

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2023

LINEHAN: Good morning. Welcome to the Revenue Committee's public hearing. My name is Lou Ann Linehan. I'm from Elkhorn, Nebraska, and I represent legislative District 39. I serve as Chair of this committee. The committee will take up the bills in the order that are posted outside the hearing room. Our hearing today is your public part of the legislative process. This is your opportunity to express your position on the proposed legislation before us today. We do ask that you limit your handouts. If you are unable to attend a public hearing and would like your position stated for the record. You may submit your position and any comments using the Legislature's website by 12:00 p.m. the day prior to the hearing. Letters e-mailed to a senator or staff member will not be part of the permanent record. If you are unable to attend and testify in public-- excuse me, testify at a public hearing due to a disability, you may use the Nebraska Legislature's website to submit written testimony in lieu of in-person testimony. To better facilitate today's proceedings, I ask that you follow these procedures. Please turn off cellphones and other electronic devices. The order of testimony is introducer, proponents, opponents, neutrals and closing remarks. If you will be testifying, please complete the green form and hand it to the committee clerk when you come up to testify. If you have written materials that you would like to distribute to the committee, please hand them to the page to distribute. We need 11 copies for all committee members and staff. If you need additional copies, please ask the page to make copies for you now. When you begin to testify, please state and spell both your last and first name for the record. Please be concise. Is my request that you limit your testimony to 5 minutes. We will use the light system. You have four minutes on green, and when the yellow light comes on, you should wrap up and I will ask you to stop if it turns red. If there are many wishing to testify, we will use-- excuse me, we already covered that. If your remarks were reflecting on the previous testimony or if you would like your positions to be known but do not wish to testify, please sign the white form at the back of the room and it will be included in the official record. Please speak directly into the microphone so our transcribers are able to hear your testimony clearly. First, I'd introduce my staff. To my immediate right is legal counsel Lyle Wheeler. To my immediate left is research analyst Charles Hamilton. At the end of the table is committee clerk Tomas Weekly. Now we'd like the committee members to introduce themselves, beginning at my far right.

KAUTH: Kathleen Kauth, LD 31, Millard area.

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MURMAN: Senator David Murman, District 38, from Glenvil, eight counties along the southern border in the middle part of the state.

BOSTAR: Eliot Bostar, District 29.

von GILLERN: [RECORDER MALFUNCTION] District 4, west Omaha and Elkhorn.

BRIESE: Good morning. Tom Briese, I represent District 41.

ALBRECHT: Senator Joni Albrecht, District 17, Wayne, Thurston, Dakota, and a portion of Dixon Counties in northeast Nebraska. Welcome.

DUNGAN: George Dungan, LD26, northeast Lincoln.

LINEHAN: Thank you. Would the pages please stand. The mor-- this morning our pages are Kaitlyn, who is at UNL studying history, and Maya [SIC], who is at UNL studying political science. Please remember that the Senators may come and go during our hearing as they may have bills to introduce and other committees. Please refrain from applause or other indications of support or opposition. For our audience, the microphones in the room are not for amplification, but for recording purposes only. Lastly, we use electronic devices to distribute information; therefore, you may see committee members referencing information on their electronic devices. Be assured that your presence here today and your testimony are important to us and it is critic-- and is a critical part of our state government. With that, we will open on LB732. Good morning, Senator Bostar.

BOSTAR: Good morning, Chair Linehan and fellow members of the Revenue Committee. I'm Eliot Bostar. That's E-l-i-o-t B-o-s-t-a-r, and I represent Legislative District 29. I'm here to present LB732, a bill to reset the application deadline for participation under the Convention Center Facility Financing Assistance Act from December 31, 2012, to December 31, 2030. This change would allow convention center projects to once again apply for and potentially receive term turnback tax assistance, sales tax revenue used to support a convention center project. LB732 is a counterpart to LB709, brought by Senator Wishart to the Banking, Commerce and Insurance Committee to allocate funding for a variety of tourism improvements in Lincoln, namely \$60 million for a convention center in downtown Lincoln. LB732 would be an additional source of revenue for the downtown convention center, in addition to private dollars and the funding sought by LB709. A recent report from Conventions Sports and Leisure

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International, CSL International, a national consulting firm specializing in tourism infrastructure development, finds that a convention center in downtown Lincoln would be a catalyst for significant-- significant economic growth, with net new spending, personal income, job creation and tax revenues of just over \$18.5 million in economic output annually. The study identified unmet market demand for convention space and also noted that existing space in the capital city are deficient in terms of total sellable event space and large contiguous area. According to CSL International, nearly 80 percent of surveyed event planners indicated positive interest in hosting an event at a potential Lincoln convention center, with half indicating that they would likely or definitely use such a facility. This exceeds the average, definitely and likely response rate given for 65 similar studies that CSL International has conducted over the last ten years. Other findings from the report indicate a new Lincoln convention center is estimated to host more than 200 events during a stabilized year of operations, generating more than 112,600 attendee days and 25,800 hotel room nights. Facility would support an estimated 230 jobs per year, with an economic impact over [RECORDER MALFUNCTION] form of state sales tax, state hotel tax, city sales tax, and city-prepared food tax collections. In total, the project will generate nearly \$1.3 million in tax revenue per year. Construction of the convention center is also estimated to generate significant economic impact and job creation for the region over a two-year construction period. The construction process is estimated to generate nearly \$37 million in net new direct spending, \$62 million in total economic output, and support 440 full-time-equivalent jobs. LB732 is a very simple change that only reopens applications for turnback tax assistance under the Convention Center Facility Financing Assistance Act. Lastly, this project will have a statewide impact and will be an asset that contributes to tourism, commerce and revenue across Nebraska. The League of Municipalities is here and will speak more to the statewide impact of the project. I urge you to support this opportunity to create an economic catalyst and please advance LB732. Thank you for your time and consideration. I'm happy to answer any questions.

