

Transcript Prepared by Clerk of the Legislature Transcribers Office
Appropriations Committee March 13, 2023

CLEMENTS: Welcome to the Appropriations Committee. Has it started? All right. For the hearing today, my name is Rob Clements. I'm from Elmwood. I represent Legislative District 2. I serve as Chair of this committee. We will start off by having members do self-introductions, starting with my far right.

ERDMAN: Steve Erdman, District 47.

LIPPINCOTT: Loren Lippincott, District 34.

VARGAS: Tony Vargas, District 7, downtown/south Omaha.

WISHART: Anna Wishart, District 27.

DORN: Myron Dorn, District 30.

ARMENDARIZ: Christy Armendariz, District 18, northwest Omaha.

CLEMENTS: And those who are not here may be presenting in other committees. And other-- some of us may come and go as time goes on. Assisting the committee today is Tamara Hunt, our committee clerk. To my left is our fiscal analyst, Clint Verner. Our pages today are Amelia from Hastings, a UNL student, and Kate from Kansas, a UNL student. At the entrance you'll find green testifier sheets on the table. 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 the entrance where you may leave your name and related 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, electronic devices. For bills, the order of testimony will be introducer, proponents, opponents, neutral, and closing. When we hear testimony regarding agencies, we will first hear from a representing-- 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 five 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, please raise your hand now so the pages can make copies for you. With that, we will begin today's hearing, opening the hearing

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with Agency 84, Department of Environment and Energy. Mr. Director, welcome.

JIM MACY: Good afternoon, Senator Clements and members of the Appropriations Committee. My name is Jim Macy, spelled J-i-m M-a-c-y. I am the director of the Department of Environment and Energy, commonly known as NDEE. The department-- the Nebraska Department of Environment and Energy is tasked with protecting and improving human health, the environment, and energy resources. The department is privileged to work with many Nebraskans who are conscientious stewards of the land. Through this collaboration and the department's regulatory oversight, NDEE strives to preserve air, land, water, and energy resources, both now and for future generations. NDEE supports the Governor's budget recommendation. I come here today to ask you to reconsider three significant budget requests in the committee's preliminary budget. First, the department supports the Governor's recommendation of the \$1 million request for a groundwater quality study. Several places in the state have elevated levels of nitrate in the groundwater, and yet the state of Nebraska has never compiled a comprehensive study of groundwater statewide to analyze the problem. The one-- the \$1 million would be used to hire a third party to collect data and develop a statewide plan to reduce nitrate in groundwater. We would partner with sister agencies across the state to advise on this plan and provide data. The resulting report would provide guidance for the prioritization, implementation of solutions to provide safe drinking water and reduce point source discharges. Second, the department supports the Governor's recommendation for Water Well Standards Program funding. The program was formally transferred to us last year. The current funding for this program is based on fees to license well drillers and register wells. We've discovered the revenue for this program receipt-- that this program receives is not sufficient to fund the program. If this program were to become self-sufficient through increase in fees, that would be exorbitant to accomplish self-sufficiency. This program ensures that all well-- water wells, including domestic, irrigation, and public, are correctly drilled. Further, the program guarantees surface water does not flow into the groundwater through improper or noncompliant casings and scaling of the wellbore. We will use funding for this program to inspect wells, ensure well drillers are doing correct work, provide training, and to issue licenses to qualified professionals. Finally, the department supports the Governor's recommendation to include funding for the 404 Program. NDEE received authority in fiscal year 2022 to proceed with the 404 Program from LB809, with the General Funds being appropriated in LB809A. The Clean Water Act, Section 404

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authorizes the U.S. Army Corps of Engineers to permit specific dredge and fill activities around designated waters of the United States. The state of Nebraska, under NDEE, is in the process of assuming Section 404 permitting authority from the Army Corps of Engineers. The requested funds will be used to hire additional staff to work on remaining assumption program elements and develop permitting software. Once this program is fully developed, it will be self-sustaining and we will no longer require General Funds. Our constituents have asked for this. Our stakeholders have retained a strong affirmation that this program should quickly proceed. I appreciate the work of the committee and your consideration to return the agency budget as proposed by Governor Pillen. This concludes my comments and I'd be happy to respond to any questions that you might have.

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

WISHART: Thank you, Director, for being here today.

JIM MACY: Thank you, Senator.

WISHART: For the \$1 million water quality study, if that's advanced, when would that be completed would you estimate?

JIM MACY: It would probably take a year and a half total to get an RFP out on the street and that completed.

WISHART: OK. And this would be statewide.

JIM MACY: Statewide.

WISHART: OK. And then would your-- it would be a third-party consultant?

JIM MACY: Yes.

WISHART: And would they work that in tandem with the Nebraska Natural Resource Districts?

JIM MACY: We would-- we would work with all appropriate state agencies and resource partners.

WISHART: OK. I have one more question. We granted, as part of ARPA funding, \$4 million for reverse osmosis systems. Director, can you give us an update on that grant program?

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JIM MACY: We, we have advertised for people and communities both to apply for those reverse osmosis units, and the program is moving along successfully at this time.

WISHART: OK. Thank you. Do you have more needs than dollars allotted?

JIM MACY: We're not quite finished with that process.

WISHART: OK.

JIM MACY: So I don't know that I can tell you that we haven't used up all the money yet.

WISHART: OK. Thank you.

CLEMENTS: Other questions from the committee? I had, just to clarify, the \$1 million request is fiscal year '24 only, this one fiscal year.

JIM MACY: This year we would--

CLEMENTS: [INAUDIBLE] fiscal year.

JIM MACY: This coming fiscal year.

CLEMENTS: All right. [INAUDIBLE] And the 404 Program, what was the dollar amount of that request? Do we have it in our book? OK.

JIM MACY: Do you have it there?

CLEMENTS: We have \$325,000 in fiscal '24; \$1,409,000 in fiscal '25. He had it.

WISHART: I have one more question.

CLEMENTS: Yes.

WISHART: Director, I do have one more question. It's my understanding that with the, the recently passed legislation on the federal level that there are opportunities for home energy efficiency and electrification assistance that need to be applied through your department to draw down those federal dollars. Do you have a-- can you just update us on.

JIM MACY: Well, so there's two areas that those grant funds come from. And so the first area is the Environmental Protection Agency. And if you could bear with me just a second here, I've got a letter here. So we have made application for \$3 million through the Environmental

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Protection Agency for the climate plan. That is one opportunity area that just came through. So I think that program was announced on the 1st of March. Governor and I talked on the 9th and I made the application before noon on the 10th.

WISHART: OK.

JIM MACY: And I believe if you look at the Federal Register, we're already listed in there.

WISHART: OK.

JIM MACY: So that's the only one that, that has come forward that's actually had direction and an applications process. The DOE has two of the home rebate programs that you were speaking of. And to this date, neither of those nor any of the other federal programs have been fully-- an application made fully available for us to review. So we will duly review all those applications as they come in, give great consideration to them. But I wanted to let you know right off the bat, correct some inconsistent information that we have made application for that one from EPA.

WISHART: OK. Thank you so much, Director.

CLEMENTS: Just to clarify, the DOE is the federal Department of Energy.

JIM MACY: Department of Energy federal, yes.

CLEMENTS: Just wanted to make sure. Other questions? Senator Lippincott.

LIPPINCOTT: Thank you, sir. Groundwater nitrates, is it trending up, trending down, staying the same?

JIM MACY: That's why we're wanting the study. So we produce reports starting in the mid '80s. We get information from different collaborative sources. This is the report that we supplied to the Legislature. This is the 2020 report. And I refer you to this report that you can have access online or we can get you a copy of it if you want. But this starts in 1974 in one part of the state, the central part of the state; '75, it goes west; '76 goes east; next year it goes north; next year it goes south. There's about five pages of this technical information about where these wells are located. But it's all over the state. It's east-west, it's north-south, and there's very little duplicate, duplicate wells that have been sampled over the

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years. So we think we need to study and make sure that we know where nitrate is increasing, where it's decreasing, and currently it's increasing in some of the bigger wells that do irrigation. It's decreasing in some of the public water supplies. But there's inconsistent data. The data is good quality. It's just not duplicate enough to where we can do statistics on it.

CLEMENTS: Other questions?

DORN: Yeah.

CLEMENTS: Senator Dorn.

DORN: Thank you for being here. Thank you, Senator Clements. Thank you for being here. So groundwater nitrate, what-- I guess what is the study \$1,000,000 for? What, what are you going to do with it or what are we going to use it eventually for the data?

JIM MACY: Look, look and see where problems are increasing that we can have statistics on, develop a plan for getting more data. Currently, there's only 28 private drinking water wells over the last 10 years that have multiple data hits to where we can run some statistics on. So we don't have a lot of access currently to private drinking water wells. We think that's as important as community systems, where we do have great access over a large number of years because the drinking water program requires testing on a monthly basis on that program. So we just wanted to get a whole statewide study of the whole state in one swoop and see where we have more consistent problems. And then maybe we can decide on how we address our resources to correct those problems.

DORN: So when, when you talk private wells, are you-- do you have it mapped out that every so many miles or something you're going to go out for the testing or I guess what's that going to look like?

JIM MACY: That would be part of the engineering review to, to deliver us a plan on what would be an appropriate amount of private wells to test and figure out how we could make a good determination.

DORN: Thank you.

CLEMENTS: Seeing no more questions, oh, Senator Erdman.

ERDMAN: Sorry, Senator. Thank you, Senator Clements. Thank you for being here. Isn't, isn't this the charge the NRDs are supposed to have since 50 years of work on the nitrates?

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JIM MACY: The NRDs do supply us with a lot of this technical information. We are responsible for groundwater quality.

ERDMAN: So what are they responsible for?

JIM MACY: They are responsible for statutory authority to look at where nitrates are increasing in their districts and apply certain rules to, to local landowners on the use of fertilizer on the land.

ERDMAN: So obviously something is disconnected there. They haven't made much progress or these would be going down, right?

JIM MACY: Well, I can't speak to what the NRDs are doing. I can only speak to what we want to do in terms of the Department of Environment and Energy.

ERDMAN: It's pretty easy to draw a conclusion, wouldn't it be? I mean, the NRDs are out there since 50 years and our nitrate level has not improved in 50 years. Somebody is not doing something.

JIM MACY: I understand your question, but nobody's looked at this statewide, so I'd like to have a study to look at it statewide so I can get you specifics.

ERDMAN: The point is they should have been doing something all along under their charge. So thank you for helping them out.

JIM MACY: You're welcome.

CLEMENTS: Seeing no further questions, thank you, Director.

JIM MACY: Thank you.

CLEMENTS: Are there additional speakers who wish to testify regarding Agency 84, Department of Ener-- Environment and Energy? Seeing none, that concludes the hearing on Agency 84. We will now open the hearing on LB237. Senator Wayne if he's available.

DORN: He was here earlier, but he must have stepped out.

CLEMENTS: We need to get our notebook switched over anyway. We'll wait just a minute for Senator Wayne. All right, we'll open the hearing for LB237. Senator Wayne, Good afternoon.

WAYNE: Thank you, Chairman Clements and the Appropriations Committee. My name is Justin Wayne, J-u-s-t-i-n W-a-y-n-e, and I represent Legislative District 13, which is north Omaha, northeast Douglas

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County. Today is a really, really simple bill. It only asks for \$1 million to the Nebraska Department of Environment and Energy Weatherization Assistance Program. One of the things that I learned during the LB1024 conversation was just as much as we need to build new housing, we have to preserve the stock that we have now. And particularly when you look at north Omaha, I represent one of the oldest parts of the, of the state, really of Florence. And we have a lot of small homes down there where they participate in the weatherization program. And they're looking for more dollars to make it more successful. And there are some people behind me who know a lot more about the program and you want to ask more program details. But this is just one way for us to preserve the housing stock that's already there. So it's really easy, \$1 million. Consent calendar-type bill so.

CLEMENTS: Any questions? Senator Armendariz.

ARMENDARIZ: Thank you. So, do we already have a program?

WAYNE: Yes.

ARMENDARIZ: And you're just looking to keep funding it?

WAYNE: Yes, we have a program. We're trying to add an additional million dollars to it. There's also a partnership with the city, has a similar program, but OPPD and Habitat for Humanity are kind of the operators, are the ones we have right now in Omaha. And they're here to testify in more detail about what the program is and kind of how it works.

ARMENDARIZ: Is it for low income?

WAYNE: Yes.

CLEMENTS: Other questions? Senator Erdman.

ERDMAN: Thank you, Senator Clements. Senator Wayne, I am surprised it's only a million dollars. That's kind of low for you. But with that said, why would we-- if you already have a program, why would you need another half an employee?

WAYNE: I have no answer for that. Well, we, I mean, I don't know. You'll have to ask the people that are behind with that. I, I don't know.

ERDMAN: So does this kill the bill by the fiscal note?

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WAYNE: Maybe. Maybe.

ERDMAN: I thought it was kind of strange, if we already have--

WAYNE: I agree with you. I saw that, and I was like, huh, where did the \$45,000 come from? But OK. You know what would solve this? EPIC tax.

ERDMAN: That's it. Well, we'll see what happens.

CLEMENTS: Are there other questions? Seeing none. Thank you, Senator Wayne.

WAYNE: I have two bills in Education, so I will not be here for closing. That does not diminish the importance of this bill.

CLEMENTS: Thank you, Senator. We'll now take proponents for LB237. Welcome. Good afternoon.

BRITTON GABEL: Good afternoon. I'll give the young lady a minute to get those passed out.

CLEMENTS: All right. You can go ahead and start, please.

BRITTON GABEL: Sounds good. I will. Good afternoon, Chairman Clements, and members of the committee. My name is Britton Gabel, B-r-i-t-t-o-n G-a-b-e-l, and I'm the manager of advocacy solutions at Omaha Public Power District. I am testifying in support of LB237 on behalf of OPPD, Metropolitan Utilities District and the Nebraska Power Association. The MP-- the MPA is a volunteer association representing all of Nebraska's 165 customer-owned public power systems, including municipalities, public power districts, public power and ru-- and irrigation districts, rural public power districts and rural electric cooperatives engaged in generation transmission and distribution of electricity within Nebraska. I thank you for the opportunity to submit testimony to the Appropriations Committee on this important legislation. I would like to thank Senator Wayne for sponsoring this worthwhile legislation that will truly help Nebraskans that are struggling with heavy energy burden. I'd also like to thank Senator Wishart, who started us down this path with LB449 in 2021 that allocated \$200,000 over two years to the Income Weatherization Assistance Program housed in the Nebraska Department of Environment and Energy. Those funds were evenly dispersed across the state of Nebraska. I previously worked at the Nebraska Department of Health and Human Services, where I was responsible for the administration of the Low-Income Home Energy Assistance Program and managing the LIHEAP

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weatherization investment prior to joining OPPD in January of 2019. More recently being responsible for managing OPPD's advocacy solutions department, my comments will show the benefit of the weatherization program and identify opportunities for impact that this appropriations bill will address for the state of Nebraska. Low-income households carry a large burden-- burden for energy costs, and cannot afford investments in energy efficiency improvements to their homes. LB237 will help alleviate the heavy energy burden through cost-- cost-effective building shell improvements, such as insulation, air, air sealing, heating, ventilation, air conditioning systems, lighting and appliance replacement. As federal, state and local governments, utility companies and local agencies offer utility assistance programs to help households reduce their energy burden, these programs do not address the long-term issue of living in a more efficient dwelling. Per recent national evaluation of weatherization programs in all 50 states, households served by weatherization programs save an average of \$238 per year. In 2022, OPPD received 39,902 utility assistance payments totaling 15-- over \$15 million, with an average of \$383 per, per benefit. Weatherization is a long-term solution to address utility bill affordability. Once a home is weatherized, these measures continue to save money and energy year after year so income can go towards other living expenses. Weatherization can, can reduce low-income energy burdens by about 25 percent per a national study released in September 2020 by the American Council for an Energy-Efficient Economy. LB237 will go a long way to reducing these burdens. OPPD is a leader in investing in low-income energy efficiency and wea-- and weatherization programming. Since December of 2019, OPPD has funded audits on weatherization of 202 homes for our Energy Efficiency Assistance Program. These 202 homes have generated a projected annual energy savings of \$198 per home per year. Our program is administered by Habitat for Humanity of Omaha and Southeast Nebraska Community Action Partnership. LB237 will enable more of these audits and improvements across Nebraska. OPPD, MUD and MPP-- and NPA urge this committee and the Legislature to pass LB237. Appropriating state funds for home energy audit and energy efficiency improvements will help low-income households stay safe, healthy and have a long-term reduction of their utility costs. Thank you for your time, and I'll answer any questions you may have.

