and recruit bioscience

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companies in and to Nebraska, especially startup and small companies, we need to be able to offer commercial wet lab space. It is that simple. Senator McKinney's bill would go a long way to helping to erase the wet lab space deficiency in this state. We cannot let this opportunity pass us by. Again, bioscience jobs pay on an average of \$82,000 a year. We should do all we can to create more bioscience jobs. And wet lab space is essential for that to happen. I'm happy to answer any questions.

CLEMENTS: Any questions from the committee? Senator Armendariz.

ARMENDARIZ: Thank you. Thanks for being here. Do you have a wait list of folks that would take up that space if we fund it?

ROB OWEN: I-- well, those three companies would certainly have taken up space. I know, in talking with the University of Nebraska Med Center and their UNeMed division, who are out recruiting companies, one of the first questions they get is where is the wet lab space that we can come to? And unfortunately, the answer is usually none. And that kind of ends the conversations with that. Again, 7,700 square feet. Omaha could probably deal 10,000 square feet and it would probably be pretty full, shortly thereafter.

ARMENDARIZ: I guess I would like to see some active, you know, companies that are lined up, ready to fill the space before we allocate money to it.

ROB OWEN: Sure. Let me-- I'll, I'll confer with the Department of Economic Development and the Med Center, to see if we can do that.

ARMENDARIZ: OK. Thanks.

CLEMENTS: Senator Erdman.

ERDMAN: Thank you, Senator Clements. Thank you for coming. So if this is such an economically advantageous thing, why doesn't private industry do this?

ROB OWEN: Well, first of all, wet lab space, at least-- wet lab space. And I'm not talking Ihubs. Wet lab space is expensive. Initially, it's about \$500 a square foot. So if you're looking at 10,000 square feet of wet lab space, you're looking at \$5 million. Unfortunately, then if you're a startup, you want to be-- you don't want to-- the economics are off a little bit on it. If I'm a startup, I don't want to be spending \$100 a square foot, because I don't have that much money to do that. So I think there's a little bit-- I'm not

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an investor in that, but I think that's the hesitancy a little bit, is that there's a-- probably a lot of upfront money. Then that will take some time to recoup, over the years, because of your paying, you know, a startup who is getting money from the Business Innovation Act or from angel investors. That would be my guess on that.

ERDMAN: OK.

ROB OWEN: But there's definitely a need in the state of Nebraska. There's, there's no wet lab space in Omaha. We have a world-class university medical center and research center, and there's nowhere for a medtech company to put their, their, you know, foot down.

ERDMAN: And, and I'm not arguing the fact that--

ROB OWEN: Yeah.

ERDMAN: --you need one. I'm not--

ROB OWEN: Yeah.

ERDMAN: --saying that. My point is, I'm having trouble getting my hands around why the government is the answer. Every situation that private industry can't afford to do, the government has to step up and help you. That's the problem that I have.

ROB OWEN: Yeah. I understand. I, I look at it this way. I mean, I-- the state of Nebraska, invests money in areas, over the years, to help grow jobs, to incentivize business and this is one of these. This is where we want to retain businesses, we want to attract businesses, we want to grow these industries. And so, if the state of Nebraska is in the business of doing that, then I would say bioscience is a, is a smart investment. If the state's not doing any of it, that's a different issue. But if the state of Nebraska is allocating taxpayer dollars to grow the economies of the entire state, biosciences is a safe bet-- safe investment.

ERDMAN: I would agree if that's the charge of the state. I would agree.

CLEMENTS: Other questions?

DORN: Senator, Senator Clements?

CLEMENTS: Senator Dorn.

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DORN: Thank you, Senator Clements. Thank-- and thank you for being here. I guess I'm not real familiar with what you keep calling a wet lab. Could you describe that a little bit more? I mean, is it, is it--

ROB OWEN: It--

DORN: --used basically, for research--

ROB OWEN: --sure.

DORN: --or for future products or what--

ROB OWEN: No, it's for research and such. I mean, essentially, you could do a ten-foot long table like this, that will have a sink, you have some water, and then, you would have some specialized ventilation that would be going on. So it's just not like you can plop your stuff down on any table. I mean, there are some specifics to it, which increases the cost, because you need, again, that specialized ventilation, because you're dealing with maybe, animal cells, human cells or such that need, you know, special containment on that. So it's just not a workbench. There's got to be some specifics to it.