LINEHAN: Thank you, Senator Bostar. Are there-- excuse me, are there questions for the committee? Senator Briese.

BRIESE: Thank you, Chairwoman Linehan. Thank you, Senator Bostar, for being here. Is there someone coming behind you that-- that can explain the details of this act to us?

BOSTAR: I-- well, you-- certainly there is.

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BRIESE: Would you like to? I could look at on my phone but--

BOSTAR: Well, now I'm nervous. I would be happy to try to answer any question you have.

BRIESE: I don't remember the details on that. What's the geographical reach of--

BOSTAR: So it's--

BRIESE: --turn back?

BOSTAR: Curr-- it's 600 yards and it includes-- it would turn back hotel taxes, so-- so sales tax and-- and hotel, sort of, accommodation taxes, and sales at the facility itself. So it's not a-- you know, it's not all encompassing. It's not all retail. It's not all sales in the region. It's-- it's specifically those two things.

BRIESE: For how long a period?

BOSTAR: I think it's--

BRIESE: And that's fine if you don't know. Somebody else will.

BOSTAR: I think-- I think the-- the program is a continuous program--

BRIESE: OK.

BOSTAR: --and that, you know, 70 percent of it gets turned back and 30 percent gets diverted to, you know, the-- the-- those sort of statewide funding initiatives, and-- and certainly the League of Municipalities will be able to talk about that more. You know, we've had bills that have tweaked some of that before. That's where we--

BRIESE: OK.

BOSTAR: --you know, I believe we put in the creative districts and things of that nature.

BRIESE: And does this tap into existing businesses, existing hotels or does it have to be new?

BOSTAR: Yes. So it would cover any hotels in that 600-yard radius--

BRIESE: OK.

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BOSTAR: --whether they're post completion of the convention center or they existed before.

BRIESE: OK. And I apologize for having to ask you those questions.

BOSTAR: No, no.

BRIESE: But I don't have a copy of the-- and I don't recall the specifics on that.

BOSTAR: No, I'm-- I'm glad I could at least sort of answer those.

BRIESE: No, you did very well, very well.

BOSTAR: Thank you.

BRIESE: You bet, and thank you. Any projection as to how many dollars it's going to add up to over time?

BOSTAR: For the turn back itself?

BRIESE: Yes.

BOSTAR: That's hard to answer because, you know, essentially this would-- this would add more turnback dollars if there was a new project that was built.

BRIESE: OK.

BOSTAR: And that depends on where the project would be built.

BRIESE: OK.

BOSTAR: So, you know, it could be built in an area where, for example, in Lincoln, it would just in-- you know, incorporate the Cornhusker. It could be built in an area where it could get the Cornhusker and Embassy. It could just get the Embassy. So it's-- you know, un-- until the project would be-- the-- the site would be finalized, it's-- it's hard to know exactly what would be within the 600.

BRIESE: What-- what site are they targeting at this point? Any idea?

BOSTAR: There's-- there's a number of options that are being considered, and there definitely are people who can--

BRIESE: OK.

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BOSTAR: --sort of talk through those.

BRIESE: Thank you for that information.

BOSTAR: Yeah, thank you.

BRIESE: Very, very helpful.

LINEHAN: Other questions? Thank you, Senator Briese. Other questions?
Senator Kauth.

KAUTH: Thank you, Chair Linehan. Would those be state taxes or city
taxes for the turnback? I'm not familiar [INAUDIBLE]

BOSTAR: So --so it would turn back the state taxes--

KAUTH: State.

BOSTAR: --for-- for hotel and sales.

KAUTH: OK.

BOSTAR: But again, just the hotel and just sales at the site.

KAUTH: So not the businesses around it?

BOSTAR: Correct.

KAUTH: Only hotels around it and within the--

BOSTAR: Just a hotel within 600 yards and the very-- the-- the
convention center itself sales--

KAUTH: OK.

BOSTAR: --will be turned back.

LINEHAN: Thank you, Senator Kauth. Are there other questions from the
committee? I-- the fiscal notes--do you have the fiscal note?

BOSTAR: Yeah.

LINEHAN: It says curr-- in the first line, it says current statute
allows for applications until December 31, 2012, and this-- so the
line before it says extended to December 31, 2030. So I think there
is a-- we'll have the people behind you--

BOSTAR: Well, that's what the bill would do.

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LINEHAN: OK. Would what? OK. And then--

BOSTAR: So-- so right now, the 2012 is the deadline to put a project into the program.

LINEHAN: OK.

BOSTAR: So right now, no-- you know, if you built a convention center in Lincoln or Omaha--

LINEHAN: So the program's--

BOSTAR: It's-- there's-- there's no way to get in now--

LINEHAN: OK.

BOSTAR: to turnback. So all we're doing is opening up eligibility if a project were to be created.

LINEHAN: But it would end?

BOSTAR: The-- the ability to enter the program would end in 2030 under this bill.

LINEHAN: OK. OK. All right. And then when you said hotel sales tax, are there other-- and this-- you don't have to answer this, just other people coming up here. It seems, when you check out of a hotel, if I remember right, there's other taxes on there, but I think there's city taxes, right?

BOSTAR: You-- there are city taxes. There's also-- is-- I believe there's a state hotel tax.

LINEHAN: OK. So that would be part of the turnback.