CLEMENTS: Are there questions? Senator Armendariz.

ARMENDARIZ: Thank you. Thank you for being here. I have basically a business question as you go through the numbers here, that your assistance fund, where do those dollars come from?

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BRITTON GABEL: Yeah. So that over \$15 million in assistance, that was funded at OPPD through the Low-Income Home Energy Assistance Program managed by the Nebraska Department of Health and Human Services. It came through OPPD's own energy assistance program that is funded 100 percent based on donations. And then also during 2020, we had also received ARPA funding and those programs have now ended. But that-- there is one that was administered by the city of Omaha, one administered by Douglas County and then the state of Nebraska program.

ARMENDARIZ: So the funds to me, if, if you would reduce this \$15 million spend on assistance payments by weatherizing these homes, couldn't you just transfer that to weatherizing the homes instead of paying out the system? It sounds like an internal business problem.

BRITTON GABEL: Yeah, so these are funds that come to OPPD based on other entities other than our own energy assistance program. In 20-- in 2022, we distributed a little over \$295,000. And we actually fundraised that money as a public utility. So we don't, we don't have ratepayer funds funding that \$15 million outside of that money we raise. But to answer your question specifically, the goal of weatherization is to offer a long-term solution to reduce a customer's need to actually have utility systems, that we can improve their dwelling and reduce their utility bills. I mean, as I, as I said in my testimony, right now, the average outcome is about \$283 a year. That's almost the energy assistance payment saved. So when you look at the long-term impact, if you can say \$283 per home over the course of 20 years, that's significant savings. And then therefore, as a res-- as a, as a reduced energy burden, there will be a lack of need for energy assistance. Depending on that household's income, you can't say that specifically because life does happen to people so.

ARMENDARIZ: So this assistance program, how much is the state contributing to that assistance program?

BRITTON GABEL: So that's the state. So our energy efficiency assistance program that I referenced in here, it's 100 percent funded by OPPD. So our Energy Efficiency Assistance Program is funded by OPPD. The, the, the LIHEAP program does contribute to weatherization. I believe in 2021, LB306 was passed and that, that bill itself put 10 percent of LIHEAP funding towards weatherization in the state.

ARMENDARIZ: So what I'm trying to do is see that we as a state, taxpayer money is better off funding the weatherization because we already put \$5 million toward the assistance program, which would cut

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down to just that \$1 million improving weatherization. I'm looking for those numbers. Do you--

BRITTON GABEL: Yeah.

ARMENDARIZ: --know how that correlates?

BRITTON GABEL: So I don't have I can't specifically answer your question with exact numbers, but our goal is--

ARMENDARIZ: Yeah, because if we come out cheaper doing the million dollars, then I want to know that.

BRITTON GABEL: Yeah.

ARMENDARIZ: Because I need to know how much we are already spending.

BRITTON GABEL: Yeah. Yeah. And I--

ARMENDARIZ: You can give them to me when you get them.

BRITTON GABEL: Yeah. Yeah, we will, we will follow up and get, get an answer to your question, Senator.

ARMENDARIZ: OK. Thanks.

CLEMENTS: Senator Dover.

DOVER: And you'll send that to everyone?

BRITTON GABEL: Yes. We will make sure to get responses and get the answers to everyone.

DOVER: Thank you.

CLEMENTS: Yes. We usually like to have you email our clerk, and the clerk will distribute to the committee.

BRITTON GABEL: OK, sounds good.

CLEMENTS: Other questions? Senator Erdman.

ERDMAN: Thank you, Senator Clements. Thank you for being here. So you heard my comment or question to Senator Wayne about why we have to add a half an FTE to do this. We already have the funds established, right? We already have the commission set up. Why do we need another half an employee?

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BRITTON GABEL: Yeah. So I can't testify regarding NDE's request on a position. The purpose of this funding is going directly to the program, to support the existing program that exists so we can reach more homes and weatherize more homes. I don't-- I can't testify the reason why they're asking for a position, because the program already exists today.

ERDMAN: So does NDE work this program?

BRITTON GABEL: Yes.

ERDMAN: So I asked the wrong person. Sorry.

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

BRITTON GABEL: All right. Thank you for your time.

CLEMENTS: Next proponent for LB237. Good afternoon.

TRACIE McPHERSON: How are you?

CLEMENTS: Good.

TRACIE McPHERSON: My name is Tracie McPherson, T-r-a-c-i-e, McPherson, M-c-P-h-e-r-s-o-n. I'm the public affairs and advocacy director for Habitat for Humanity of Omaha. Today, I'm here on behalf of Habitat Omaha and the 117 families we service through our weatherization program in 2022, and the almost 200 families we will utilize the program this year in Douglas County alone. I'm here to voice our support of LB237. While most people know Habitat Omaha builds new homes, we also work hard to preserve the current housing stock. One of the ways we do this is through our weatherization program. We consider it an important service to the community, especially for low-income homeowners and even renters at times experiencing high heating and cooling bills or living in unsafe and unhealthy conditions. While the work involved with weatherization seems simple, things like replacing a door, caulking a few windows, or replacing an old appliance with an energy star-rated stove or refrigerator, this work is far from simple. The majority of the homes we weatherize are much older housing stock. Some of them are 100-plus years old and maybe even older. It's not unusual for the crew to find windows and doors with cracks so big you can see the daylight pouring through. Can you imagine how that feels during a Nebraska winter? Replacing a door in a house this old often requires extra time and attention because the door size is not standard. This requires specialized attention to prep the old space to

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ensure the new door and windows will work. Our crew often waits for weeks for that custom ordered door to be delivered. And as most of us know, any custom order for your home takes more time and special carpentry work that has to happen in order to complete the project. A simple appliance delivery, for example, could take half a day. Again, a home built in 1929 frequently doesn't have doorways wide enough for a new appliance to enter. The crew has to remove the door, and sometimes even the door frame, to install the new appliance and then put everything back together again before the job is considered complete. In theory, that delivery should have taken 30 minutes, but it is now a full day's worth of work. Another example of a simple task performed by our weatherization crews is adding insulation in an attic with none. Again, this project should take maybe one day. But about three weeks ago, while installing insulation in an attic of an older home, the work was halted due to bats. Now it could take months to complete this job as the crew waits for clearance from animal control to evaluate the situation, but it looks like the work can't be completed until spring. Who knew bats were protected? While the work can be unpredictable and sometimes challenging, we know it's worth it. Just ask retired north Omaha resident Miss Betty [PHONETIC]. Miss Betty lives in an older barn-style home on the east side of Douglas County. Earlier this winter, she contacted Habitat Omaha's weatherization program for help. As the weatherization techs were evaluating Miss Betty's house, her heater went out, right before our deep freeze this winter. She called one of the crew members over the holiday break with a plea for help. She told him her pipes had frozen and she was not sure she had the funds to cover it because, as a retiree, she's on a fixed income. Fortunately, the crew was already familiar with Miss Betty's house and could evaluate and quickly place the order for what was needed. Another homeowner that sticks with me is Jackie [PHONETIC]. We added a furnace in Jackie's home through the weatherization program in 2021. Notice I did not say replace the furnace, I said we added a new furnace. Every day, Jackie would have to cut blocks of wood throughout the winter to make sure she had heat. In February of 2021, we installed a new energy-efficient furnace in Jackie's home. LB237 will allow us to help even more families like Jackie and Miss Betty. This bill can help make a federal program work better and more efficiently for Nebraska families. The weatherization program is critical to our community. We know the challenges, but we also see the results. The program allows families to save money on utilities, allowing them more cash for groceries, increase their savings, or age in place a little more comfortably in their own house. LB237 will allow Habitat Omaha to make more families to do these things and so much more. Today, Miss Betty and Jackie's homes are in a

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much better place, and we know each will get many more years out of their homes. The weatherization program has assured both homeowners they can age in place comfortably and securely. LB237 matters. It matters to people like Miss Betty and Jackie.

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

WISHART: Tracie, thanks for being here again--

TRACIE McPHERSON: Sure.

WISHART: --today. And thanks for the work you do. We had a piece of legislation that was brought before us, I think it was last week that talked about the fact that because of recent federal leg-- federal legislation, there's about \$91 million in home energy efficiency--

TRACIE McPHERSON: Um-hum.

WISHART: --and electrification assistance that could come to Nebraska that we'd be eligible for. And the director just spoke about the rules and regs are still getting formalized. Is your organization working with the department to ensure that we're pulling down those dollars--

TRACIE McPHERSON: Yes.

WISHART: --that would go to support this type of--

TRACIE McPHERSON: We absolutely are. The challenge that we're having is on a federal level though. There's an ACPU, an average cost per unit, formula that we have to use. That means we can only spend about \$8,000 per project, and projects are coming in probably more like \$12,000 to \$14,000. And as a nonprofit, we can cover that cost through fundraising, which we do. We don't turn any homeowner down. We make sure that the work gets done. But until we do some federal advocacy work to get the ACPU caught up with inflation, it's going to be tough for us to spend that down. And we have done some-- Habitat has done some work on the federal level to advocate that they take a look at that.

WISHART: And one more question. So then could we layer these state dollars to support that gap? Could these state dollars be used for that?

TRACIE McPHERSON: I would love it. Yes. We can't pay our weatherization technicians very much money, so that's part of the problem. We'd like to hire more people to do this work. But because

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we're stuck to that formula, to hire more people means the cost of the projects would go up. So it would be very tough for us to even hire a second crew. And I think I mentioned a couple of weeks ago, my freshman college son had an internship that paid him more money than we can pay our weather technicians. And I think that's sad, because this is not glamorous work.

WISHART: OK, thank you.

CLEMENTS: Other questions? Seeing none, thank you for your testimony. Are there additional proponents for LB237? Good afternoon.

TINA ROCKENBACH: Good afternoon, Chairman Clements and members of the Appropriations Committee. My name is Tina Rockenbach, T-i-n-a R-o-c-k-e-n-b-a-c-h, I'm the executive director for Community Action of Nebraska. We are the state association representing all nine of Nebraska's community action agencies currently serving all 93 counties. And I'm here to testify in support of LB237 on behalf of our network. Currently, seven of our nine agencies administer weatherization services across the state of Nebraska. And throughout the state, the weatherization services are administered among a network of nonprofit service providers such as Community Action and Habitat for Humanity. Weatherization services are in extreme demand, with all of our agencies reporting significant client waiting lists for these services, ranging from six months to a year or more. Our agencies work diligently to prioritize projects to serve the most vulnerable populations, including the elderly, disabled and families with young children. The improvements we are able to make to our clients' homes not only reduce the heating and cooling expenses for those homes, but it also ensures that their homes have proper heating and cooling systems to handle Nebraska's various weather conditions. Our most vulnerable population should not be concerned with expenses related to these improvements, and our weatherization programs are done with little or no cost to them. Additional state funding for these projects would have a tremendous impact on our ability to help more families and reduce our waiting lists. By increasing the state funding outlined in LB237, it would allow our network increased flexibility in project expenses that the federal LIHEAP and DOE programs restrict, and that would be in relation to the ACPU you were just hearing about. Without going into quite technical detail, it is important to understand that all weatherization service providers have regulated ratios and unit costs that govern how much can be spent on these home improvements, as well as the types of repairs and replacements. Our network weatherization directors recently met with NDE to discuss how this funding increase would be implemented within

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those ratios in costs, and to allow for more versatile application and appropriate supplemental support for current weatherization programs. Homeowners who qualify for weatherization are eligible with incomes at 200 percent of the federal poverty level or lower. This encompasses a large amount of working middle class and retirees on fixed incomes. The benefits to home weatherization completion results in extending the life of an older home commonly found around Nebraska, and especially in the rural areas. Statistics show that a routine-- excuse me, return on investment on these projects yield an average of 18 to 19 percent reduction in utility costs for the homeowners, allowing not only a home that is safer and more energy-efficient, but also creates a more economical stability for the family. The DOE reports that for every dollar spent in weatherization assistance programs, \$2.78 of nonenergy benefits, including health and safety, go back to the homeowner. And additionally, another \$1.72 of energy savings directly back to the homeowners' budgets. All items installed have a life expectancy set to them. Smaller projects such as window sealing or air conditioner replacement average 10 to 15 years of life, while larger projects such as furnace replacement or insulation average 20 to 30 years, demonstrating how an older home's life extension can also help to serve housing shortages in many communities. By supporting the appropriations proposed in LB237, it would allow weatherization providers, such as our network, to expand their ability to complete more projects. Which in turn will serve more Nebraskans. Thank you for your time and I'll do my best to answer questions you may have.

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

ERDMAN: Thank you, Senator Clements. Thank you for coming. So your-- in your comment, you said eligible up to 200 percent of the federal poverty level. Give me, give an an example of a family of four. What would that be?

TINA ROCKENBACH: At a 200 percent level, you're looking at about \$40,000 to \$42,000 a year for a family of four. And there is a very complete application process that they go through when they come in to apply for the weatherization program. And one of the major criteria is their income.

ERDMAN: Thank you.

TINA ROCKENBACH: You bet.

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

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TINA ROCKENBACH: Thank you.

CLEMENTS: Next proponent for LB237. Good afternoon.

CAROL BODEEN: Good afternoon, Chairman Clements, members of the Appropriations Committee. My name is Carol Bodeen, C-a-r-o-l B-o-d-e-e-n, I'm the director of policy and outreach for the Nebraska Housing Developers Association, testifying in support of LB237. The Nebraska Housing Developers Association is a statewide association comprising over 70 member organizations from across Nebraska. Our membership is diverse, including for-profit and nonprofit developers, local governments, housing authorities, bankers, investors and economic development organizations. We are united in support of our mission to champion affordable housing in Nebraska. We support LB237 to allocate additional money to the Department of Environment and Energy to help the low-income households through the low-income Weatherization Assistance Program. This program provides crucial assistance in the form of heating and cooling to our most vulnerable populations, includes energy audits, energy efficiency weatherization services, as well as replacement of HVAC systems. As well as supporting our members and advocating for affordable housing, our organization also administers a program through the Federal Home Loan Bank of Topeka called All Seasons Affordability, and its, it's a small grant program. We've had it in place for a couple of years. In the two years that we have been doing this program, we have helped 53 homeowners obtain a new furnace or furnace and air conditioner. And to echo what Tracie said, oftentimes that is not replacement of a system, that's installing a system where there was not one before. We have, in fact, of the over 50 homeowners that we have on our waiting list right now, I know of one who has been calling us because she's running out of wood and it's still cold and, and she doesn't have a furnace. We have-- so we've helped over 50 already. We have more than 50 on the waiting list. It's not a program that we've advertised. It's through word of mouth, through our members and through others. And so we know that this is an area of great need. And so we feel that this, that the low-income Weatherization Assistance Program is very worthy of these funds. And also the, the very important energy efficiency work that they do, the weatherization can also help those who already have a system to hopefully maybe extend the life of that as well, since the funds are more difficult to actually replace the whole system. So we ask that you advance LB237 from the committee and ensure that these funds are included in the budget. Thank you.