DORN: Thank you.

CLEMENTS: Senator Armendariz.

ARMENDARIZ: Thank you. Just a follow-up [INAUDIBLE]. So I do understand the ventilation part of it and, and how, you know, how expensive that is. What, what is the dollars and cents of it, since it is such an expensive investment for 10,000 square feet, are you thinking?

ROB OWEN: I mean-- well, looking at what I've been told, it's about \$500 a square foot. So if you built 10,000 square feet of wet lab space, it'd be \$5 million.

ARMENDARIZ: So, so what does it mean to us, as taxpayers? What-- why would we want to invest in that? How do we get our money back?

ROB OWEN: Because the biosciences are creating jobs that are \$82,000 a year.

ARMENDARIZ: So those--

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ROB OWEN: Your high-quality--

ARMENDARIZ: Right.

ROB OWEN: --high-wage jobs, on top of--

ARMENDARIZ: I guess, to, to tie back--

ROB OWEN: --on top of--

ARMENDARIZ: --to my first-- right.

ROB OWEN: --right.

ARMENDARIZ: We, we need to have the businesses that--

ROB OWEN: Yep.

ARMENDARIZ: --that want the space lined up. And then, the economics of those businesses. How many jobs are they bringing? How much are they paying those people? What does that mean for tax revenue coming in the state if, if we go forward with doing it. I think that's what a lot of people on this committee would want to see-- the, the numbers and the payback on the investment--

ROB OWEN: Well, I mean--

ARMENDARIZ: --not that it's a bad investment.

ROB OWEN: --yeah. I mean, for-- I mean, to be honest, if you're-- a lot of your startup bioscience companies just don't make it. I mean, it's, it's very expensive, sometimes you get bought out. I mean, it's, it's not a sure sign or a sure fire deal that you're going to have a startup company of two or three people that are going to rotate out of the med center that's going to be successful. I mean, that's just-- and it's not a Nebraska thing. That's a-- that's just an industry-type thing.

ARMENDARIZ: Yeah. Absolutely.

ROB OWEN: I mean, that's just--

ARMENDARIZ: So you're saying--

ROB OWEN: --that's just the way it is.

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ARMENDARIZ: --it's a-- since it's a startup, it's a real high-risk investment.

ROB OWEN: For sure.

ARMENDARIZ: OK.

ROB OWEN: Yeah. But if you look at the statistics coming out of the Business Innovation Act, a lot of those companies that the money is being invested in are the biosciences and ag. And again, the bio-- if I'm not mistaken, the Business Innovation Act and you know, it was \$40 million in by the state and the return on investment is \$700 million or \$800 million. So again, this goes back to my point. If the state is going to take money, taxpayer money and invest into things to, to grow the economy, grow jobs, the biosciences is a good investment. That's my main takeaway. Again, it's-- it is taking advantage of the University of Nebraska Med Center and the fantastic research of world-class researchers there, the work that's going on down here on Nebraska Innovation Campus and in Lincoln and in Kearney, we have all that here. We just need to provide an environment that allows those companies and those individuals to grow. I mean, we have a workforce issue. We have it in every sector. And, and that's a big issue, here in Nebraska. Finding investment is a big issue in the state for the biosciences. So if we can take care of some of these smaller things, like wet lab space and such, that helps, kind of, check the box so we can keep companies here. I mean, one of those companies that I mentioned, who had wet lab space in Lincoln that came back to Omaha, like, if they wouldn't have found that space, they were leaving the state, because it can't find wet lab space. And they're more of an established company.

ARMENDARIZ: So can I, can I add there? So you mentioned Chicago and Boston. I would think that those, those could be some really good areas that you could grab this information I'm asking for, to see if they have 100,000 square feet of investment and how that's been returned to the state and in what way. I would imagine that data is out there, for those more developed areas that have already done this.

ROB OWEN: I'm not sure if the state has invested in any money and in the wet lab space there. Is that what you're trying to see, if the state has invested money in?

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ARMENDARIZ: Or how much revenue that it brings to the state, just having it, not even-- whoever invested in it. How much money does that, that enterprise bring to the state, having that lab there now?