BOSTAR: That-- that-- I-- my understanding is that would be part of the turnback.

LINEHAN: OK.

BOSTAR: Now, if I'm wrong, someone, absolutely, correct that.

LINEHAN: OK. All right. Are there any other questions from the committee? Seeing none, thank you very much.

BOSTAR: Thank you.

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LINEHAN: Proponents.

TODD OGDEN: Good morning, Senator Linehan and the members of the Revenue Committee. My name is Todd Ogden, T-o-d-d O-g-d-e-n, and I'm president and CEO of the Downtown Lincoln Association. Our organization has been around for over 50 years, 17 of which I have had the privilege to be a part of, and I am also here today on behalf of my board of directors, as well as Visit Lincoln, the Lincoln Chamber of Commerce, and the Young Professionals Group. In all of my years working with downtown Lincoln, I do believe the downtown convention center would create more economic vitality, particularly to small businesses, than any other project I've worked on. Our business improvement district includes over 500 property owners, 900 businesses and over 150 local restaurants, retail and entertainment venues, most of which this convention center would help support. Downtown Lincoln is rapidly adapting from an 8:00 to 5:00 center to a 24/7 urban neighborhood. There has never been an opportunity like this in our history to mold the core of our state's capital city into something that will support and attract our current and future generations. Since downtown is spreading out, not only by size but the amount of time spent with people living downtown more and people working downtown at different hours, the amount of time occupied has become more important than ever to have consistent spikes of visitors to the area that only a convention center could truly bring to this area. And in short, this bill would be an extremely useful component to not only ensure a prosperous small business and hotel community, but also serve as an economic development catalyst for downtown Lincoln and the entire state of Nebraska. Thank you for your time and consideration.

LINEHAN: Thank you. Are there-- are the questions from the committee? Senator Murman.

MURMAN: Are you-- thanks for testifying. Are-- are you thinking that it would bring in mostly business from out of state or businesses in state to the convention center?

TODD OGDEN: Yeah, the CSL study, we have two phases of the studies and it's all of the above, so I think local conventions, regional conventions, national conventions. The regional market is really strong here and I think there's a lot of conventions we could give that could also piggyback, that are wanting to come here but they want site rotations so they can go to Omaha, then they can go to Lincoln, they can go to Grand Island. So that'll add a whole opportunity for the state as well for all of the convention centers

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to bring in more regional and national components. So certainly the bread and butter here for the Lincoln Convention Center would be that local and regional, and national would be icing on the cake for a lot of this stuff. But the report includes all those projections, and so the finances coming in would be amazing for-- for-- for the state with the amount of economic development that would come from this for adding that many people coming to the area.

MURMAN: Thank you.

LINEHAN: Thank you, Senator Murman. Other questions from committee? A couple. Is there a projection of how much this would generate for your project?

TODD OGDEN: I believe Senator Bostar had that on the study. I don't have that off the top of my head, but that is in the study and we certainly can get that number out to you. And somebody following me might have that number as well.

LINEHAN: And then-- thank you for that. Do you know how many-- because I know it seems like apartments or-- I'm not sure what they are-- are being built downtown all the time. How many living downtown are students or employed by the University of Nebraska? Do you have a number, like the number of people?

TODD OGDEN: Roughly, so we're-- we're looking-- so in 2010, we had 3,000 residents downtown. Here, with all the development that we've had moving forward, so current and future development, we're looking at 10,000 residents in the downtown area, probably within downtown proper, so not including student housing on campus, but including student housing off campus, we have about 3,000 students that are in our downtown area.

LINEHAN: But they're privately run.

TODD OGDEN: The ones in our downtown are privately run, yes.

LINEHAN: The 3,000 students--

TODD OGDEN: Yes.

LINEHAN: --are privately run.

TODD OGDEN: Yes.

LINEHAN: Are-- Senator Briese.

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BRIESE: Thank you, Chairwoman Linehan. Thank for your testimony here today. Will this project be built with or without this turnback [INAUDIBLE] project?

TODD OGDEN: I mean, our goal-- this is a very large priority, as I said, for downtown. So we'll-- the goal is to figure out how to get it done. These mechanisms would ensure the most prosperous path moving forward. But if not, we-- we would have to get creative and continue to look. But that-- that's the goal, to continue to figure out the best mechanisms for our city, state and, you know, local taxpayers and figure it out, again, the best way to finance it so everybody feels it's appropriate, and we certainly feel like this would be an appropriate mechanism.

BRIESE: You-- you-- you mentioned the word prosperous. It sounds to me like the economic viability of this thing will be enhanced by this turnback, but I'm getting the impression it's perhaps not critical to this project going forward.

TODD OGDEN: It-- it's tough because we don't know exactly how-- where the public-private partnership would come. So I think things like this would be a great catalyst for the private side, as well, so be able to utilize this mechanism along with the other bill that we've talked about for the convention center that would bring it in, has made it a lot easier to come out to the private sector to truly get that public-private partnership like we had with the arena. And Dan Marvin will be speaking after me and he'll be able to talk about that, as well, and how those partnerships have worked in tandem with bills like this.

BRIESE: OK. Do you have any projections as to what this turnback tax will amount to annually?

TODD OGDEN: I don't have any projections on that.

BRIESE: [INAUDIBLE]

TODD OGDEN: Again, a lot of it depends, but I think a lot of it depends, too, not only the hotels here, but this convention certainly-- center would certainly add, likely, at least another hotel coming right near that area. It certainly would be a catalyst moving forward not only for the hotels, but the economic development for the amount of properties and businesses it would spur along, this, I think, would-- would-- would be gigantic.