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

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CAROL BODEEN: Thank you so much.

CLEMENTS: Are there additional proponents for LB237? Good afternoon.

KENNETH WINSTON: Good afternoon, Chairman Clements and members of the Appropriations Committee. My name is Kenneth Winston, K-e-n-n-e-t-h W-i-n-s-t-o-n, and I'm appearing as an individual in support of LB237. I spent several years working on issues related to the cost of utilities, with a particular emphasis on their impact on lower-income Nebraskans. In 2019, I researched and wrote a manual on utility assistance and energy efficiency programs for Legal Aid of Nebraska. As has previously been testified-- as previous testimony has indicated, sorry, words-- low-income people are particularly impacted by energy costs. They often live in homes that are drafty, poorly insulated and have outdated heating and cooling systems. Or, as was indicated, they may not even have a furnace. As a result, they often have high utility bills, especially in the winter and summer months. Combined with a lack of financial resources to begin with, they often have a difficult time paying their bills. High heating and cooling bill, bills often have spill-over-- over impacts in other parts of people's lives. For example, a single, single mother might have to choose between paying a heating bill or making a car payment. Energy efficiency programs provide benefits on every level. They benefit the households involved by making their homes safer and more comfortable while reducing their energy bills. Reduced utility bills means more money available for to pay for other things, as was previously indicated, things like rent and childcare and car payments. By making their homes more energy-efficient, this is a benefit that carries over, as was also indicated, that carries over month after month and year after year. It can also reduce the need for energy assistance or other programs that help low-income people. Energy efficiency programs are also a benefit to our utilities by reducing demand. If you recall the polar vortex from a couple of years ago, one of the things we were asked to do is reduce our thermostats, was to lower the temperature on our thermostats so there would be less demand on the system. Lower demand makes the grid more stable and extends the time for needing new power generation. In addition, energy efficiency activities like installing insulation, weather stripping, upgrading, heating and cooling systems also benefit the local economy by providing jobs for people who are installing those systems. Additional funds will help the agencies involved assist more clients. As you heard, there's a long waiting list sometimes for an extended period of time. And these benefits will spill over to benefit the rest of us. I encourage the committee to advance LB237 or include the funds in the program in your budget as it goes forward. And then as, as was previously indicated, I

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also-- I testified last week in support of LB560, which would require the state to seek funds to help Nebraskans invest in insulation and heating and cooling upgrades. These are federal funds. There's \$91 million that would be available to the state, with \$45.5 earmarked for low- to moderate-income families. I'd be glad to respond to questions.

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

KENNETH WINSTON: Thank you.

CLEMENTS: Next proponent for LB237. Seeing none, are there any opponents regarding LB237? Seeing none, is there anyone in a neutral capacity? Seeing none, we have position comments for the record. We have 2 proponents, 0 opponents, no one in the neutral position. That concludes the hearing for LB237. We'll open the hearing for LB534. Welcome, Senator Slama.

SLAMA: Thank you very much, Chairman Clements and members of the Appropriations Committee. My name is Julie Slama, J-u-l-i-e S-l-a-m-a, and I represent District 1 in southeast Nebraska. I'm here today to introduce LB534. As many of you, I'm sure, are aware, rural communities often face unique challenges when it comes to providing safe and clean drinking water to their residents. The flood in the spring of 2019 serves as a stark reminder for me of just how crucial access to clean water is for our communities. When the Missouri River levee breached near my hometown of Peru, the water treatment plant had to be shut down. A majority of Peru, including Peru State College, was left without drinking water for months. We had to truck in drinking water from March until August of that year. This is what inspired me to bring LB534. Clean water is not a luxury, it is a basic human right. Yet many rural communities struggle to maintain their water infrastructure due to limitations within their budgets, leaving their residents at risk for waterborne illnesses and other health issues. Communities should not have to ration clean water in order to make do. Families should not be concerned about future health problems down the road due to high levels of nitrate. LB534 aims to address, address this critical issue by providing grants to cities of the second class and villages to construct drinking water infrastructure pro-- projects that will ensure that their residents have access to clean and safe drinking water. Specifically, the grants will be targeted towards communities where, where test levels for nitrate in drinking water pumped from public wells exceeds ten parts per million. Nitrate contamination in drinking water can be a significant health risk. Specifically, in infants, exposure to high levels of nitrate can cause a condition known as blue baby syndrome, which can be fatal if left

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untreated. In women who are pregnant, high levels of nitrate can cause birth defects. Other health risks include increased risk of colon cancer and thyroid disease. By providing these grants, we can help ensure that all Nebraskans have access to safe and clean drinking water, regardless of where they live. This will not only improve the health and well-being of Nebraskans, but also help to promote economic growth and development in our rural communities. AM751 which, if a page could help me hand this out, is just a simple technical fix. Thank you. It further clarifies and defines the scope of communities that would be eligible for these grants. I urge my fellow senators to support this critical bill, which will help to protect the health and well-being of our rural communities and ensure that all Nebraskans have access to clean and safe drinking water. With this said, I'm more than willing to work with the committee and any stakeholders on any changes or potential package-- water infrastructure packages, no pride in ownership for me, to ensure that quality rural drinking water is addressed. Thank you very much for your consideration. All right.

CLEMENTS: Are there questions? Senator Wishart.

WISHART: Well, thank you, Senator Slama, for being here today and bringing this important piece of legislation. In talking with the communities that you have in mind-- well, first, a couple of questions. The department just recently came in a couple of testifiers ago and talked about a water study across the state. Do you see this as an opportunity to pair that, where we study the state issues and are able to target then the dollars to the communities that have the highest risk of nitrate contamination?

SLAMA: Absolutely. I'd be happy to partner with a study, but also with the understanding that the problem we're facing in our communities is now, not just ten years down the road.

WISHART: OK. So that was my second question then, is you're requesting ARPA funds. Have you talked with second-class cities and villages that you're thinking of? Are they going to be able to put the infrastructure in place to meet that aggressive timeline of ARPA dollars?

SLAMA: Yes, that is something in this bill, we initially sought ARPA dollars. It sounds like there may be some that get turned back to the state and to make ourselves available for that. Yes. The person that door would be able to qualify for those dollars, I believe. And we're flexible with funding sources. If the ARPA dollars from other projects

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don't get turned back, we're happy to seek out funds wherever we can get them.

WISHART: OK, fantastic. Thank you again for bringing this legislation.

SLAMA: Thank you, Senator Wishart.

CLEMENTS: Other questions from the committee? Senator Dorn.

DORN: Thank you, Senator Clements. Thank you, Senator Slama, for being here. So, so these funds are not additional federal funds outside of our bill last year, our million-- \$40 million. These are funds from other sources then or-- what kind of ARPA, I mean, are they ARPA funds from the federal government that didn't come into the state originally?

SLAMA: They're ARPA funds in communications I had in the lead up for session, ARPA funds that I believed and still believe will likely get turned back to the state due to a lack of ability for some of those projects to fulfill the ARPA requirements. But again, I'm happy to get funding wherever we can get it.

CLEMENTS: Other questions? Seeing none.

SLAMA: Thank you very much.

CLEMENTS: Thank you.

SLAMA: Thank you. And I'll be waiving my closing. I've got to get back to committee.

CLEMENTS: Oh, all right. Very good. We'll, now open it for proponents for LB534. Seeing none, is there anyone in opposition? Seeing none, anyone here in the neutral capacity? Seeing none, seeing none, I do have-- she waives closing. I have position comments for the record. LB534 has 5 proponents, 0 opponents, 2 neutral comments. That will conclude the hearing on LB534. We will now open the hearing for LB571, Senator Lippincott. Good afternoon, Senator.

LIPPINCOTT: Good afternoon, Chairman Clements. My name is Loren Lippincott, L-o-r-e-n L-i-p-p-i-n-c-o-t-t, I represent Legislative District number 34, 34. Thank you for allowing me to open on LB571 which provides for a General Fund appropriation of \$750,000 to the Department of Environment and Energy to carry out the provisions of the well water-- Water Well Standards and Contractors' Practice Act. I want to begin today by calling your attention to the fact that

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Governor Pillen's proposed budget does include an appropriation increase to the NDEE of \$635,000 each year of the next biennium for the continuation of this program. I appreciate Governor Pillen's recognition of this program's importance in his proposed budget. Let me give you a brief overview of the Water Well Standards program. Primarily, this program protects Nebraska's groundwater resources from potential pollution by overseeing the licensing of water well contractors, providing construction oversight and inspection of new well installations and assisting well contractor education. Currently, the program has one part-time supervisor, three field inspectors that cover the entire state of Nebraska, and one office support staff position. LB571 does not contemplate any new or expanded positions for the program, just a maintenance of current staffing levels. This program was created by the Legislature in 1986, and from that time until 2020, the program was housed under the Department of Health and Human Services. In 2021, the Legislature shifted administration of this program to the NDEE. As a result of that transition, this program lost a significant portion of its funding stream. While the program does not-- while the program does collect licensing fees, approximately \$150 for two years, there are less than 1,000 individuals licensed in any capacity under the program. The licensing fees collected by this program do not generate anything close to enough revenue to cover the entirety of the program's expenditures. It brings in approximately \$26,000 a year. The \$635,000 per year appropriation contained in Governor's budget proposal will allow this program to continue operating in its current capacity. LB571 suggests a per-year appropriation of \$750,000, an additional \$115,000 over the Governor's budget. These additional funds are requested to allow the program to adequately address a couple of pressing problems in Nebraska related to water quality issues. To frame the issue for this committee, we need to determine whether these issues justify the additional \$115,000 per year. The chairman of the Well Standard Board, Tonny Beck, will testify behind me regarding the history of the program, its functions and its funding. He's here to discuss with you the issues that exist and what the board will be able to accomplish with the additional \$115,000. Tonny has much more experience with this program than do I, but I'd be happy to answer any questions you might have.

CLEMENTS: Senator Armendariz.

ARMENDARIZ: Thank you. Can you say the staff numbers again and titles?

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LIPPINCOTT: The, the staff number right now has one part-time supervisor, three inspectors that cover the entire state, and one office support staff position.

ARMENDARIZ: OK. Thanks.

LIPPINCOTT: That's it.

CLEMENTS: Other questions? Senator Dover.

DOVER: Do you know how many, how many tests they do annually?

LIPPINCOTT: Tonny Beck has that number there at the front of his head.

DOVER: Is he here today?

LIPPINCOTT: He is.

DOVER: OK, I'll ask-- I'll wait and ask him. He'll be testifying? Will he be testifying?

LIPPINCOTT: He will be.

DOVER: Thank you.

CLEMENTS: Other questions? Seeing none-- was there a questions?

WISHART: No.

CLEMENTS: Thank you. We will now accept--

DOVER: [INAUDIBLE].

CLEMENTS: We'll invite proponents for LB571.

DORN: [INAUDIBLE].

CLEMENTS: Good afternoon.

TONNY BECK: Good afternoon. Do I need to wait for her to hand it out, or just go?

CLEMENTS: No. Go ahead.

TONNY BECK: I don't get to do this very often, so I'm not sure what the proper process is. Good afternoon, Chairman Clements. My name is Tonny, T-o-n-n-y, Beck, B-e-c-k, I am the chairman of the board of directors of the Nebraska Water Well Standards and Contractors'

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Practice Act. I'm a water well drilling contract-- contractor from Ainsworth, Nebraska. My family has been in the water well business since 19-- excuse me, since 1950. I am a past president of the Nebraska Water Well Drillers Association, and I have been a member of this board of directors for the past six years. I am currently chairman of the board for the past four years. I appreciate the opportunity to speak to you today. I want to be-- I want to begin by calling attention to the fact that Governor Pillen's proposed budget includes an appropriation increase to NDEE of \$630,000 each year for the next biennium for the continuation of this program. I appreciate Governor Pillen's recognition of this program's important-- importance in his proposed budget. As described by Senator Lippincott in his opening statement, our program does not have the ability to continue to do the work the program was created to do without additional funding. Our program is funded through license fees and water well registration fees currently, and those fees fall far short of what is needed to operate the program. In order for the program to continue to function in its current form, we need, at a minimum, the \$635,000 of the Governor's budget-- that is in the Governor's budget, excuse me. LB571 suggests a per-year appropriation of \$750,000. The reason for this higher requested amount is that our program can only function at a very limited or at a limited level with the proposed funding of \$635,000. It was decided that we should ask for more than the bare minimum so that our board could do more to address the many groundwater issues in the state of Nebraska. This program has many groundwater issues to address on behalf of the citizens of Nebraska. Our board wants to be able to do more than the bare minimum to help protect and provide quality groundwater for the citizens of Nebraska. Our board deals with many aspects of groundwater quality throughout the state. Unfortunately, with this proposed level of funding, we are not in a position to do anything more than operate the program in its current form and function. Historically, our board has done much more than what we can do currently to help protect our groundwater resources. As an example, in the past we have done the necessary science and research to develop a water well grouting standards program that provides vastly improved water well construction standards for the citizens of Nebraska. Those standards have been adopted by many groundwater agencies around the world because the science proved that with proper grouting materials and proper placement, we could dramatically improve the protection of our groundwater resources. There are many aspects to protecting our groundwater resources for the future-- or for the current and future residents of Nebraska. Our state faces many challenges in protecting this vital resource, and we take that responsibility very seriously

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and that we need additional funding for this program. I would be happy to answer any questions that the community would have of me or go into greater detail, if so desired. I appreciate your time and attention to this matter before you.

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

DOVER: How many inspections do you do annually?

TONNY BECK: How many inspections do we do annually? We currently-- I'll give it to you in percentages, I think is probably the best way I can do it. Currently, we are trying to inspect every domestic well, drinking-water-type well that's constructed in the state. We're currently inspecting about 25 to 30 percent of the irrigation wells and about 15 percent of the stock and domestic wells-- or stock wells that are constructed in the state annually. We do not have the resources to be able to inspect all the wells that are constructed every year.

DOVER: What, what-- is there anything that triggers this inspection?

TONNY BECK: Say that again.

DOVER: Is there anything that, that triggers these inspections?

TONNY BECK: Well, when you register a water well in the state in Nebraska, you, you earmark on the registration what type of water-- what type of usage it's for, it, it's for. So if it's registered as a public water supply well or as a, as a potable well of any type, whether for private use or public use, those, those wells all get earmarked for for inspection. And then basically what we're trying to do in addition to that is pick up a, a sampling of the other wells that are being constructed in all regions of the state in addition to that. So.

DOVER: So when a property transfers title--

TONNY BECK: Yes.