ROB OWEN: I, I can certainly look into-- see if there is numbers of-- like that and get back to you--

ARMENDARIZ: Sure.

ROB OWEN: --on that. But again, I again, going back, biosciences, we have a lot of the resources here and talent here. And we need to figure out how to-- ways to keep those people, attract other companies here and grow the biosciences, which, again, for Bio Nebraska, is a very diverse group. Again, ag, medtech, animal health.

CLEMENTS: Senator Dover.

DOVER: I, I don't know for sure, but I mean, obviously a lot of communities across Nebraska have shovel-ready--

CLEMENTS: Would you lean forward?

DOVER: Oh, sorry.

CLEMENTS: I understand [INAUDIBLE].

DOVER: Yeah. Sorry about that. Thank you very much, Chairman Clements. So there's a lot of communities across Nebraska that don't have a lot of money to invest in things, but they invest in shovel-ready pieces of ground, industrial park in Norfolk, hoping that someone comes along and because the infrastructure is there, they'll build a building. They will house something that will create business and bring a tax base and those kind of things. Is that similar to what you're describing?

ROB OWEN: Well, this all piggybacks on the whole iHub concept, right? I mean, the iHub bill that Senator McKinney referenced, that passed last year, is essentially, you get two or three organizations, nonprofits, academic institutions, economic development groups to get together to create this iHub. And that goes through the Department of Economic Development, where you are then designated as an iHub, which doesn't give you anything. And then you have to go through the ded-- or DED then, to apply for funds. It's two different offices at DED, under two different bills. So the way I see this, is this is an iHub designation that someone would put in an application for, for north Omaha, within that two-mile radius of the airport, who would then put

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an iHub or declare it an iHub and then, there would be funding available for that. And so, this wet lab space is just a portion of what Senator McKinney, I believe, is trying to accomplish. What I want to support is wet lab. We need wet lab space. I don't care if it's in Norfolk, Omaha, Lincoln, Grand Island. So wherever we can have access to more wet lab space, I'm all for it. I don't know, exactly, the details of what Senator McKinney sees for that iHub, for the north Omaha aspect, other than bioscience and wet lab. But I don't know then, of how that falls in line with the rest of the north Omaha iHub discussions that have been going on--

DOVER: All right.

ROB OWEN: --if that makes sense. I mean, yes--

DOVER: Yes.

ROB OWEN: --this is shell-- you would have to build this wet lab space if that--

DOVER: All the shovel-ready means-- I mean, you're preparing, you're kind of-- you're preparing the, the, the environment for these wet labs to have people come in. So you're creating this environment that then they can come in and occupy--

ROB OWEN: Sure.

DOVER: --and do work in.

ROB OWEN: I mean, so like the, the BioTech Connector, over here on Innovation Campus, it has, again, 7000 square feet of wet lab space. So they have their own individual wet lab space, their offices for that. There are common benches where there would be multiple companies, but there are also those common areas, where those groups can talk to each other, collaborate and such. So it's just not straight-up wet lab space. I think what Senator McKinney is talking about is bringing people together. You have that kind of synergies going on to kind of grow businesses and see where people can help. So it's just not, I don't believe, this silo of wet lab space only.

DOVER: OK.

ROB OWEN: It would have to be a bigger facility, where those companies are interacting with other because they would have to. I mean, they would need to.

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DOVER: OK. Thank you.

ROB OWEN: Yeah.

CLEMENTS: Other questions? Seeing none, thank you for your testimony.

ROB OWEN: Thank you.

CLEMENTS: Are there other proponents for LB784? Welcome.