BRIESE: OK. Very good. Thank you.

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LINEHAN: Thank you, Senator Briese. Senator Dungan.

DUNGAN: Thank you, Chair Linehan. And thank you for being here today. I was talking about this convention center idea with somebody just this morning actually at a Lincoln Chamber event, and there's somebody who's not necessarily plugged into a lot of the plans that are going on. I know the said multiple sites that have been considered for this. Their sort of comment was, oh, it doesn't seem like there's a lot of space downtown that we could put this. Could you go into a little bit more detail about sort of what sites we're looking at and the viability of putting this in downtown? I mean, it seems to me that you've put a lot of thought and effort into those locations. So I'm just curious, for those who aren't as plugged in to the planning, what we're thinking about where this might go.

TODD OGDEN: Yeah. So in-- in the phase two report, especially, as-- as-- as we get that full number of what kind of economic development boom you can get, we will get a greater return if this is built in an area that has a larger amount of other activity going on. So certainly downtown has that compact activity where if you go to the convention center, the city and the state truly makes most of its money off that sales tax when they want to go to the restaurants, they want to go to the entertainment, they want to shop downtown. So those locations look into that when basing kind of the needs for a prosperous convention center. And so I may be biased with downtown, but downtown is the perfect center that, again, has that 24/7 atmosphere where, if you put this in that activity, that's the type of places that attract these regional groups that want to come in here, national groups, and really these downtown locations. So there's probably four that have been pinpointed right now. Again, there could be more, and our-- our next step is we want to continue to encourage our hotels and developers to find space downtown. We certainly do have space downtown, and we're confident we'll at least have a couple viable sites that'll work within the recommendation of the study. But at the end of the day, we really want to figure out how to get it in the center of downtown as much as possible and serve not only to support the convention center, but be a catalyst for more growth moving forward, which I'm extremely confident would happen after this. We've seen that with the arena. When the arena came in, the whole west Haymarket, we're built all the way on five blocks south of that, and that's kind of the way the city responds on stuff like this, which is really encouraging when you see the response between the public and private coming together to bolster our economy moving forward.

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DUNGAN: And another question I know has come up oftentimes with the convention center being in Lincoln is, how is this going to benefit folks in rural communities? It sounds like one thing you've talked about is the viability of this convention center being sort of a hub for more rural organizations, hosting conventions and things like that. I know up in my neck of the woods, we've seen that at the Lancaster County Event Center, right, where they've been able to host these large conventions from ag groups, for example, in central and western Nebraska. Do you anticipate that a convention center downtown would also be able to pull in groups and sort of support groups from greater Nebraska as well?

TODD OGDEN: Oh, yeah, for sure. I mean, that's something, again, where you see, if you have a-- a good book of convention centers within an entire state and have different options with different sizes. And again, this would be nowhere near Omaha's size. It's very different from the Lancaster Event Center, but you can couple off of things. Like when you have the rodeo, there might be a component where people want the docks and box space that this convention center would bring, or, again, somebody coming from another convention center that has part of their goal is to have a rotation where they can't be at the same site. This would keep them in Nebraska for two or three years, depending on whether we have this, and Lincoln definitely is kind of right in that sweet spot, especially being so close to the Capitol and the government, I think it also supports those kind of uses. And that's something, again, that we think, being the capital city, this would be a huge support to a lot of those government entities, and the report does show there's a lot of conventions that could fill that need as well.

DUNGAN: Thank you.

LINEHAN: Thank you, Senator Dungan. Are there other questions for the committee? Senator von Gillern.

von GILLERN: Mr. Ogden, thank you. Curious to know-- I just looked up real quick, because my memory, I wasn't recalling. LB709 is requesting \$71 million from from the state to build the convention center and-- and then this bill would would provide for a turnback tax post-construction for some unknown term. We have not quite figured that out. It seems like it would be an "either/or," not an "and," and then to Senator Duncan's question, if I was a rural or a greater Nebraskan resident, I'd be struggling with the "and" here. Can-- can you help me understand that?

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TODD OGDEN: Yeah, and I-- I believe Dan and Kent, who will be testifying after that, can talk more on the specific numbers. But in general, this right now is projected to be a \$120 million project. So on top of that, convention centers typically don't operate where-- they-- they do have to be-- have an amount of subsidy, potentially, to operate. And again, net positivity is there, but to operate itself, things like this are mechanisms to help do that to ensure that it's successful moving forward, so having that, you-- having kind of a multiple toolkit to be able to put this together, I think, would be extremely helpful, not only to build it but to make sure it's sustainable moving forward, so it-- you're not going back looking for extra taxes for the city or the state or anything like that, and you can operate with the number-one goal of bringing more people in, not trying to find more money.

von GILLERN: OK. Thank you.

LINEHAN: Thank you, Senator von Gillern. Are there other questions from the committee? Senator Murman.

MURMAN: Do you look at this as taking business away or being in competition for places like Kearney or the maybe CHI Center in Omaha or-- I think there's one in Ralston-- any of those facilities or-- or anything in the surrounding state area, I guess?

TODD OGDEN: I mean, I personally don't on-- on a macro level. Again, Jeff Moll with Visit Lincoln can attest to how the interactions work between all of them. But like I said, I think for the state, for us to be competitive with all the other states, to have venues that have different types of amenities and different options and cities that offer different things, so there are certain people that want that small-town feel that you get with Kearney or, you know, again, the big-city feel of Omaha. This is kind of that middle spot there, again, and having a capital city. So having two or three things like that will make us more competitive for a national market, again, that can go forward. So again, there may be, I'm sure, some conventions that would bounce around on some of these. But the end of the day, we're trying to rise all tides and get more national exposure into the state of Nebraska by having these tools to be able to compete.