DOVER: --there's usually an inspection done? Is that, is that-- who does that inspection? Because that's--

TONNY BECK: That inspection can be done in a multitude of different ways. Oftentimes, oftentimes what happens is is local water well contractors or contractors come out and do a physical inspection of the well to assert whether or not it's up to current standards and

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compliance in that regard, that inspection is different than the inspections that our, that our personnel with the licensing program are doing. They're going out and looking at a new construction is being done after that new well has been put in place and brought online. Those are two different items. So anything that has to do with a real estate transfer and an existing-- inspection of an existing well, well is separate from what our program is, is doing.

DOVER: Because I thought that when we transferred property that we had to contact the state for a state inspection to make sure it's current and the water tested correctly.

TONNY BECK: Correct. That hap-- does happen. But that's typically-- and correct me if I'm wrong, if anybody else is in the room that can speak to that, but with our board, typically that's not happening by our individual inspectors. That's being done at a more localized level with a licensed water well contractor. And it depends on where you are. And, and I may be speaking out of turn to this because I don't know how it's, how that's facilitated in Lincoln and Omaha and the larger metro areas. Some of those metro areas have a different program in place than what we see in outstate Nebraska.

DOVER: OK. What what percentage of your budget is paid for by these different-- 25 percent irrigation, 50 percent stock, et cetera, these, these fees that are charged for inspections?

TONNY BECK: It's a-- so our water well registration, it's a, it's a flat fee per well. And how much of that is going to our program, is what you're asking me?

DOVER: I was just wondering what percentage of your--

TONNY BECK: Total budget does that account for?

DOVER: Correct. Your operating budget is, is funded by fees.

TONNY BECK: Less than-- well, there's two different fees. There's licensing fees and there's well registration fees. So on average, our well-- our state is averaging a total of about 3,000 well registration-- new well registrations per year. Keep in mind, that's all types of wells, not just-- that includes monitor-- there's all types of wells that are being done with that. So there's-- it gets a little, gets a little confusing. But the reality is, in a total grand scheme of things, probably 15 percent of our total budget is being covered by, by registration fees and through the, the less than a thousand licensed contractors that are paying a fee annually through

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their licensing fees. Those two, those two pieces combined account for about 15 percent of our annual budget.

DOVER: And how much would, how much in dollars would that be?

TONNY BECK: Well, the \$635,000 is kind of where our baseline operating budget last year was. That's kind of where that number came from. To give you a little perspective. So if you take 15 percent of 635, I don't have the math in front of me--

DOVER: No, no, that's good. That answers my question.

TONNY BECK: But that, that will get you in the neighborhood.

DOVER: Yes. Thank you.

CLEMENTS: Other questions? Seeing none-- oh, Senator Wishart.

WISHART: Thanks for for being here. So we heard from the director, the opportunity to do a study across the state. Have you had discussions with the opportunity to collaborate if we're testing wells because of this study, is there an opportunity for you to be able to utilize that data for your purposes?

TONNY BECK: That, that data will be critical for everyone that's involved in the groundwater field.

WISHART: Yeah.

TONNY BECK: Whether it's NRDs or our agency or our, our department or whomever. There's a vital need for more, more of that information. The reality is, is we don't have a real good snapshot of what our problems are from a nitrate standpoint in the private drinking well arena. We know where, where we stand pretty well with our public drinking water supplies, but we don't have particularly a great snapshot of what, what our groundwater situation is with our private, with our private individuals and their situations. So it would be very helpful to have a nitrate study of some sort that would be statewide put together and have that, that information available to all of us.

WISHART: OK. Thank you.

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

TONNY BECK: Thanks for your time.

CLEMENTS: Other proponents for LB571. Good afternoon

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LYNN WEBSTER: Good afternoon, Chairman Clements, Appropriations Committee. Excuse me. My name is Lynn Webster, L-y-n-n W-e-b-s-t-e-r, I'm the assistant general manager for the Upper Niobrara White Natural Resources District in Chadron, and I also ser-- serve as the Natural Resources District representative on the Water Well Standards and Contractors Board. I'm here to provide testimony on behalf of the Upper Niobrara White NRD, the Nebraska Association of Resources Districts and the Nebraska Water Resources Association. I think we can all agree water quality is a very important to the state of Nebraska. Groundwater quality is especially valuable. The majority of Nebraskans drink groundwater every day provided from either a community water supply or their private domestic well, and groundwater is also utilized from the majority of the state's agricultural activities. I don't want to be repetitive because there's been a lot of good information, but I wanted to-- you've already heard about when the, the act was put in place and the board has put in place in '86. I'll touch more again on the purpose is to provide that protection of groundwater through education, licensing and also, if need be, the regulation of the various categories of water well contractors and managers across the state of Nebraska. The act is sport-- supported by the water well industry and the natural resources districts as there is a need for that established standard for construction and decommissioning of water wells across the state for that continued water quality protection. Along with those standards that are currently in place, continued work is needed to study, revise and improve the practices as new information is pertinent to this industry is gathered. As you've heard, the act is funded by a portion of the water well registration fees and also a licensing fee for the, the license holders under the act. There are statutory limits on the amount that that fee can be raised and the reasonable fee that can be set for licensing fees. With that transition of the water well standards program from the Department of Health and Human Service to the Department of Environment and Energy, that historic funding source through unified credentialing is no longer available. The board has been reviewing any possible funding options with the existing fee structure. The proposed, LB571, would help provide the necessary funding to carry out these important water quality protection purposes of the act. I'd like to take this time to thank Senator Lippincott for introducing the bill and on behalf of the Upper Niobrara White NRD, the Nebraska Association of Resources Districts and the Nebraska Water Resources Association, I'd urge you urge you to advance LB571. And that's all I have, so I thank you. And if you have any questions, I'll try to answer them.

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CLEMENTS: Questions? Senator Dorn.

DORN: Thank you, Senator Clements. Thank you for being here today. NRDs, they currently do some testing on, like on irrigation wells or anything?

LYNN WEBSTER: Correct. I couldn't speak for all the districts, but for, for the Upper Niobrara White, for example, we have roughly 2,000 registered irrigation wells in our NRD-- active irrigation wells, I should clarify that. We do do through the chemigation program, there's about 1,600 or 1,800 of the irrigation systems in our district that are set up to do chemigation. So we, we do them every other-- our inspections on those every other year. So we're sampling 800 to 900 irrigation water samples every year. We have it set up in our rules for our district that we're going to try to take a water sample out of every active irrigation well at least once every four years. Sometimes it's hard to get to some of them because they're not always running, and then we have some folks that don't run them every year, so-- but that's our target. And we do a domestic water well sampling program for all the folks in our district, and it's roughly 200 to-- well, I should probably say 180 to maybe 225 depending on the year of domestic samples. Now, those are kind of hit or miss, depending on whether someone's having water well issues or other concerns.

DORN: Are the NRDs all on a similar system, or do they each kind of have their own guidelines to how many they test percentagewise?

LYNN WEBSTER: Sure. Again, I couldn't address that for everybody without putting my foot in my mouth. But they definitely have a water sampling plan and a program, but I can't tell you exactly how-- how they have it set up. I make an assumption that during chemigation, when they're doing those inspections, the well is running, it's a great time to grab a sample. And that's why we, we choose to do it that way, because we can gather a lot of information.

DORN: A lot of NRDs, they do it every once, every three years. That's just how they do it.

LYNN WEBSTER: Yeah, sure, sure. And I would note that all-- the majority of that information does go into a statewide database. They call it the clearinghouse for the water samples that are taken across all the NRDs, which is a nice thing, it's a good set of information.

DORN: Thank you.

CLEMENTS: Other questions? Senator Erdman.

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ERDMAN: Thank you Senator Clements. I just have a comment. Thank you, Mr. Webster, for driving 450 miles to come here.

LYNN WEBSTER: Yeah. That's why I want to make sure I said everything on here.

ERDMAN: I appreciate that. Thank you for coming.

LYNN WEBSTER: You're welcome.

CLEMENTS: I had a question. This would be an 18 percent increase over what the Governor was proposing. How long has the funding been at \$635,000? Do you know when it was last increased?

LYNN WEBSTER: Well, to be quite honest with you, I've-- I've been on the board. And when-- for-- this is my second term for representing the NRDs. So I'm just getting into my-- it's a five-year term, so I'm just getting into the second one so. But when, when the program was with the Department of Health and Human Services, funding came through the unified credentialing where everybody-- everybody that had a license fee or-- I don't know how to say it besides there's a pot of money that everything went into, and then-- and then programs, various programs from that would request money. I've never seen exactly how that happened. And so to say that that, that was-- the 600,000 was where it's been, I can't, can't say that that's true. And as Tony talked about with the drought study, there's years that there's some more funding for some of that research and development that occurred, where other years it didn't. I can say that there used to be an inspector that was in Scottsbluff for, for the-- for the west, literally, half the state. The field rep for that is in-- used to be in North Platte and there, they work out of their home in Arthur now, but it's a long trek for them to go around. So that's a long-winded answer to say I don't think the 600,000 is the magic number. But since it was moved to the department over the last year and a half, that's what my understanding, they've been operating in that neck of the woods as a status, so that's where the money [INAUDIBLE]

CLEMENTS: Yeah, I see that it's newly transferred. So that's hard, hard to say what it was so. Thank you. Other questions? Seeing none, thank you for your testimony.

LYNN WEBSTER: Thank you.

CLEMENTS: Are there other proponents for LB571? Welcome.

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ANDREW DUNKLEY: Good afternoon. I'll keep this short. My name is Andrew Dunkley. A-n-d-r-e-w D-u-n-k-l-e-y, and I am here with the Nebraska Farm Bureau. Also, on behalf of the Nebraska Pork Producers Association in support of LB571. Thank you very much, Senator Lippincott, for bringing this bill. Water well standards and licensing is a key state program with facets of responsibility including, but not limited to, continued education courses for license holders, construction standards, testing and license issuance, inspection of construction and repair, regulation implementation, and well registration. The current short staff of this program that is partially funded by fees for well registrations is troubling for something that the state relies on so heavily-- heavily. Our support for this bill is simple. Nebraska's agriculture is, is not only the state's largest industry, but is the country's third largest agricultural complex. In addition, we are the largest irrigated state in the nation. Nebraska is home to the center pivot irrigation system, and that revolutionary Nebraska invention is due in part to the wealth of groundwater in the state, arguably one of the most valuable assets today and in the future. That resource, coupled with well drilling, is obviously key to the success of Nebraska agriculture and our state's economy. Three in-field technicians are not sufficient to cover the entire state. This allocation of funding is a small investment which will generate a huge return, and we encourage-- encourage its passage. With that, I'm open to any questions.

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

ANDREW DUNKLEY: Thank you.

CLEMENTS: Are there additional proponents for LB571? Seeing none, is anyone here in opposition? Seeing none, is there anyone wishing to testify in the neutral capacity? Seeing none, you're welcome to close, Senator Lippincott.

LIPPINCOTT: Just one additional item. You asked what the budget was when the-- this agency was under the Department of Health and Human Services. The budget was right around \$1 million a year. Substantially more.

CLEMENTS: Oh, I see. Very good. Well, any other question from the committee? Seeing none, thank you. We-- we have position comments for the record, we have one proponent, no opponents, no one in neutral. That will conclude the hearing for LB571. And we will now-- I have a note. The clerk tells me Senator McDonnell is in another committee, so

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we will put his later and we'll go to LB672. Is Senator Hansen's representative here. No? Everybody. Or is there someone here for Senator DeKay? Well, we may have to contact Senator McDonnell.

AARON BARROW: Sir, we're here to speak on LB672.

CLEMENTS: We need the senator to open on it first. Thanks for letting me know. Are there other testifiers? The next one is LB613. Is there anyone here that wanted to testify on LB613? You will be, OK. Well, we really need a senator or staff to open on it to get started. We must be going faster than the other committee. We're going to reach out to other senators that are on the agenda today and we'll see whose bills-- we're going to take a ten minute break.

[BREAK]

CLEMENTS: All right, we're going to-- we're going to move over, move-- pass over LB613 for right now. We're going to open a hearing on LB672. Welcome Senator Hansen.

HANSEN: Thank you. This isn't too bad in here. When we were in here for Business and Labor all the time with construction, this room always got so hot. This isn't too bad here so far.

CLEMENTS: Stick around.

HANSEN: All right. Good afternoon, Chairman Clements and members of the Appropriations Committee. My name is Ben Hansen, that's B-e-n H-a-n-s-e-n, and I represent District 16. LB672 as amended would appropriate \$30 million to the Department of Economic and Energy to provide grants that allow up to 50 percent loan forgiveness to cities of both the first and second class, along with villages for the purpose of expanding municipal drinking water treatment plants and all related-- this is always a hard word for me get-- appurtenances? So I'll start with treatment plants. It would utilize Program 513, a program that contains the primary operations funds and aid for sub-programs of the NDEE. These sub-programs include working with on-site wastewater, drinking water and groundwater. I have brought LB672 to aid small cities and towns like those in my district who support the demand for processing agricultural products, enhance water quality and the creation of new capital investments and jobs in the state of Nebraska. The city of Blair has embraced-- embraced regional cooperation and provides the village of Kennard, the Papio NRD, Water-- Washington County Rural Water System, half the city of Fort Calhoun, and the Lakeland Water Systems with water. They do this well,

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and we were able to handle the demand until recently. The reason I'm asking for funds to help with projects like updating Blair's water facility is because Blair is no longer using its water for its personal uses. It is essentially serving the whole state. This is evident with the trucks that file through Blair on a daily basis on their way to and from Cargill's bio-campus. Traffic counts are nearly 20,000 vehicles per day in the downtown, approximately 20 to 24 percent of it being trucks and semis. For frame of reference, the average of trucks on other highways in the state is only 6 to 8 percent. We actually have plans for a \$50 million bypass to address the issue we have been having from increased traffic. The Cargill corn processing facility currently processes approximately 320,000 bushels of corn per day to provide feedstock to the other companies co-located on the campus. Blair provides water to the bio-campus, serving Cargill's wet corn milling facility and the other five national or international companies. Currently, the bio-campus has a 15.5 million gallons per day allocation from the city's 20 million gallons per day total capacity. Other companies, such as Novozymes, are expanding their Blair facilities, bringing businesses to our state rather than continuing to build in other countries such as Taiwan and Brazil. Their current \$300 million project will require more than the allocated amount of water supply from the Blair facility and more than Blair can produce. Cargill estimates the current expansion of the Blair water system will allow them to bring additional co-location partners with over a billion and a half of new investment to the Blair campus and upwards of an additional 300 to 500 quality jobs. This not only impacts Blair, but enhances the value of our farms and ranches by continuing to boost the value of corn and corn feed byproducts. Blair is also in the process of building a new 20 million gallon per day intake on the Missouri River due to the Corps of Engineers lowering the output of the Gavins Point Dam during winter. The last two winters, we have had to rent auxiliary pumps to get enough water into the water plant. The new intake is a \$15 million project and to add to the burden, Blair is under an NDEE and EPA mandate to provide additional facilities to the water treatment plant to lessen the visibility impact of discharging spent lime and materials removing from the river water during the treatment plants-- plant process. This project is estimated at \$4 million. As a community of less than 8,000 people, Blair has been a tremendous partner in growing the state economy through partnership, helping grow the bio-campus with its total investment of over \$2 billion and 2,000 jobs. Not to mention a new 110 million square foot Dollar General distribution center, with its investment of over \$100 million and 300 jobs. We can continue to add to the state's economic growth, particularly in the bio-campus and

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value-added agriculture, but we have to have the state of Nebraska's help in providing the necessary infrastructure to help make it happen. Cities like Blair cannot continue to do it alone. With that, I ask you support LB672 and the state of Nebraska. Thank you for your time this afternoon. I'd be happy to answer any questions or defer to those behind me. And on a side note, I kind of term this the fallout of success. You know, as the state of Nebraska, we tend to invest a lot in businesses coming to Nebraska from other countries or from regionally. But sometimes the fallout of them doing really, really well, like Blair's bio-campus did, if I'm not mistaken, it's the largest Blair-- Cargill campus in the world. The surrounding towns and cities have a hard time supplying them with water, with resources, and also the traffic that's happening downtown. Recently, I believe a nine-year-old boy was killed by being run over by a semi in downtown Blair. So Blair is spending a lot of its own money trying to make a bypass for some of these semis coming from the north and the south to go around Blair's downtown, because it's destroying its downtown economy. So that's where they have to spend a lot of the resources and now all of sudden, this water issue is coming up because Novozymes is expanding quite a bit and they need a lot more water. And so Blair is having a hard time keeping up. For a town of about 8,000 people, you know, trying to supply a facility that takes 75 to 80 percent of its water, this is where I think the state can kind of help out if we're interested in value-added agriculture. As you know, I don't really ask for a whole lot of money very often. And this is a revolving loan program, so it's not really giving them money, but it's helping them update their facilities so we can continue to grow the processing facility such as Cargill. So with that, I'll take any questions best I can.