JENNIFER CREAGER: Thank you. Chairman Clements, members of the committee, my name is Jennifer Creager, J-e-n-n-i-f-e-r C-r-e-a-g-e-r, a registered lobbyist for the Greater Omaha Chamber, here in support of Senator McKinney's bill. Thank you to him for bringing it. Our director of entrepreneurship and innovation at the Chamber was going to be here today and couldn't be, so she sent over some thoughts that she asked me to share with you, both on the wet labs information that Mr. Owen, I think, did a good job of covering, but I might just share a couple of her thoughts. And then, I wanted to make the committee aware of a program that we have been participating in with MIT. I'm representing Nebraska because I know the committee, historically, has supported entrepreneurship and innovation, so I wanted to make you aware of the work that we're doing there. So first, let me share her thoughts on the wet and-- wet and dry laboratory space will continue to put Omaha and Nebraska on the map, as it relates to our innovation growth. We're playing catch up compared to surrounding midwest states and other parts of the country-- of the country-- excuse me. To see companies start scale and grow, who need access to these resources, they need to have the resources available in the first place. As a state, we lack the space, as Mr. Owen said, that helps support highly innovative startups, particularly those looking to advance and drive forward technology solutions in the biosciences, medical technology and agritech-related industries. This space is critical to the growth these startups and types of companies need. Access to lab space, in particular, the equipment that would be housed in the lab, is one of the largest capital expenses that startups will face. Having incubation space in the form of a wet or dry lab allows these companies to access and use specialized equipment, while sharing the expense widely with other startups to try to solve similar problems. Ultimately, having access to this type of a resource will allow us to continue to grow a key part of our economy, while leveraging one of our largest employers and anchor institutions in Omaha, which is UNMC. We know that this institution is one of the largest employers and patent producers and being able to leverage that expertise into

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the production of new technologies and companies is key for long-term economic development and growth. It can also cultivate a community of support for startup founders working in these key industries, because of the shared access to resources, programming and more. Without these spaces, companies solving problems in these key industries, that need access to this type of resource, will start out of state, grow and scale out of state and ultimately, employ people out of state. We also have an opportunity with this funding appropriation to provide new opportunities to continue growing a workforce in Omaha that's eager and ready to-- for training and can be key in solving some of the workforce needs of institutions like UNMC and companies who are wanting to advance job opportunities in bioscience, life sciences and health industries. And as far as the program, our group representing Nebraska is participating-- it's called the MIT REAP Program, Regional Entrepreneurship Acceleration Program. It's been facilitated by MIT in Boston and Omaha and Lincoln-- there-- a team from Omaha and Lincoln is participating in its ninth cohort. There are 11 different stakeholders in the core team. It's working to drive forward a strategic plan, rooted in action that will support the innovation and startup ecosystems in Omaha and Lincoln. Stakeholders include representatives-- and my understanding is the cohort will only be accepted into the program if they have stakeholders from the entrepreneurship community, the university community, the risk capital community, the government community and the corporate community. And so, we have representatives from all of those areas. It's based around four workshops, three of which take place in Boston and one that is happening this summer in Australia, where the group of volunteers will get to showcase the program, our ecosystem, startups and more on a global scale. We're also joined by counterparts in Des Moines, St. Louis and Kansas City, along with four other countries. The program is fully funded by the Kauffman Foundation in Kansas City and it's one of the largest investments the foundation has made in the state of Nebraska to date and will formally conclude at the end of 2023. Work continues long after the program ends. If the committee is interested in more information about that program, we'd be happy to share that with you. Otherwise, thank you for your time.

CLEMENTS: Are there questions from the committee? Seeing none, thank you for your testimony. Are there other proponents for LB784? Seeing none, is there any-- anyone here in opposition? Seeing none, anyone wishing to testify in the neutral capacity? Seeing none, Senator McKinney, you are welcome to close.

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McKINNEY: Thank you. And thank you for those who came to testify and thank you committee members for your questions. I just personally think that innovation-- investing in innovation hubs is a good way to grow our state and, you know, find ways to invest in things that, you know, attract and keep people here, but also, you know, spur some type of innovation, because I think we have to innovate our state from western to eastern Nebraska and this is, in part, a way to do that. And I, and I just say thank you.

CLEMENTS: Questions? Senator McDonnell.

McDONNELL: Thank you, Senator McKinney, for bringing this bill. And I believe the amendment, that you wanted us to make sure we have, was AM598 and we do have it now.

McKINNEY: OK.

McDONNELL: And it's clear in there that it's-- you're asking for \$15 million in fiscal year '23-24 and \$10 million for fiscal year '24-25.

McKINNEY: All right.

McDONNELL: So thank you for getting that for us.

McKINNEY: Thank you.

CLEMENTS: Other questions? I had one question. Who would own this facility? Do you have an idea?