MURMAN: Thank you.

LINEHAN: Thank you, Senator Murman. Other questions from the committee? I have just a couple. Does Lincoln have a restaurant tax?

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TODD OGDEN: We--

LINEHAN: If you don't know, that's OK, but--

TODD OGDEN: I don't specifically. I mean, there is the occupation tax with-- that started with the arena bond issue, but I'm not sure about the restaurant tax.

LINEHAN: Started with the what?

TODD OGDEN: The arena bond issue included an occupation tax, which included taxes, extra taxes for the restaurants.

LINEHAN: OK. And then what is-- when you say downtown Lincoln, what's the-- what street to what street to what street?

TODD OGDEN: Yeah. So for us, our business improvement district is operated on Arena Drive to the west and 17th Street to the east and roughly here at the Capitol on the south end to the university on the north end, Greater town-- downtown is growing, as well, and we consider Telegraph district as that comes on, and Antelope Valley and now safe-- south Haymarket growing as part of the greater downtown area as well.

LINEHAN: So just-- it only goes as far east as 17th Street.

TODD OGDEN: Our official business permit district does, yes. And potentially, moving forward in the next year or two, our official bid, we would look to potentially be in the Telegraph District, would-- would take it to the creek on 21st Street.

LINEHAN: OK. Do-- do you know-- is-- in the study, does it say how many of these-- they'd be mostly non-Lincoln residents, right, because conven-- hotels, if you live in Lincoln, wouldn't you have to have-- so they're non-Lincoln residents, it would [INAUDIBLE].

TODD OGDEN: Correct. Yeah, a lot of-- especially the regional ones.

LINEHAN: Yeah. OK. Any other questions? Seeing none, thank you very much for being here.

TODD OGDEN: Yeah, thank you all for your time.

LINEHAN: Uh-huh. Other proponents? Good morning.

KENT SEACREST: Good morning. My name is Kent Seacrest. I am representing the Block 69 Coalition. Block 69 is a block east of the

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Cornhusker Hotel and it's owned by two-- only two property owners, who are members of this coalition, who want-- want to point out that their site is available but don't want to presuppose that this will be the site, because the city has to go through a selection process that will be very important. And we also represent other property owners to the south, which has a half a block to the southwest and also represent the Marcus Hotel, Cornhusker Hotel people. So that's the coalition that is indemnified that we have a block available. But I'm not here to talk about the block unless you want to talk about that block. I'm here to talk about the bill.

LINEHAN: Mr. Seacrest, I know how to spell your name, but could you spell it for the record, please.

KENT SEACREST: Yes. Kent Seacrest, S-e-a-c-r-e-s-t.

LINEHAN: Thank you.

KENT SEACREST: We're talking about the capital city convention center, and that's, I think, part of the-- that we have to talk about is the capital city. I've been a land use attorney for 42 years, and my focus of practice is public-private partnerships. I've had the privilege-- my first project when I-- my first year, I got to work with H.R. Haldeman, water fa-- Watergate fame of Richard Nixon, who was the person that got to work with a rookie to do the Cornhusker Hotel and Convention Center at that time. So I go back that long. I'm involved in Antelope Valley as a public-private partnership, Innovation Campus, Vision 2015, which had the ten pillars that Pinnacle Bank and the west Haymarket grew out of and became part of and other redevelopment projects that involve the city. The convention center basically has two issues, two problems: build it, which is the capital side, and operate it, which is the operating/maintenance side. And when you look about all of what you and I would call the leading attractive cities in the nation, they all strive for having quality convention centers because of the economic development opportunities. But yet when you look at just building it, there's a gap; when you look at operating it, there's a gap. But why do these cities do it? It's not the first tier; it's the second and third, tertiary economic benefits. That's where the community wins, both the nonprofit world, the governmental world, as well as the private sector world. These are positive when you look at the second and tertiary effects, along with the primary effects. That's why leading communities put this in their strategic plan. That's why you're seeing the Chamber of Commerce, who's completing a new strategic plan, saying convention center. That's where you're

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seeing the Lincoln Community Foundation, who's doing a new strategic plan, talk about this as well. I think this is where you're seeing elected candidates also very supportive. Lincoln is coming together on this, and it reminds me a lot of the 2015 era that I got to be the leader, helping the private sector work with the public sector. We did this in 2007 and it generated Pinnacle Bank and other important projects, but the private sector came together and did an extra special raise. Back then it was probably around \$30 million of private dollars that were just contributed. It's been 16, 17 years. It's time for Lincoln, and we're excited about this, to do that extra generational raising of money to do something that will benefit not only Lincoln, but we think the state. There's the soft cost idea, there are the hard gaps, but there's the benefits of innovation, entrepreneurships coming together. These are educational gatherings that happen. They are community building. They're state gatherings. And I think Lincoln needs a quality state facility to help government, you, to get the constituents here easier and to communicate with you along the way. We're talking to \$110-120 million facility. We're talking about it being on about two thirds to a whole block, is what the studies have suggested, so we need basically a block here. You asked earlier, Senator, about the term. Currently, the legislation has a 30-year maximum term for bonding of this turnback, so that's already in the bill. Everybody's been asking about how much could this--

LINEHAN: OK, maybe somebody will ask you a question because you have your light.

KENT SEACREST: OK.

LINEHAN: OK. Sorry. So are the questions from the co-- from the committee? Yes, Senator Albrecht.