CLEMENTS: Senator Armendariz?

ARMENDARIZ: Thank you. Thank you, Senator. How-- so Cargill and Novozymes?

HANSEN: Yeah. Cargill actually is a bio-campus, and so it has a bunch of other facilities on its campus. Some of them Dutch. I've-- no, is it Dutch? Danish, yeah and German that are coming there. And because of what Cargill produces, what it does with all the corn that we send there that we do in the state of Nebraska, they do all kinds of stuff. Whether it's making plastics out of it, yeast, other byproducts. All of these companies now are going onto the campus and using those products for all kinds of things. And so Cargill is just-- it's just the main campus.

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ARMENDARIZ: So how much would they be contributing to do this alongside state funds?

HANSEN: A lot of it has to do the tax on the water that they pay. They pay quite a bit to the city of Blair on their taxes that we-- that we put on the water to help maintain the infrastructure, to help with the treatment of the water, to help make sure the facilities are running. But now all of a sudden, they're looking to expand and it's just like kind of a perfect storm with all the facilities being outdated and now the water going down in the river that-- so they put the intakes a lot farther out. And the EPA is giving them a hard time doing a lot of things, too, that cost money, and it's sort of like we're, we're having a hard time right now.

ARMENDARIZ: Is the tax use-based? Or is it, is it taxed more heavily by the high users?

HANSEN: I believe it's use-based? Now, the-- how proportionate it is, I'm unsure. Somebody behind me might be able to answer that.

ARMENDARIZ: OK.

CLEMENTS: Other questions? Senator Erdman.

ERDMAN: Thank you, Senator Clements. So, Senator Hansen, then the amendment becomes the bill?

HANSEN: Yes, I think they just made it more specific on the use of it so.

ERDMAN: So Senator Armendariz asked you that question. So they're not helping with the original-- the original funding or the distri-- or the development of the wells. They're going to pay for it through their usage. Is that what you're trying to say?

HANSEN: That's ideally where the money comes from. Yeah, they're not paying for like, OK, we need to do water treatment plant. OK, here's half the money. No, they're not doing that.

ERDMAN: Wouldn't it it makes sense for them to do that?

HANSEN: Somebody else behind me might be able to answer better in the communication between the town of Blair and Cargill so.

ERDMAN: Thank you.

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CLEMENTS: Other questions? Senator Armendariz.

ARMENDARIZ: Sorry, I just have a follow-up question, so the, the water tax goes to who?

HANSEN: The city of Blair to help maintain the water treatment.

ARMENDARIZ: So the state is funding it, but the city of Blair gets the tax back?

HANSEN: No, it's coming from Cargill. The water tax.

ARMENDARIZ: Exactly.

HANSEN: Yeah.

ARMENDARIZ: But it goes to the city of Blair, but the state is giving the money. So the state doesn't see any of the tax dollars back?

HANSEN: No. From my understanding, no. But I am about 90 percent sure. No.

ARMENDARIZ: OK.

CLEMENTS: Senator Vargas.

VARGAS: Thank you, Chair Clements. Senator Hansen, thank you for being here. Could you talk a little bit about the process? You said this is a loan, a revolving loan fund. So this-- can you talk a little bit more about that? Because trying to match that up with this 50 percent loan forgiveness aspect of it, can you just explain what--

HANSEN: Again, someone behind me will be able to answer that better. But from my understanding is, it's like a loan that the state provides that we can apply for or pretty much any-- there's-- this is eligible, from my understanding, for a whole bunch of other towns that might have drinking water, drinking issues at their treatment plant, that they can then get a, I think it's a 0 percent interest loan that they can use. Then they have to repay the state some of that money back.

VARGAS: OK. Some of it, but not all of it?

HANSEN: Yeah, to the extent, I think it's 50 percent. I don't really know for sure.

VARGAS: That was the reason why I was-- because at some point, then, if they're only paying back some of it, then this will deplete and

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then there will be a need to reinvest more general funds into this at some point in the future I imagine?

HANSEN: If it's needed. If it works well and you see a lot of towns using it and it's actually helping them update their facilities and getting good, clean drinking water to the people, then yeah, they might want to down the road. It's not-- at least it's not \$150 million. So, that's good.

VARGAS: Would you be open to making it more than 50 percent? I think about-- we have some other programs that are full-on, you know, loan programs that operate as like a low interest-- sorry, no interest loans so that they can continue to keep revolving and then they're sustained.

HANSEN: It-- Possibly. I'm not opposed to looking at making this better than the committee might be interested in doing. Sure.

VARGAS: Great. Thank you.

CLEMENTS: Other questions? Seeing none--

HANSEN: This is my last bill. So now is the time to just grill me. Not really, no.

CLEMENTS: All right.

HANSEN: And I'll stay for closing too.

CLEMENTS: All right. Are there proponents for LB672? Good afternoon.

AARON BARROW: Good afternoon, sir. My name is Aaron Barrow. A-a-r-o-n B-a-r-r-o-w. I'm the assistant city administrator for the city of Blair. Senator Hansen hit a lot of the high points that I was going to talk about today, so I'm not going to beat you up with too many numbers or details. One of the points that I would like to make is when the industrial development came to Blair back in the mid-90s, they took advantage of the, the county industrial tract that was created by the state. That made that whole entire campus unable for us to annex. We don't have any property tax revenues that comes from that property. The sales tax, much of it, gets returned back to those entities. So all we have is a take-or-pay contract for \$15.5 million-- or excuse me, 15.5 million gallons of water per day. Whether Cargill uses it or not, we receive that income. A question was asked about incentives, or not incentives, but why isn't Cargill paying for much of this? What we found is if we're not competitive, those companies

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are going to go somewhere else. They're going to go to Brazil. They're going to go to other company-- or countries in Indonesia. That's-- that's what we're looking at. We have a really robust pipeline of ag-related industry that wants to move to Blair, but it's all dependent on water. And if we aren't able to bridge this gap and produce that extra 7 million gallons of water per day, we're going to lose out on those opportunities. And as Senator Hansen said, we're a community of 8,000 people or less. I think we're the only community in the whole Omaha MSA that-- that lost population in the last census. And it was primarily because of the closure of Dana College. OPPD closed their Fort Calhoun nuclear power station, and we lost those jobs. These are jobs that aren't low-skill jobs, they're engineers, there's chemists. We're looking at the creation of potentially 2,000 jobs in Washington County, specifically to support the growth here. And that's, that's why we're here.

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

ERDMAN: Thank you, Senator Clements. Thank you for coming. So you're going to get some of the water from the river, is that correct?

AARON BARROW: That's our sole source of water for Blair.

ERDMAN: That's going to be it. You're not going to drill any more wells?

AARON BARROW: I-- I have somebody here that can explain why we don't drill those wells, but the quality of the water and the quantity of the water, it's my understanding, makes that not a good option for us. And I mean, we're right there at the river, so that is the best option for us.

ERDMAN: Is that where you're currently getting your water?

AARON BARROW: Yes, sir.

ERDMAN: So you have a water treatment plant somewhere?

AARON BARROW: Right on the river? Yes.

ERDMAN: You have no wells?

AARON BARROW: No wells.

ERDMAN: OK.

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CLEMENTS: Senator Dorn?

DORN: Thank you, Senator Clements. Do you know approximately if 15 and a half million gallons a day, you said you get the income from that. I'm-- basically supplying that. What is that amount?

AARON BARROW: Do you know that amount?

AL SCHOEMAKER: \$550,000 a month.

AARON BARROW: \$550,000 a month.

DORN: \$550,000 per month?

AARON BARROW: Per month.

DORN: Whether they use that amount or not?

AARON BARROW: Whether they use it or not.

DORN: So I'm not really familiar with the area. I haven't been up there in the Cargill plant. But you-- Senator Erdman asked about-- you're right there by the river. But then how much to get it to Cargill or the bio-campus?

AARON BARROW: We-- we pump. We're currently installing a 30 inch main to increase the capacity for these expansions. It's probably three-quarters of a mile, but that would be my guess. That's an estimate.

DORN: So it's not that far to get it to them, not like the city of--

AARON BARROW: It's not that far.

DORN: --Lincoln's facing or whatever may come from there?

AARON BARROW: Correct.

DORN: How dependable is that water source? You say it's low right now.

AARON BARROW: Well, it depends on the time of day. With Gavins Point Dam, the, the Corps of Engineers has, you know, they-- the, the water level changes frequently. And we've had right now our public works director just informed me a little while ago we had to turn on-- we have a set of auxiliary pumps that we have right now, you know, drawing water to meet that demand.

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DORN: The 550-- 15.5 million gallons a day was for Cargill.

AARON BARROW: Correct.

DORN: Do new companies also enter into agreement for water usage?

AARON BARROW: They, they-- no sir. They, they purchase their-- we deal directly with Cargill, and Cargill--

DORN: Allocates it to everybody else?

AARON BARROW: Yes, sir, that's correct.

DORN: Thank you.

CLEMENTS: Other questions? Senator Armendariz.

ARMENDARIZ: Thank you. Thanks for being here. So you said they don't pay any property tax?

AARON BARROW: Not to the city of Blair. They do to Washington County.

ARMENDARIZ: They do pay county property tax?

AARON BARROW: Yes.Yes.

ARMENDARIZ: And then why not increase that dollar amount they're paying for water to cover this delta?

AARON BARROW: Again, it's, it's about being competitive with, with other sites that, that these expansions are looking at. I mean, they're looking at sites in other states. They're looking at sites in other countries. We, we have to be competitive.

ARMENDARIZ: And what are they-- what are these other states and countries giving them that we're not?

AARON BARROW: I can't answer that question.

ARMENDARIZ: Do we know that they're better, that they would-- that they would leave if you didn't give them everything for free?

AARON BARROW: I know that it would-- I think new business coming in, would-- would think twice.

CLEMENTS: Senator Erdman?

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ERDMAN: Thank you, Senator Clements. So obviously they're not in the city limits or they would use TIF, Right?

AARON BARROW: That's correct.

ERDMAN: And so they're paying property taxes to the county.

AARON BARROW: Yes, sir.

ERDMAN: Right? So you mentioned the sales tax going back to them. They must have taken advantage of the Nebraska Imagine Act, or--

AARON BARROW: Yes.

ERDMAN: --or--

AARON BARROW: That's my understanding, yes, sir.

ERDMAN: Nebraska Advantage Act?

AARON BARROW: Yes, sir.

ERDMAN: How much longer will they get the sales tax?

AARON BARROW: I don't know the answer to that question.

ERDMAN: It's pretty significant amount.

AARON BARROW: I'm assuming it is.

ERDMAN: Yeah. Thank you.

CLEMENTS: Other questions? What is the amount of gallon expansion that you're needing to add?

AARON BARROW: We're currently looking to expand 7 million gallons a day production. That would give 5 million gallons for industrial use and an additional 2 million gallons for residential growth. We currently supply half the city of Fort Calhoun with water, the village of Kennard with water, the Lakeland SID with water, and I think there's 800 connections there. We supply virtually half of Washington County with water. Blair is in the water business.

CLEMENTS: And did you say you're not going to be able to charge any more for 7 million more gallons?

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AARON BARROW: I'll be honest, I'm not familiar with the terms of the contract. When the contract comes due right now, it is a take-or-pay contract for 15.5 million gallons per day as it is right now.

CLEMENTS: So you talked about issuing a bond and paying for it with your water revenues.

AARON BARROW: It's going out for a bond versus having a revolving loan. Put another burden on the residents of Blair paying the bond.

CLEMENTS: Senator Erdman.

ERDMAN: Thank you, Senator Clements. So what's it going to cost to do this?

AARON BARROW: This current expansion we're looking at is \$44 million.

ERDMAN: So we're setting up a fund and Senator Hansen said this would be available to other counties-- other locations. So if we gave you all of it, it's still not enough, right?

AARON BARROW: We have-- it's my understanding we have a commitment for \$24 million right now for the state-- the SRF funding. We're asking for an additional 18 is my understanding.

ERDMAN: So you would take 18 of those 30?

AARON BARROW: Yes, sir.

ERDMAN: OK, Thank you.

CLEMENTS: Senator Armendariz?

ARMENDARIZ: Thank you. A follow-up question on the contract for them to pay you for the water. Were there escalators built in there or is that just locked in and for how long or-- there's no opportunity to increase that?

AARON BARROW: I-- I'm not sure, ma'am. I'm, I'm new to the party.

ARMENDARIZ: Sorry--

AARON BARROW: I was not involved in in those negotiations. I don't know.

ARMENDARIZ: OK.

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AARON BARROW: But we could, we could get, back, back to you. We can get that answer to you.

ARMENDARIZ: OK. Yeah, I would find it difficult if your costs are increasing, yet you have no ability to gather more from parties that are actually causing the escalation.

AARON BARROW: Well, and, and you raise a good point. You know, working on other projects, I had some cost projection numbers that were two years old and new projection comes in, it's another million dollars for a \$2 million project. It's gone up 30 percent. You know, and I think, you know, a lot of smaller communities are feeling the impact of, you know, supply chain issues and inflation, and construction costs. And that's where we are.

CLEMENTS: Other questions? You said you'd prefer the revolving loan or you-- are you understanding that is an interest-free loan?

AARON BARROW: I don't believe those are the terms that I'm familiar with, I--

CLEMENTS: I don't see any terms in the bill. And so by revolving, what's your understanding of what the practice is?

AARON BARROW: I, I would have to look into the details of that, sir.

CLEMENTS: All right. It didn't seem to be quite specific in the bill. We'll, we'll have to get more information. Other questions? Seeing none, thank you for your testimony.

AARON BARROW: Thank you.

CLEMENTS: Is there anyone else wishing to testify in the pro-- as a proponent of LB672? Welcome.