McKINNEY: The, the individuals that agree to come together to form an innovation hub would own the facility.

CLEMENTS: OK. These include the entrepreneurs.

McKINNEY: So the entrepreneurs, it could be the university. It could be the economic development corporation. It could be-- it's multiple entities that could be-- that could form the partnership to create the Innovation Hub.

CLEMENTS: Does the state have any ownership? We're putting in the money. Or is there any-- do you know if there's any matching funds?

McKINNEY: No. I don't, I don't think so, as of now.

CLEMENTS: All right. Well, I believe that's how we are-- Innovation Campus that-- are you thinking of something similar to what Innovation Campus in Lincoln is?

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McKINNEY: I think the issue, though, with matching funds is, in areas like north Omaha, it's hard to get matching funds.

CLEMENTS: Yeah.

McKINNEY: And that's, that's just the reality, is-- although, you know, I'm not saying it's a bad thing. It makes it harder to do things like this in those type of areas.

CLEMENTS: Any other questions? Seeing none, thank you, Senator McKinney.

McKINNEY: All right. Thank you.

CLEMENTS: And regarding position comments on-- I guess, I don't see any. So that will conclude LB784. We'll open a hearing for LB798, Senator Vargas.

VARGAS: This might be very short because I don't have testifiers for, for this. And I'll explain. This bill, as I was starting to write it, was meant to provide a vehicle for the necessary adjustments with the, the east side Economic Recovery Grant funds, that we currently have sitting, that need to be appropriated and designated. And so, we put in a number for \$2 million for, for that. So this is sort of a shell bill, so to speak. We've been very public about what some of the transfer funds would look like. We had a press conference earlier today, community members. And as you know, what I can tell you, is the east side recovery, the special committee of senators, again, similar to the, to the Star Wars project, have been working on amendment language on, on-- in a bill in Urban Affairs and another bill that we will be hearing, I think, on Thursday, with Senator McKinney. So this was meant, just so we had another vehicle, which is why I'm not, I'm not asking anybody to testify. With that, I'm happy to answer any questions.

CLEMENTS: Any questions? Seeing none, I go to-- just one-- oh. Senator Dover.

DOVER: So what is this for? I mean, I listened to what you just said. I was thinking, like, is this just for nothing or is this for something?

VARGAS: No, it's, it's it's, it's not for nothing. It is-- the intent was, you know, this is part communication, like us doing a better job of communication. But I wanted to make sure that there was going to be a vehicle for transferring funds for the Economic Recovery Grant

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Program that we passed into law last year. The funds are, right now, sitting in a fund. And they need to be passed and-- to what the intended purpose is. Originally, I wasn't sure if there was going to be other bills related to this. And there are. And as I mentioned, that one is going to be on Thursday. And so, rather than having those people come and testify on today and Thursday, which seems redundant, you know, we'll be talking about amendment language in Senator McKinney's bill on Thursday. This is the collective work of the, the, the special committee that Senator McDonnell, Senator Wishart, myself, new member, Senator Armendariz, and other members have been a part of this. So again, I said the shell bill because it's the best example I can say. We wanted to have a bill in case we brought an amendment, but we're not going to be working directly on this specific bill. We're going to work on, largely, Thursday's bill.

DOVER: So do we withdraw this bill or

VARGAS: No, because I don't have an intent or plan to move this bill on its own.

DOVER: OK

VARGAS: It's-- and if you look at the bill language, the bill language is really budget language. Right. So just like Senator Clements had a bill that he introduced last week, I think your testimony was extremely short, too. This is a shell bill. I'm the chair of the committee. And listen to that. That was basically it. So that's what this, that's what this is.

DOVER: Thank you.

VARGAS: Yeah.

CLEMENTS: Other questions?

DORN: [INAUDIBLE] give you a green light. It came unglued with me, last week, when I asked a question on a shell bill.

VARGAS: Starting trouble, Senator Dorn?

McDONNELL: That was nice. You have experience.

CLEMENTS: Are there any proponents?

VARGAS: Thank you.

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CLEMENTS: Seeing none, any opponents? Seeing none, any neutral? Seeing none, that concludes the hearing for LB798. And-- oh. You waive your closing? He waives closing. And that concludes the hearings for today. Good job.