ALBRECHT: Thank you, Chair Linehan, and thank you for being here today, Mr. Seacrest. Would this go to the b-- would this bonding go to the city for a vote?

KENT SEACREST: If it was-- if we do a general obligation bond, it sure would. If we decide to leverage with-- as a revenue bond, it either-- doesn't legally have to, but again, we-- when we did the Pinnacle Bank Arena, we did an occupation tax, and part of that was package. It didn't have to go to a vote, but we had a vote.

ALBRECHT: And so these turnback dollars that we're talking about, that stays with that project for the 30 years until it's paid off.

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KENT SEACREST: It could, if we need to go the 30-year term. One of the goals in both the Senator Wishart bill and I think this bill is, is we're not-- we don't want to use property tax. You're struggling with that. Everybody's struggling with that. And so this is a non-- if we did a general obligation bond, then that puts into play property tax. So we're trying to have this tool available so we do it more as a revenue bond and not as a general obligation bond that would be backstop with property tax potential increase.

ALBRECHT: And you've had other projects that you have had the public-private together working, and what-- what projects were those?

KENT SEACREST: Well, the-- the whole 2015, the ten pillars, we ended up implementing eight-and-a-half of the ten pillars, and they included things like that Antelope Valley redevelopment Assurity project, Whittier rehab, which you guys were helpful on. Innovation Campus was one of those pillar projects that involved city, state and private sector dollars. Pinnacle Bank, the private sector contributed to that-- to that funding as well. So this is-- that's how the community gets further down the road. It's-- should not be government alone. These are multi-sector benefits, and so multi-sector have to come to play. And I think it's imperative that we need both the \$60 million and the turnback because if it's \$120 million, I mean, if you're willing to support the \$60 million-- and it's \$60 million. The bill's \$71 million, but it has some other projects in there, but the-- of the \$71 million, \$60 million has been identified for the convention center part for downtown. So we just and one of the things we're trying to do is-- the next phase is to go out and solicit the property owners' support-- if you have a site, tell us-- and what we're trying to do is identify, have the sites be identified by April so that you can see that we have viable sites. I feel my clients' site is-- will meet that criteria because we have the two property owners and we have a block, but other sites need to do their best and come forward as well.

ALBRECHT: Thank you.

LINEHAN: Thank you, Senator Albrecht. Are there other questions from the committee? Senator Briese.

BRIESE: Thank you, Chairwoman Linehan. Thank you for your testimony here today. Do you have a projection of what this turnback would amount to on average over the years?

KENT SEACREST: I-- not yet.

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BRIESE: OK.

KENT SEACREST: But I feel-- I've already asked my clients.

BRIESE: OK.

KENT SEACREST: I said, if we-- our site was developed and we go 700-- or 600 yards, help me calculate that. And I think Todd mentioned that there probably would be at least a second hotel right across the street if it were our site, and so we're-- I've asked my clients to do that projection, and I expect to have it probably within a week.

BRIESE: OK.

KENT SEACREST: And I'd be glad to share that--

BRIESE: Yes.

KENT SEACREST: --because that's-- you've got to know that.

BRIESE: Yes, we-- be very helpful.

KENT SEACREST: And-- but don't-- it is site-specific. Another site could generate a whole different number.

BRIESE: Yeah. Very good. Thank you for that.

LINEHAN: Thank you, Senator Briese. Are there other questions from the committee? Who-- I have one. Who would-- or maybe two. Who would own the convention center?

KENT SEACREST: Well, under the current law, it's-- the-- the law allows it to be publicly or privately owned. You can do lease term-- purchase, so it allows both, for convention facilities to be both public or private. Until we have more dialogue in this community, I would think the city of Lincoln is going to have to be actively involved and will be because the \$60 million would go to the city. The turnback tax goes to the city, not to the private sector, and so they're going to be a major partner; but ownership and who manages it, stay tuned.

LINEHAN: So who owns the arena--

KENT SEACREST: The--

LINEHAN: --Pinnacle Bank?

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KENT SEACREST: --city of Lincoln owns the arena. They have a long-term lease with the University of Nebraska.

LINEHAN: OK.

KENT SEACREST: Well, excuse me, the Joint Public Agency, I believe. I-- I'm going to let Dan Marvin--

LINEHAN: JPA?

KENT SEACREST: Yeah, the JPA, I believe, but Dan Marvin, I think, follows me, and he was instrumental in working on that.

LINEHAN: OK. OK. Any other questions from the committee? Seeing none, thank you very much for being here, Mr. Seacrest.

KENT SEACREST: Thank you so much.

LINEHAN: Next proponent. Good morning.

DAN MARVIN: Good-- good morning, Madam Chair. My name is Dan Marvin, D-a-n M-a-r-v-i-n, and I'm the-- presently I'm the director of urban development for the city of Lincoln. I'm here speaking in support. And previous-- my previous role with the city from 2009 to 2013, I was the secretary of the West Haymarket Joint Public Agency. I was a program manager for the project. And what I'm here to let you know is that the turnback tax for PBA was a critical part of the construction of that building. I heard a question about, well, would it have been done without it? So the numbers on PBA, PBA as a building was \$160 million. The entire West Haymarket JPA operation that I was a member of was a \$350 million project. The turnback tax piece of that was \$25 million. So it was a part of the-- it was a piece of it. And my current role at urban development is we work with a lot of affordable housing projects, so the term that I've become familiar with, and I hadn't thought about it at the time back in 2009, is capital stack. So the-- the turnback tax was part of the capital stack for PBA. We had a lot of different revenue streams. We had about-- we have, not had, we have about 15 different revenue streams to support the debt service for the PBA West Haymarket Joint Public Agency operation. And they support the operating costs of the building; they support the debt service for the building. And in my present role, urban development, we do a lot of affordable housing projects, and I'm very familiar with the complexity of that. I won't say I'm very familiar with it, but there is a lot of different revenue streams that someone coming forward doing an affordable housing project has to come with a lot of different revenue streams. And while you might say each one of