AL SCHOEMAKER: Thank you, Mr. Chair and senators. My name is Al Shoemaker, A-l S-c-h-o-e-m-a-k-e-r. I'm the director of public works for the city of Blair. My purpose of testimony this afternoon is to probably help out with some of these questions that I've been hearing, to-- to help you out with some of the answers to those questions so that we can move forward. First of all, so that we all understand sales tax, 7 percent sales tax is charged on the water. 1.5 percent of that goes to the city of Blair, 5.5 percent of that goes to the state of Nebraska. In addition to that, most of the equipment that is purchased for the expansion of our water treatment plant is taxable again at 7 percent with 1.5 percent back to the city, 5.5 percent to

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the city-- or to the state. The project is a 7 million gallon expansion of our current 20 million gallon treatment plant, putting the treatment plant to a full 27 million gallons. Of that, 20.5 million gallons will be appropriated to the Cargill bio-campus. The other 5.5 million gallons-- 6.5 million gallons, excuse me, will be appropriated to everybody else. And has been mentioned many a times, we provide water not only to the residents of Blair, but also to a lot of Washington County residents as well. The question came up about wells. We do not have wells because we cannot get water out of wells in eastern Nebraska. Unfortunately, the water that is in the ground is of very poor quality, high in iron and manganese, and it has also a very low quantity. We did try to put wells in before we put the new intake in, to try to see if that was an option. But we had to shut those wells off immediately on the test wells because the water supply was so low that the wells-- the pumps were actually cavitating immediately. And so, unfortunately, as also mentioned here, is we have to build a brand new water intake, which is currently under construction. \$15 million expansion just for that facility. It's being built six feet lower than our current intake. And the reason for that is the Corps of Engineers, through their drought mitigation process, has lowered the releases from the Gavins Point Dam in the wintertime to only 12,000 cubic feet per second. Their normal releases were 14,000 just a few years ago, and they may possibly even go lower than that unless the reservoirs are filled with additional runoff water going forward. We're hoping this last winter, or this winter, that with all the snowpack that that will some somewhat change. But I don't anticipate it being the 100 percent fix. It may improve things, but not completely. And so as a result of the new intake, we are actually tying that into our existing intake so that we can take water off the river at a much lower elevation than we currently are. And as was mentioned earlier in the testimony yesterday, our water plant intake, current and existing intake, is what we were doing, calling sucking air. Our water was so low that we couldn't hardly pull any water out of our intake. And so you can imagine the impact of that can be to an industrial complex and to a community of 8,000 and a service population of about 12,000 people if we have to tell them we can't get any water. And so we are doing supplemental pumping right now at the river at a substantial additional cost to try to make sure that that water is in the intake and can be pulled into the water plan. Again, as I mentioned, the new intake will entail-- it will mitigate this by tying everything together, which was our most economical option to resolve this problem. This problem was first identified in 2012 when the Corps of Engineers initially came to all the water intake users, including MUD, city of Council Bluffs, OPPD before they shut down the

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power plant, all water intake users, and explained, letting them know that plans needed to be made for future drought considerations. And so the city of Blair has been very proactive in trying to make that happen. The other problem we ran into was with our current expansion project is that the initial expansion was to be \$27 million, which we have SRF funding for at 1 percent interest, 1 percent fee, and 30-year payback with a 35 percent forgiveness per component. Very doable, very manageable. If we go out on the open market and our-- let me finish. The, the expansion is costing us \$44 million. Inflation is real out there. And so as a result of that, we are short \$18 million in completing that project funding. And that is probably one of the main reasons for coming to you folks today to start looking at other options, and trying to solicit the state's assistance in helping us make this happen for our business community and for the state's business as well. And so the other option is to do a revenue bond for 20 years, at a roughly 6, 7 percent. If we can do an SRF loan at-- even a, even a 30-year loan at 1 percent interest would be a significant savings to everybody from the, from the normal revenue bond that we would be talking about. And so as a result of that, it is worth looking for other more economical options so that we can be economically viable to our business community and to our industrial community, to help it thrive and grow within the state of Nebraska.

CLEMENTS: All right. That's your time. Were there any questions?
Senator Dorn.

DORN: Thank you, Senator Clements. I'll just ask, do you have any more things you'd like to add? Or are you-- or were you done talking? I know your time was up, but--

AL SCHOEMAKER: Yeah, I saw the red light. I appreciate it.

DORN: But if you had something more you'd like to add, I--

AL SCHOEMAKER: You know, the only other thing I'd like to add is, you know, we have \$15 million for an intake. We have \$44 million for an expansion, and we have a \$4 million EPA mandate. And what that mandate is, is that we take our spent lime solids currently discharge them to the Missouri River. They're not harmful to anything. They do change the river water to what I call a chocolate milk-looking color, but the fish actually eat on it. It's good nutrients. But the EPA has taken the position that that violates the Clean Water Act, which is true. I'm not going to argue that because you're changing the river color, of the river-- the color of the river water. And so we have to spend \$4 million to mitigate that problem, something that other water

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systems up and down the Missouri River are, as well, facing. And unfortunately, there is no revenue for that other than to raise rates of everybody. I mean, normally when you expand, you have an increased revenue. There is no increased revenue other than to go to Mr. or Mrs. Water User and raise their rates to pay for it. And for something that probably is, at least in my opinion, not a real high priority, but the EPA has made it that way.

DORN: Thank you.

AL SCHOEMAKER: Thank you.

CLEMENTS: Other questions? Senator Armendariz.

ARMENDARIZ: Thank you. Have you had conversations with Cargill? What are those conversations like? And have you asked them to give you any money for this project?

AL SCHOEMAKER: We have been in contact with Cargill, too, for this project. They have been very much in touch with us. They've been in touch with the state as well, trying to make sure that this is a viable project for them to keep our water rates competitive. We, and as was mentioned earlier, we are in competition with South Dakota, we're in competition with Iowa. We're losing some of our current projects that could come to Blair are going to Fort Dodge, Iowa, because Cargill is opening up a brand new facility there. They have groundwater, they have wells. Would they-- they don't have to do as much treatment on that water. So it is a very competitive world out there, and trying to secure these, these facilities and these businesses. And one of the main things that we feel that we need to do is try to keep our water rates as reasonable as possible to stay in that competitive mode, and not move use out to a point where they take a look at Blair Nebraska and say, no, we're going to go somewhere else because we get better rates.

ARMENDARIZ: So what were the conversations, and did they say no when you asked them for some funding for this?

AL SCHOEMAKER: We are still in negotiations with them. Partly is pending on what-- again, we have \$27 million committed to the project.

ARMENDARIZ: OK.

AL SCHOEMAKER: We need to raise another \$18 million committed to the project to be able to pull the full funding package together. And depending on what happens with the Legislature here as to whether or

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not what that plan and final funding is going to be. Now if we have \$27 million SRF, and I got to put in \$20 million of a revenue bond, that's going to look different than if I can put them even just an SRF loan with 1 percent interest over 30 years. And so that's what we're trying to find out is what can we put together here to keep these water rates as competitive as possible? And right now, yes, we've had conversations, would they know what they're up with-- what we're up against a little bit here. And they're monitoring and helping us in the same mode here, trying to see what best options we can pull together.

ARMENDARIZ: So, just to be clear, you have asked them to help and they're open to that negotiation and you're in negotiations with that?

AL SCHOEMAKER: We haven't-- we haven't gotten into negotiation because we don't know exactly what the final picture of the funding is going to look like.

ARMENDARIZ: OK.

AL SCHOEMAKER: They are very much aware of what we are doing with the \$27 million. One of the issues that came up is, is that how much do we expand the water plant? In the past, we've always expanded just for what that process and the project needed, and we've lost out on a lot of projects because they only maybe needed a half-million gallons of water. But we can't expand a water plant for that much. So we've added a little bit more capacity to this plant this time to allow them and the state and the local area to benefit from being able to take advantage of some of these smaller companies, smaller opportunities. Hopefully I've answered your question.

CLEMENTS: Other questions? Seeing none, are there other proponents for LB672. Seeing none, is there anyone in opposition? Seeing none, is there anyone here in a neutral capacity? Senator Hansen, you're welcome to close.

HANSEN: I'm glad Mr. Shoemaker is here too. Along with Aaron. They could explain a lot of stuff better than I did. So, I was on the city council with, with Mr. Shoemaker when I was there. And I used to give him a hard time, because we always-- sometimes would be a bit like this, you know, with the council and the city sometimes. But I'm glad he's on my side today, so. But you can see by what they're saying, it's very competitive. I remember when I was talking to Novozymes, which is, which is a multi \$100 million industry now in Nebraska, because we incentivized them, we got them here. And one of the things

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they talked about between-- it was very close between us and them going to Iowa-- was water, was one of them. We had the supply and we had the ability to provide it to them at the rate that they needed. And so I, I didn't realize how important it really is for industries such as corn and ethanol and everything else. Water is a big, big, big thing. It's tough for a town of 8,000 people to supply all of that. And we want to keep incentivizing it as a state. Come here, everybody. Come here. But then we're, you know, Blair's stuck holding the bill there and the people are. So that's why I'm here.

CLEMENTS: Other questions? Senator Armendariz.

ARMENDARIZ: Thank you. Just basically a comment. I'm listening to those businesses over and over again. Senator Hansen, you're exactly right. These companies come here because we do have great things here that don't cost us money. We have water. We have low power rates. We have great workforce. And I feel like we're constantly paying people to be our friend. And I don't think we need to, I think we need to be the people that-- they're going to come here because of all those other things I mentioned. And we're selling ourselves short so often. And I want to keep reinforcing that. Maybe we don't have to. Maybe don't blink first when you're in a negotiation with these companies. And maybe it will take some pain points for them to figure out that, hey, we know we have more value than what we're selling ourself as.

HANSEN: And I agree. I think there's other things that we can do as a state, this is a little more philosophical, when it comes to perhaps lowering our taxes and making it more friendly that way as opposed to paying for them to come here. However, when it comes to something as important as water, it really can come down to we're going to charge you 1 percent, and that other person is not going to charge you anything. And as weird-- you know, as tough as that is, sometimes that's really what it comes down to. And sometimes there's negotiating factors at the end where they know who's, who's got what. And so it's not so much blinking first, it's like who's going to, who's going to, you know, help them out a little bit more so they come here.

CLEMENTS: Senator Dorn.

DORN: Thank you, Senator Clements. Thank you for being here again. I guess my, my-- I want some clarification. It's \$30 million you're asking for, and that's going to be basically a grant from the state, or that's not a loan from the state. You're talking the loan part is a revolving loan that will go out to a city like Blair. We're going to put the \$30 million in this, in this, I don't know, 310 or whatever it

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is that we're going to put in there. And then they will apply for that now with grants. But then the city will have the revolving loan that will come back in there.

HANSEN: I believe so, or the entity that is applying for them. And I think it's 0 to 50-- I guess we're talking about half of what they have to pay back? Right?

DORN: Half of what-- half of what they're going to pay back.

HANSEN: And it's actually it's up to the NDEE to determine that rate. It could be zero, or it's a one-for-one match. We're going to be half--

DORN: So what the NDEE will loan out, they will determine the rate on that loan to the city, then?

HANSEN: I don't know if it's so much the rate--

DORN: Or do we have a--

HANSEN: --but the-- I don't know if it's so much the rate. I can't-- I don't know for sure, but it's the payback, I think. I mean, like we're talking about, you know, half--

DORN: Well, it says 50 percent forgiveness.

HANSEN: Yes. And it can be 0 percent forgiveness, too. From my understanding, I think the NDEE has the determination to determine whether it's going to be between 0 and 50. I think, I mean--

DORN: OK. OK.

HANSEN: So you can-- I can follow up with you and make sure you get that information.

DORN: So I understand-- I understand it a little better. But the \$30 million itself is going to be a grant.

HANSEN: Yes. Whatever they, whatever they apply for should be grant that eventually someone has to get paid back, yeah.

DORN: Thank you.

CLEMENTS: Other questions?

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HANSEN: I should have paid attention in economics a little better there, the revolving funds.

DORN: I just wondered how the funding was coming down from the state. Clarify that because then the rest of the program can still be set up. Yeah, yeah.

HANSEN: Yep.

CLEMENTS: All right, that's-- that concludes your testimony.

HANSEN: Thank you.

CLEMENTS: We have some-- I have a position comment here. I have comment for the record, one proponent, no opponents, no one in the neutral capacity. That concludes LB672. Seeing that Senator Wayne is not here yet, we will go on to Senator-- oh, Senator McDonnell's.

DeKAY: He told me to go ahead, go ahead and he can--

CLEMENTS: OK, Senator DeKay, we'll start with yours then, LB766. We'll open the hearing for that.

DeKAY: Thank you.

CLEMENTS: Welcome, Senator.

DeKAY: These are a little closer quarters than I'm used to.

ERDMAN: We won't bite you.

DeKAY: Chairman Clements and members of the Appropriations Committee, I'm Senator Barry DeKay, spelled B-a-r-r-y D-e-K-a-y. I'm here representing District 40 in northeast Nebraska, and here today to introduce LB766. As written, this bill seeks to appropriate \$3.25 million annually in the American Rescue Plan Act dollars over the next two fiscal years to the Department of Environment and Energy as a follow-up to the reserve-- reverse osmosis grant program created by the Legislature with last year's LB1014. Under LB766, NDEE would award a grant to any individual for reverse osmosis systems if a test result for nitrates in a person's drinking water pump from one or more of such person's private wells is above ten parts per million. My amendment, AM651, would halve the annual amount to \$1.625 million and clarify that the NDEE's use of these funds must comply with ARPA. Towns and communities are not included in the bill, or AM651, just individual private well owners due to the lower requested

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appropriation, but I am open to an amendment if the committee feels it is appropriate. I brought this bill in conjunction with Nebraska Farm Bureau, who provided assistance with this legislation and will be testifying behind me. I also introduce this bill on behalf of Nebraskans who care deeply about having access to clean drinking water, especially where the nitrate issues impacting many part of the state. This bill would provide a short-term solution, while the Legislature and other stakeholders work to create longer-term solutions. As I understand from the Fiscal Office and the Governor's proposed budget, the Governor's recommendation included an additional appropriation for \$2.4 million to the Department of Natural Resources, which would utilize nearly all of the unappropriated ARPA funds. This committee's preliminary budget did not include this amount. I would like to-- I would like LB766 to be considered should there be any ARPA appropriations that are found to be ineligible and available for other uses in this session or next session. I will end by saying, providing safe drinking water for all Nebraskans ought to be a priority and dedicating ARPA funds to help individuals obtain reverse osmosis drinking system as prescribed in LB766 is a small step towards that goal. If there are any questions, I'd be happy to try to answer them. Thank you.

CLEMENTS: Any questions? Senator Erdman. Senator Wishart.

WISHART: Thank you, Senator, for being here today. And I can talk to the Farm Bureau about this if, if you can't answer this question since you weren't here last, last year.

DeKAY: Right.

WISHART: We brought-- I brought legislation for \$4 million in ARPA funding to go to the department for reverse osmosis. Is it your goal that we would add an additional \$3 million on to that?

DeKAY: I would have Mr. Dunkley answer that behind me.

WISHART: OK.

DeKAY: I am not aware that-- about that amount coming last year, so I would let him, Andrew, answer that.

WISHART: OK. Sounds good. Thank you.

CLEMENTS: Other questions? Seeing none, we'll welcome proponents for LB766.

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DeKAY: Thank you.

CLEMENTS: Good afternoon.