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them, small in their way, isn't necessary, it's kind of the straw that breaks the camel's back. If you pull one of those out, then the whole project doesn't support itself. So I-- I would say that this is a piece of that project. It's probably a larger piece than-- in percentagewise than what the PBA Western Haymarket JPA project was. But as Kent had said, it's going to be dependent upon the location, the hotels that circle that area. And the other, I think, instructive thing, from my experience with West Haymarket, is that these really are triggers to other developments. It will trigger another hotel, in all likelihood, and other types of development. Small businesses would come in to create sandwiches and-- and other vibrancy that you see in the downtown. They're all generating sales tax. Those sales tax don't come back as turnback tax. They go to the state and the construction activity that goes-- generates sales tax during construction that then goes back to the state as well. So the total impact of this, you know, I think it's a-- it's an important piece of this project that will help create the capital stack to build a convention center. And I'll stop there and answer any questions that you might have.

LINEHAN: Thank you very much for the questions for the committee. Senator von Gillern.

von GILLERN: Yeah, I was making some notes to myself and the word that I was looking for was a pro forma. But your term capital stack is actually the better-- the better term, and that's really what I'm trying to get my head around. I-- I-- it sounds like we know what the pieces of the puzzle are, but somewhere there's got to be a pro forma that's been assembled that says we're counting on X from this source and Y from that source--

DAN MARVIN: Right.

von GILLERN: --and so on and so on. But no one's been able to tell us what they're expecting from this turnback to contribute to that. And then to-- to Mr.-- and I probably, possibly, should have asked Mr. Seacrest when he was here. But the ratio of public to private fund, what is the anticipated private raise? If there's a balance left, then will that go for general obligation bonds? Certainly, there have been at least one or two or three scenarios run on this. Can you comment to that, please?

DAN MARVIN: Well, I'm-- so I'm at the periphery of this. I think I can speak from my experience with PBA. I'm not involved with the Visit Lincoln organization that's been advocating this. The CSL study

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does have a number of \$120 million on the cost, so that I think would be your-- your bogey that you would-- you'd be shooting for. And then you create a capital stack that comes and shows that you can deliver that building, and then you have to also show that you would deliver on the operating delta that needs to be running that building. I haven't seen that as well.

von GILLERN: All right. OK.

DAN MARVIN: I think that if you look at PBA, PBA covers multiple hotels. The present value of the turnback tax for PBA, which is also a sales tax inside the arena, which would be significant, generate at a present value of \$25 million. So I think that's kind of instructive, to get to your question. I don't-- I would not expect that you could generate that level because we have 700,000 people that go through the arena and they're buying sodas and other taxable items.

von GILLERN: Sure.

DAN MARVIN: And there's multiple hotels. But that gives you an idea of what we had for PBA, was a \$25 million present value.

von GILLERN: And forgive me if I'm not asking the right testifier, but--

DAN MARVIN: No, .

von GILLERN: --it almost appeared-- it appears maybe, that the turnback tax would be more helpful in-- in offsetting operating cost going forward than maybe it would for construction? Is that-- that turn--

DAN MARVIN: The-- the-- the rules, which was just given to me before, it says state assistance shall not be used for an operating su-- subsidy.

von GILLERN: OK. OK.

DAN MARVIN: So it can't be used for operating.

von GILLERN: OK.

DAN MARVIN: It's capital that-- which is why you have to-- you issue debt to get the present value of that 30-year payment.

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von GILLERN: OK. Thanks for clarity, appreciate it.

DAN MARVIN: And then it's my understanding there's been another question, which is, what happens if you pay the debt off early? I think if the debt gets paid off early, then the turnback tax gets turned off. And another challenging thing, which is no one would have expected we would have had a pandemic, but during the period of the pandemic and the arena was shut down, hotels were suffering. City of Lincoln did not get a payment, did not create an obligation on this-- on the state of Nebraska to make a turnback tax payment because there weren't any revenues being generated. So we lost revenue during that period of time, which the debt service was still supported in that time, didn't default on the debt. But it isn't-- it's-- it is a calculation that's generated from those hotels. Hopefully we won't have another pandemic in the next 10, 20, 30 years.

von GILLERN: Ever.

DAN MARVIN: Maybe we're done, I think. But-- but it is very localized and specific. It's not an--

von GILLERN: OK. Thank you.

DAN MARVIN: --obligation of the state

von GILLERN: Thank you.

DAN MARVIN: --to make that payment.

LINEHAN: Thank you, Senator von Gillern. Are there other questions from the committee? I have a couple. What is-- OK, so let's take the block that's east of-- I think Mr. Seacrest said east of--

DAN MARVIN: Marc-- Marcus.

LINEHAN: I'm sorry?

DAN MARVIN: The Marcus-- the Cornhusker Hotel.

LINEHAN: Cornhusker Hotel. So what is 600 yards then? Is that another block, another two blocks, three blocks on each side?

DAN MARVIN: Well, a block is-- a block is 300 feet, so that would be-- it would be six blocks then.

LINEHAN: Six blocks each way?

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DAN MARVIN: It'd be a-- yeah, you'd draw a radius around-- around the convention center.

LINEHAN: OK. And then with-- during the pandemic, you-- the city of Lincoln would have gotten federal dollars to help make up for loss, right?