ANDREW DUNKLEY: Good afternoon, Chairman Clements and members of the Appropriations Committee. My name is Andrew Dunkley, A-n-d-r-e-w D-u-n-k-l-e-y. I'm testifying today on behalf of Nebraska Farm Bureau, the Nebraska Cattlemen, the Nebraska Corn Growers, the Nebraska Soybean Association, Nebraska Pork Producers Association, and the Nebraska State Dairy Association in support of LB766. Water quality is extremely important iss-- is an extremely important issue, and one that we have been advocating for more local, regional and state involvement on. Nitrate levels in drinking water is no simple fix and we are pleased that Governor Pilleen allocated \$1 million in his proposed budget for further research on a long-term solution to this issue. In the meantime, clean drinking water must be ensured for everyone in the state. This program is the only statewide mechanism for now for that, and it needs to be expanded as well as further publicized. There are extreme variations in ground makeup in Nebraska. Less than 30 minutes from where I live in York County, lies shallow groundwater and sandy soil. In fact, that is Senator Lippincott's district. That area can see nitrate saturation in a year-- in a year or so. Yet, where I live, again in York County, we see nitrates penetrate into the groundwater, and some-- sometimes 50 years after application according to best practices and standards at the time. Many homes in my area and throughout the state have elevated levels of nitrates, which is defined as more than ten parts per million in their drinking water from their private well. Some have chosen to install reverse osmosis systems on their own, as it is the only way to address this issue. The home that I moved into had it installed when, when I moved in. Even though it's not a-- it's on town water. The expression-- the expansion of the NDEE'S private well reverse osmosis system will lead to more education for homeowners so they can take advantage of the free or low-cost testing provided by DHHS and the reverse osmosis rebate program through the NDEE. Just with the variability in Nebraska's soil makeup, I want to highlight the myriad of choices made by producers throughout the state every day. Some of our members have recently switched from a nitrogen application process to a dry urea-based process. While some are happy with the switch, I will also highlight that it comes with a financial cost for them that may not be feasible to the thousands of producers operating on tighter margins every single year. They are different-- there are different options provided to farmers. There are varying recommendations by universities, consultants and seed companies. There are variations in climate, water sources, and soil makeup. Because of so many of these

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differences, any mandated fix to this issue is not viable now. There are currently NRDs evaluating the concept of mandates on nitrogen application, and there are some calls for a statewide address of the issue, which, as I outlined, is troublesome since one size will not fit all in this situation. It is for this reason that the state must invest in its people and act on the one viable fix that will provide clean drinking water for-- to Nebraskans with private wells. We encourage this proposed expansion of the NDEE's private well reverse osmosis program, while industry and soil health professionals figure out how to further address the issue, along with the \$1 million that hopefully passes in the Governor's proposed budget. It's for those reasons we urge the committee to advance LB766 to General File. And, Senator Wishart, I'll, I'll answer, answer your question to Senator DeKay previously. The \$4 million that was passed last year, again, thank you for your, for your help in that. This would be adding to that. The \$4 million that was passed last year is split into \$2 million for public, public reverse osmosis systems, and \$2 million for private well, which this would be adding to supplement. The private well system with the NDEE, that opened up only in January for application. So in a previous bill, I believe it was your question of how is that going? I-- last I heard there, there were, there were at least 25 applicants. But in order to apply to that, you have to first get your water tested. So there is, there is a call out there to, to get your water tested and then apply for the-- for that system where this is an attempt on, on behalf of agriculture to, to add to that, and support folks throughout the state, and also publicize it. We are doing everything we can to really publicize this to our members. And I know that NDEE is as well. With that, I've got a red light, so I'll shut up for questions.

CLEMENTS: Questions? Senator Dover.

DOVER: How many households are in this area that would be, would be covered by this bill?

ANDREW DUNKLEY: I don't have that information. I, I believe that the-- I don't-- I haven't heard of that from the NDEE either. To have, to have a number of households that would be testing over ten parts per million, that's one of the reasons that you heard of earlier of I believe from the director why the Governor is asking for \$1 million to study this further as part of those long-term solutions. And I should say that as we've been in this conversation, we've, we've come to a conclusion that there's a short-term solution of a so-called Band-Aid, which is, hey, let's, let's fix things right, right now and get clean drinking water to people through reverse osmosis, while we look at a

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longer-term solution. And folks on both sides of this issues have kind of come together and said more research needs to be done because we don't have the answers right now. And so I believe that \$1 million from the Governor would, would help to answer that question.

DOVER: Because I mean the-- the \$2 million would fund, the \$2 million would fund thousands of osmosis for farms and wells.

ANDREW DUNKLEY: Theoretically. There's a various-- varying price, prices and--

CLEMENTS: Senator Erdman.

ERDMAN: Thank you, Senator Clements. Thank you for coming. So I don't know if you've seen the fiscal note, but NDEE estimates two more full-time employees and they currently have the program established now, is that correct?

ANDREW DUNKLEY: Yes.

ERDMAN: Why would you need two more full-time employees to enhance the program you already have?

ANDREW DUNKLEY: I'm not aware of, of why the NDEE would need--

ERDMAN: I think NDEE should have been last today instead of first. Thank you.

CLEMENTS: Senator Lippincott?

LIPPINCOTT: This water is for human consumption only. It's not for irrigation, it's not for animals. How much is each reverse osmosis machine? How much does it cost?

ANDREW DUNKLEY: It's a great question, and I want to preface this with I am far from an expert in that area. I know of, of-- again, this is not whole-house reverse osmosis drinking water systems. It is, it is just drinking water. I've heard of some being \$500. I've heard of some being \$4,000. Again, I'm not an expert in that.

LIPPINCOTT: The homeowner would install it themselves. Is that correct?

ANDREW DUNKLEY: You know, I, I don't believe so. I believe the way the way that NDEE has it set up is that they are partner-- that you would have to partner with a licensed professional install-- installer and

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then that once, once that is installed, you would get that money back in a rebate.

LIPPINCOTT: OK.

ANDREW DUNKLEY: Now I will say that the homeowner would be responsible for upkeep of that reverse osmosis system, so the onus would be on the homeowner then after that, or they could partner with the installation company for that upkeep. That's what I do with the RO system that is in my home.

CLEMENTS: Are there other questions? Seeing none, thank you for your testimony.

ANDREW DUNKLEY: Thank you.

CLEMENTS: Is there any other proponents for LB766? Seeing none, are there any opponents on LB766? Seeing none, is there anyone here in the neutral, neutral capacity? Senator DeKay, you're welcome to close.

DeKAY: Thank you. Thank you, Chairman Clements, and I appreciate the discussion we had today. A couple of things on the home systems, they would vary in price from approximately \$500 to \$5,000, depending on the quality and the size of the units that they would be putting in. As far as upkeep, the homeowners would be responsible for the upkeep and the homeowners would also be responsible for the nitrate testing going forward, too. So I hope that helped answer the questions there.

LIPPINCOTT: Installed?

DeKAY: Installed. And that would be, if I understand it right, that would be installed by a professional. And then after the fact, if there's any upkeep, you would have to be liable to pay for the upkeep of the system from there. Other than that, I appreciate the conversation we had today. If there's any other questions, I'd try to answer them, if--

CLEMENTS: Senator Erdman.

ERDMAN: Thank you, Senator Clements. Thank you, Senator DeKay. The amendment you just gave us, AM651, changes the appropriation of \$6 million-- \$1,625,000 each year. That's significantly different than the bill or the fiscal note says. Is that your intention?

DeKAY: Right, it would basically-- would almost cut it in half. So yeah.

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ERDMAN: So it's 650-- AM651, I understand. Thank you.

DeKAY: And then asking a question on the amount of people that would be impacted, you know, it depends on how many people statewide in a rural setting that would be impacted by over ten parts per millions that would want to have those systems installed. And with that, if we're going to try to bring rural people back to our state, young families and stuff, nitrates are a problem. Nitrates are a health issue for young children and older adults, So it's significant by everybody that brings a water bill to the different committees that that's a priority, that we have water safety. And that is our most precious natural resource we have to-- in the state. We need to enhance it, and we need to protect it. So I appreciate your time. With that--

CLEMENTS: Other questions? Seeing none, thank you.

DeKAY: Thank you. Appreciate it.

CLEMENTS: We have position comments for the record. We have no proponents, one opponent, and none in the neutral. We'll now move-- that concludes the hearings on LB766. We now open the hearing for LB613. About an hour late. Welcome to the Appropriations Committee, Senator McDonnell.

McDONNELL: Thank you, Chairperson Clements, and members of the Appropriations Committee. My name is Mike McDonnell M-i-k-e M-c-D-o-n-n-e-l-l, representing Legislative District five, South Omaha. I come before you today to discuss a pressing issue facing Omaha and our state: lead service lines and our urgent need for action. Lead poisoning can be devastating, impairing children's learning abilities, and even increasing their chances of being involved in criminal activity. In Omaha alone, there are an estimated 16,000 lead service lines that must be replaced at a cost currently of \$120 million, which will only increase over time if we delay any longer. Replacing a lead service line in homes built before 1940 comes with an alarming cost of around \$8,000 for the homeowner. Understandably, this is not practical, especially since those homes are situated in the oldest parts of our state and generally have lower property values. I have handed out to the committee a map of lead service lines in the Omaha area. There are more across the state, but I over-- overall, a majority fall in the older parts of Omaha. The water in Omaha's main is completely devoid of lead contamination, yet, when it remains dormant in a lead service line for an extended amount of time, leaching can occur and prove unsafe to human health. Later,

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we will be hearing from Metropolitan Utilities District, MUD, about other-- more details pertaining to those hazardous lines. The good news is that the federal government has provided Nebraska with the significant financial resources to address this issue. We have the opportunity to claw our tax dollars back from Washington, D.C., while also solving a pressing problem for a number of our citizens. The Bipartisan Infrastructure Act has provided the state of Nebraska with roughly \$28 to \$29 million additional each year for the next five years into the NDEE's W-- Drinking Water Reserve Fund program for lead service line replacement. Collectively, our state will receive \$140 million, \$145 million specifically for lead service replacement, a considerable sum that we can use if we correctly leverage our dollars. To guarantee that an adequate number of workers are ready to carry out the jobs before time runs out, LB16-- LB613, provides a workforce development component that ensures MUD's help, helps provide the training resources necessary to the community. By utilizing these funds and our own resources, Nebraska can leverage nearly double what is necessary to address this pressing issue and ensure substantial long-term cost savings for Nebraska taxpayers. We are currently going through the EPA guidelines and our own statutes to ensure we maximize available funding for the lowest amount of required state funds. We know this problem is going on, and approximately 55 percent of it's going on in the Omaha area, which you see on that map. The other 45 percent is going on through our state. It's homes that were built prior to 1940. The health, and there's going to be testif-- testimony behind me, the health concerns and the long-term effects to, especially our children, going forward is going to continue until we find a way to solve this problem. We know the federal government has stepped forward, recognized this problem throughout the country. But we also know that we as a state would like to partner with the federal government and, of course, the local entities to try to solve this problem long-term. Because until we solve it, it's not going to go away. It's just going to grow. Here to answer any of your questions, and I will definitely be here to close.

CLEMENTS: Senator Erdman.

ERDMAN: Thank you, Senator Clements. Thank you, Senator McDonnell. What's the difference between the yellow and blue?

McDONNELL: Which map are you looking at?

ERDMAN: Right here.

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McDONNELL: Based on, I believe the-- and I'll have these guys, they'll help you follow up on that, to answer that. What's that? North and south. That's, that's always the dividing with north or south Omaha. It's not based on the 20-- if you look at the scale, it's not anything to do with the \$20,000 to \$60,000 home income. It's just basically north and south.

ERDMAN: Why, why do you always differentiate between the north and south? Why not just say Omaha?

McDONNELL: Well, I'm proud to be from south Omaha. And growing up in Legislative District 5, there is a difference between north and south Omaha. And I believe Senator Armendariz might disagree, but I think south Omaha, according to the football schedule and the past history, has always proven to be better than-- I'm just joking, but I'm proud to be from south Omaha.

ERDMAN: So this little map right here, you gave us has 16 senators on it. In my area that would cover one small county.

McDONNELL: So right now MUD represents about 700,000 people of our 1.9 million throughout the state. But of course, we're looking at all people that they're living in homes prior-- built prior to 1940. And I'll get those maps for you, the ones I have available, and then I'll get you also the PowerPoint from MUD that they, they have in my packet.

ERDMAN: In my district, like Arthur County would have 400 people and 10,000 cows.

McDONNELL: OK.

CLEMENTS: Are there other questions? Senator Armendariz.

ARMENDARIZ: Yeah, thanks. Thank you, Senator. I will not build on that. So the federal government is going to pay for the cost of the replacement of the lines, and this is to help MUD staff that replacement?

McDONNELL: No, so, so MUD is doing their part up to the main, and I've got a map here that I'll make sure I hand out. Kind of a-- it's a PowerPoint that I think MUD did a good job showing you what their responsibility is, and the homeowner's responsibility. So if you look at this, going back to us having an opportunity with what's coming down from the federal government, MUD is, I believe, trying to help those people. But it's our responsibility, when I say that, the

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individual's responsibility, the homeowner's responsibility, based on, if you look at the, the water service up to the main waterline and then looking at the-- it's coming into the home. That's what needs to be replaced. And we think that older homes built prior to 1940 have, of course, the most need. And they give you kind of a diagram here on the laws have they been passed since the-- this happened in 1940. But it's basically us trying to assist those individuals that, because their income is so low, and MUD also has a plan to help with this. But if we can leverage the federal moneys, we think we can be successful in a shorter period of time because the problem is not going away and it's going to affect the next generation if those services aren't replaced coming into the home.

ARMENDARIZ: How much is the city contributing?

McDONNELL: I don't know.

ARMENDARIZ: Could they pick up the bulk of this instead of the state?

McDONNELL: Well, the idea is trying to leverage the money and that will be discussed with actually, if we're talking about \$45 million, can we turn that into \$95 million from the feds? And regardless of it's the city, MUD, county, state, how are we going to leverage the most money we possibly can to help these people throughout the state? So, of course, if you're looking at the city of Omaha, potentially, yes, that could be discussed. But this issue is not only the city of Omaha, it's north, south, east, west in the state of Nebraska that people need help.

ARMENDARIZ: OK. I'm just guessing that we can maybe leverage the city since the bulk of it is right in the city of Omaha, and then maybe less from the state for the out-- outlying ones that need to be--

McDONNELL: I believe we'll be able to leverage the federal government more than we will be able to leverage the city of Omaha. But, again, I think we should ask everyone to help solve this problem because of the long-term health impacts that's going to have to the next generation.

ARMENDARIZ: [INAUDIBLE].

CLEMENTS: Senator Erdman.

ERDMAN: Thank you, Senator. So, Senator MacDonnell, if you were mayor, would that help?

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McDONNELL: I would look at this issue very seriously as mayor, and I would definitely look at the budgeting process to try to alleviate this problem as soon as possible to help the citizens of Omaha.

ERDMAN: So here's a legitimate question. Who, who owns-- who owns the pipe up to the water meter where they, or the valve where they shut it off?

McDONNELL: The--

ERDMAN: Does the city own that up to there, and then it's the landowner's responsibility from their end?

McDONNELL: What we're talking about is helping because it is the homeowner's responsibility. So we're helping the homeowner. It's their responsibility, and they own the part that we're talking about, part of that service. They own it.

ERDMAN: So the main water line in the street, is that lead?

McDONNELL: The main water line, which I'll get copies of--

ERDMAN: Is the main water line le-- have-- is it have lead in it?

McDONNELL: No, I believe what, what MUD has done is they've, they've replaced and where it's coming is, is basically sitting in those old lines that are responsibility of the homeowner.

ERDMAN: OK.

McDONNELL: And that's where the leaching is becoming a problem because they haven't replaced their responsibility.

ERDMAN: OK so, here's where I'm trying to go. If, if it's up of the shut-off, because every house has to have a shut-off--

McDONNELL: Yes.

ERDMAN: All right. And you had \$8,000 estimated to be replaced that. In, in my location, we have people who do directional boring, so they don't have to dig up the lawn and up, they just go and bore right in. And if you make a hole in the side of your house, they'll put that pipe right through that hole. So why would it cost \$8,000 if they're only going from the shut-off to the house? Why would that cost \$8,000?

McDONNELL: So if you look at the diagram in front of you, up to the street is MUD's responsibility. The rest is the homeowner's

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responsibility. So if you look at where it's all boxed, I believe in-- is it all boxed in red? That's the homeowner's responsibility. So if you look at the box around it, I'll make sure everybody gets a copy of this.

ERDMAN: So what you're saying is you've got to-- they've got to dig it up in the street and start there and put [INAUDIBLE] shut-off?

McDONNELL: See, from the street, yes. From the street inward. If you look at that, that description of the house and where the street is, that's where MUD's responsibility stops.

ERDMAN: Is it so high cost because we have a union plumbers putting that in?

McDONNELL: You'd have excellent, excellent workmanship if you had union plumbers putting it in. But this bill does not address that.

ERDMAN: I just thought I'd ask.

McDONNELL: Thank you, Senator.

CLEMENTS: I think the MUD representative might have more details on that. Seeing no other questions, are there-- oh, Senator Lippincott.

LIPPINCOTT: The blue and the yellow is the area you're talking about, but are there other portions of Omaha that were also built before 1940 that have lead?

McDONNELL: Well, sporadically. And the idea of throughout the state where homes were built prior to 1940. But that's the-- that's the majority of the area that MUD looked at just recently.

LIPPINCOTT: OK.

CLEMENTS: Other Questions? Senator Dorn.

DORN: Thank you, Senator Clements, and thank you for being here with us. The \$28 to \$29 million that you say for five years, we're going to get that from the federal government.

McDONNELL: I want to take cash reserve and I want to--

DORN: No.

McDONNELL: --use it as leverage to get from the-- to the federal government.

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DORN: It says the bipartisan infrastructure act is providing Nebraska with roughly \$28 to \$29 million additional dollars.

McDONNELL: Oh, I'm sorry. Yes.

DORN: In your thing.

McDONNELL: Yes.

DORN: That, that is a program from the federal government that they, the city of Omaha or MUD or whoever, they know they, they-- they will be getting that for the next five years.

McDONNELL: Well, yes, potentially, that's, that's the money we talking about leveraging as much we can state--

DORN: Right.

McDONNELL: --MUD, to make sure that we capture those, those funds that are coming down from the infrastructure program from the federal government. Yes.

DORN: But they're, I mean, what I'm getting at--

McDONNELL: I'm not guaranteeing anything, Senator. If you're asking me to guarantee money from the federal government, I'm not doing that.

DORN: I mean, is there some pretty good assurance that we're going to get it?

McDONNELL: You can ask MUD if they have---

DORN: Yeah.

McDONNELL: There's also the 100-- you can reference \$140 million to \$145 million specifically for lead service replacement that we're discussing, also from the federal government.

DORN: Yeah, yeah.

CLEMENTS: Thank you. Are there proponents for LB613? Good afternoon.

MEGAN WALTER: Good afternoon. Thank you, Senator Clements and members of the Appropriations Committee. My name is Megan Walter, M-e-g-a-n W-a-l-t-e-r, here today on behalf of the Metropolitan Utilities District in support of LB613. I'd like to thank Senator McDonnell for bringing forth this important legislation. In my testimony today, I

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want to cover four things. What are lead service lines? How big of a problem are they financially for those in our jurisdiction? Where are they located? And why these dollars should be allocated to address this issue. You've been provided a handout of materials. On page 3 is an illustration showing that service lines are the pipes that feed water from the MUD water main to the home. MUD, like most utilities in the country and in our state, own and are responsible for the water main. We do not have any detectable level of lead in the water that is in the water main itself. The problem occurs when the water leaves the water main and enters the homeowner-owned service line where leaching can occur in old water services that are made-- that are made of lead. As you know, lead in water can cause significant health issues. According to the U.S. Environmental Protection Agency, there is no safe level of lead. Even low levels of lead in the blood of children often result in behavior and learning problems, lower IQ, hyperactivity, slow growth and hearing problems, and even worse in some rare cases. The Metropolitan Utilities District serves water to roughly 700,000 Nebraskans, and we estimate we have roughly 16,000 homeowners with lead service lines. At an average cost to replace each one at \$8,000, our homeowners have a collective liability in today's dollars of \$128 million. Lead service lines exist almost exclusively in older parts of communities because plumbers stopped using lead around 1940. Please refer to page 10 and 11 in your handout. In the MUD service territory, the problem exists primarily in disproportionately impacted areas east of 72nd Street, specifically north and South Omaha. These areas are served by Senators Wayne, McKinney, Vargas, McDonnell and John Cavanaugh. Of the 16,000 known or presumed lead service lines, approximately 9,000 are in disadvantaged communities as identified in the qualified census tracts. To illustrate the impacts to this population, in the qualified census tracts, the median household income ranges from \$20,000 to less than \$60,000 a year, according to data from the United Way of the Midlands. As previously stated, since the average cost to replace the lead service line is approximately \$8,000, that equates to up to 38 percent of a homeowner's annual household income. In addition, there are more than 31,000 children under the age of 18 in the qualified census tracts who are possibly being exposed to lead in drinking water. MUD is currently replacing, through our own infrastructure replacement efforts, about 200 lead service lines a year. When we are replacing a main, if the customer has a lead service line, we replace the line for them at no cost to the homeowner. At this rate, it will take us almost 80 years to get the lead out of the ground. One of the other issues that makes this an extremely difficult one is that it's a slippery slope. Once we go down the road of replacing some homeowner--

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homeowner's lead service lines, we'll be expected to replace them all, which, as you can see, is quite costly. To further exacerbate this issue, we believe there will be a federal mandate to replace a certain percentage each year. Why is it important to put money towards this issue? First and foremost, removing lead service lines will help reduce the risk of lead exposure to pregnant women, infants, and children, improving the quality of life and the health of some of the most vulnerable members of the community. Other benefits include meaningful job creation, and higher property values in the north and south Omaha communities. If MUD could leverage these funds, we could create a dedicated lead service line replacement program with very little impact to our ratepayers. It would be the difference between a long, drawn-out program to a much more robust one. It really is a one-time program in the sense that once we're done removing these lead service lines, the project is over and we could do it in a fraction of the time if given assistance. Thank you for your time today, and thanks again to Senator McDonnell for having this introduced. I'd be happy to answer any questions.

CLEMENTS: Are there questions? Senator Dover.

DOVER: On these older houses. Are the pipes inside the houses also lead?

MEGAN WALTER: Some are. Absolutely.

DOVER: What's the proposed solution for that?

MEGAN WALTER: MUD doesn't have a proposed solution for that as of yet. I think our main focus is going to be to get the lead service lines out of the ground, and then we'll have to-- we will actually be testing the water services after they're replaced, and we'll still be checking for lead levels. And at that point, we can have discussions with the homeowner.

DOVER: So, is the responsibility of the homeowner, is that from the curb stop to the house?

MEGAN WALTER: It's actually from the MUD water main and the corporation all the way to the meter.

DOVER: That's interesting, it's not that way in all the cities in nor-- in Nebraska.

MEGAN WALTER: I'm not sure about all the cities.

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DOVER: In most cities it is a-- it's what-- it's the curb stop to the house.

MEGAN WALTER: Curb stop.

DOVER: Yeah.

MEGAN WALTER: Yeah. And then for MUD, it is literally the entire service line.

CLEMENTS: Senator Dorn.

DORN: Thank you, Senator Clements. Thank you for being here. Have you started on this project already then, are you replacing so many?

MEGAN WALTER: We are. We're replacing close to 200 a year through our water infrastructure replacement projects that we have going on right now. Yes.

CLEMENTS: Senator Erdman.

ERDMAN: Thank you, Senator Clements. Now, Ms. Walter grew up an Alliance. Just wanted you to know that.

MEGAN WALTER: I did.

ERDMAN: Her father's in the Softball Hall of Fame, too.

MEGAN WALTER: Yes.

ERDMAN: Anyway, so you've replaced some of these.

MEGAN WALTER: Yes.

ERDMAN: So I'm sure you've kept track of what it costs. Is it actually \$8,000?

MEGAN WALTER: It is.

ERDMAN: Are you are you doing directional boring?

MEGAN WALTER: Yeah, absolutely. So we have right now three main plumbers that we work with in Omaha. If given this money, we would have to expand it so that we could actually get as many done as quickly as possible. But yes, we do have contractors that use directional boring.

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ERDMAN: How long does it take to do a replacement?

MEGAN WALTER: Usually about half a day, less than.

ERDMAN: And it's \$8000.

MEGAN WALTER: Yeah. It's expensive. Yeah.

ERDMAN: I need to be a plumber.

MEGAN WALTER: Right?

DORN: [INAUDIBLE] a year.

MEGAN WALTER: Some are less. But some are more.

CLEMENTS: Other questions? Senator Dover.

DOVER: When you replace the line, does that al-- that always require breaking up the curb and part of the street also?

MEGAN WALTER: Not always. It depends on where the water main is located. Some are located--

DOVER: Oh, sure, if it's closer.

MEGAN WALTER: Yes. So we call it short side and long side.

DOVER: Right.

MEGAN WALTER: If you're on the short side, you're probably underneath the sidewalk, which is much cheaper. But then if you're on the long side, and that's why it averages out to \$8,000.

DOVER: Thank you.

MEGAN WALTER: Absolutely. Any other questions?

CLEMENTS: I had a question. I believe the city of Omaha received about \$100 million of ARPA funds. What amount did they the allocate for lead pipe replacement?

MEGAN WALTER: As of right now, none.

CLEMENTS: Really? OK. And Douglas County, did they provide any funding?

MEGAN WALTER: As of now, none.

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CLEMENTS: Thank you. Are there are other proponents? Good afternoon.

RICK KUBAT: Good afternoon, Senator Clements, and members of the Appropriations Committee. My name is Rick Kubat, R-i-c-k K-u-b-a-t, here today on behalf of the Metropolitan Utilities District. I did not have any prepared testimony, but I just wanted to answer a few questions. Yes, the federal government has provided an abundant amount of cash to fix this problem. It's one of their biggest priorities. It was mentioned last year in the State of the Union address. Specifically, they wanted folks to spend their American Rescue Plan dollars on lead replacement. But because of the way that the state of Nebraska is set up, those monies, as you referenced earlier, Senator Clements, over \$1 billion to the state, I believe Douglas County got a roughly \$100 million and the city of Omaha got \$100 million. The answer that Ms. Walter gave is-- that's correct, we've been unable to receive money from the city of Omaha and Douglas County. That being said, they have-- they just simply have different priorities. The city of Omaha has got a combined sewer overflow issue with sewer rates. I'm not sure if that was part of it, but they-- they essentially deal with different things. But because of the way that Nebraska is set up, MUD is its own political subdivision. So we didn't receive any ARPA funds. We-- Senator McDonnell brought a bill last year requesting ARPA funds for this very project. But as we come before you today, thus far nothing has been allocated. Essentially, the federal government set up two avenues of federal funding, and they said, hey, we want you to use both. One was the ARPA dollars. That would have been kind of nice because that would have been 100 percent. We could have gone out, and got the work started. We're at zero there thus far. The other bucket that Senator McDonnell spoke to is the Nebraska Department of Environment and Engineering [SIC] gets federal funding into a bifurcated system. One is called the Clean Water State Revolving Fund. And that would be more for your wastewater. And the other one is called the Drinking Water State Revolving Fund. Since MUD does potable water, we would be eligible for what's known as the DWSRF program. That program has historically been used to assist smaller communities. And what it is, it's a revolving loan program where there can be various amounts of loan forgiveness. Those loans, to answer your question, Senator Armendariz, are low to 0 percent loans. On top of it what the-- what Senator McDonnell referred to is through the bipartisan infrastructure law that passed last November, the federal government said, and this is guaranteed money because Nebraska is a 1 percent state, state of Nebraska, we're going to give you \$28 million to \$29 million per year for each of the next five years on top of your base level drinking water SRF program. Additional dollars, which is

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collectively a \$140 to \$145 million specifically for lead service lines. As Senator McDonnell spoke to, we in the Omaha metro area probably have north of 50 percent of our state's lead service lines. So the federal dollars are there. But what we would need to do is come forward, and it's a loan program, in my understanding, in all likelihood, if we go and borrow a dol-- a dollar from the Drinking Water State Revolving Fund, the state of Nebraska is going to provide \$0.58 for free. And then we're going to be required to repay \$0.42 on that dollar back. So what we're trying to do with this bill, and I know that this will make Senator Erdman excited, is we're trying to say if the state were so inclined to provide \$40 million, we're going to be able to leverage that and be able to latch on to that, that loan forgiveness of. \$0.58 on the dollar. Essentially \$40 million of, of state local match with the federal-- with federal funds essentially equates to \$95 million. Can MUD do this on their own? Absolutely. But what might-- what our concern is is without creating a robust, a robust loan program, we're simply not going to have a larger program to be able to get this public health hazard taken care of. So with that, I'm sorry, but I wanted to fill in a few details. With that, I'd be happy to answer any questions.

CLEMENTS: All right, thank you for that. Are there questions? I think that was a good explanation. Thank you for your testimony.

RICK KUBAT: Thank you.

CLEMENTS: Is there other-- are there other proponents for LB613? Seeing none, anyone opposing LB613? Seeing none, anyone in a neutral capacity? Seeing none, Senator McDonnell, you're welcome to close.

McDONNELL: Thank you, Chairperson Clements, members of the committee. To follow up, when I started going through my opening, you all did not have a copy of the PowerPoint. So if you look at page 3, that kind of tells you what the property owner's responsibility is, and what MUD's been working on, and also page 4 of that handout, you can look at the time frame from 1913 up till 2021 with the important dates for the lead service lines. What Mr. Kubat discussed, we'll give that to you in writing. The idea of will that money eventually, if we secure the money, will it-- could it end up being going back to the federal government? Yes. If we don't take advantage of it, it's not going to be around forever. But wanted to focus, not on so much us losing those dollars, it was more on the importance of the health to the next generation and has been testified, approximately 50-plus percent in the north Omaha, south Omaha area. But any home prior to 1940 throughout the state of Nebraska is going to have these these issues.

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And I think we should address it east, west, north, south in the state. And we have an opportunity financially, with the assistance of the federal government. And again, I'll get all that that Mr. Kubat went through and in writing for you, so you can-- you can digest it.

CLEMENTS: Senator Erdman.

ERDMAN: Thank you, Senator McDonnell. And you may know the answer to this, and maybe you don't. Does RO treatment take lead out of the water?

McDONNELL: Does what?

ERDMAN: RO system take lead out of the water?

McDONNELL: I don't know. The answer is-- I just got the answer, Senator. No.

ERDMAN: Thank you.

CLEMENTS: All right. Seeing no other questions. Thank you, Senator McDonnell, we have--

McDONNELL: Thank you.

CLEMENTS: --position comments for the record on LB613. We have two proponents, no opponents, none in the neutral. And that concludes the hearing for LB613. And that concludes Appropriation hearings for today.