DAN MARVIN: I think the are-- I think the arena did receive some federal dollars. But quite frankly, the West Haymarket JPA, the structure of that was to have one time-- one year's worth of revenue on hand at all times, and actually we exceed that-- one-year revenue is about \$27 million, and the West Haymarket JPA has about \$40 million in cash on hand. And the different--

LINEHAN: Twenty-nine million, you mean.

DAN MARVIN: Forty, \$40 million--

LINEHAN: Forty million, OK.

DAN MARVIN: --of cash on hand support-- to support operations in the event of a downturn. Never anticipated a downturn like that, but-- so I think we've-- we've been able to weather that. And there were some federal subsidy dollars that did come in.

LINEHAN: And I don't know about the Haymarket area, but the Antelope Valley, and maybe you're not gonna know this, but for anybody who might, that-- weren't there federal dollars involved? I mean, the Antelope Valley Project goes way back, right, like 20 years?

DAN MARVIN: Yes. The-- the federal funds principally that came in for Antelope Valley is a lot of people that live in Lincoln don't understand that from about N Street all the way to the Bob Devaney, there was a pipe underground that carried the water, but it was a 50-year pipe. And so what Antelope Valley did was open up the channel to eliminate a 100-year flood event, which it has been successful at that a couple of times. So the federal applications would have been through-- to help with the channel and the Corps to be able to eliminate 100-year flooding events.

LINEHAN: But there was an earmark from the federal government back when they had earmarks.

DAN MARVIN: Yes--

LINEHAN: Yeah.

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DAN MARVIN: --for-- for eliminating the 100-- 100-year flood.

LINEHAN: Yeah. OK. Are there any other questions from the committee? Seeing none, thank you very much for being here. Appreciate it.

DAN MARVIN: Thank you.

LINEHAN: Oh, I'm sorry. One more. I'm sorry.

DAN MARVIN: I'm here to answer your questions [INAUDIBLE]

LINEHAN: I'm sorry. What is the city's contribution to this whole plan?

DAN MARVIN: You know--

LINEHAN: Or you don't know. It's OK.

DAN MARVIN: I-- I-- the answer to that is I don't know.

LINEHAN: OK.

DAN MARVIN: I haven't seen a complete capital--

LINEHAN: And then one would assume that-- I assume the Haymarket, Pinnacle Bank, that area was all TIFed and this will all be TIFed too.

DAN MARVIN: There-- there would be the use of tax increment financing, in all likelihood, if a new hotel were to come in. That's correct.

LINEHAN: OK. All right. Thank you very much. Other proponents?

LYNN REX: Senator Linehan, members of the committee, my name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities. Thank you for taking time to hear this important bill today. You've got three very important bills for your consideration. We'd like to indicate why the League is supporting this. This is a bill that's not just good for Lincoln. This is a bill for municipalities across the state of Nebraska. What's being handed out to you-- and good news, I'm only going to hand it out once. I will not be handing it out for all three bills, but I-- I will be incorporating my-- my testimony by reference. So what you have before you is the listing of those communities across the state of Nebraska that have received civic center community financing assistance funds. These are grant funds that are available from the 30-percent

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throwback sales tax. A brief overview, when you look at the Ralston Arena, the Lincoln Arena and the Omaha Arena, 70 percent goes back to those municipalities to pay off bonds. In Omaha, there's a nuance that 10 percent goes to certain areas, low-income areas in Omaha. But, for example, Lincoln and Omaha, 70 percent goes to pay off bonds, 30 percent goes into the CCCFF. That's the listing that you have here, and you'll note that these are grants. It-- it's a very complicated process that municipalities go through, very thorough process in submitting grants to the Department of Economic Development. I've incorporated for your consideration the 2023 guidelines that DED puts out. We're in a grant application process. During COVID, because of course all these performances were canceled at all three arenas, they literally only did planning grants. So I think it's important to note the importance of this across the state, not just Lincoln. And so one of the things, too, that, you know, and this committee in particular, Chair Linehan has heard me testify to this before, or Christy Abraham say the same thing, which is we literally don't have state aid. I mean, we have local option sales tax. We're grateful for that. We have gas tax funds. But in terms of state aid, like you would have TEEOSA for schools, we don't have that. So this is literally the most important program for municipalities in terms of being able to have access to this. And very shortly, how this came about was because of your former colleagues, Senator Brad Ashford and David Landis. This is when the Qwest Center was going to be developed and the city of Omaha came forward and said, we-- we need money, we need to help-- have help with this, it's going to help the state of Nebraska. And David Landis went to Brad and said, that's fine, but you have to have something for the rest of the state. And so that is how the concept of turnback sales tax, sometimes known as throwback sales tax, was developed. So of the-- once the bonds are approved-- and by the way, this is going to a board--these kinds of programs, whether it's the Sports Arena Assistance Facility Financing Act or the Convention Center Act, it goes to a board. The Governor has to vote yes; otherwise, it doesn't go. It's a member of five-- there's five folks on that board. So these are thoroughly vetted. So from a different standpoint, the League of Nebraska Municipalities, one of our major missions is providing training for city officials across the state of Nebraska. We are one of those organizations that would be using this new facility. And by the way, I don't recall who it was that asked the qu-- maybe I-- I think, Senator Murman, you asked the question, well, would this be in competition, for example, with the Kearney facility? Organizations like the League, we go back and forth so that we are in western Nebraska, although a lot of people don't consider Kearney

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western-- it's the center of the state-- but we go back and forth with these facilities, so we need to have a place here in Lincoln. And I think it's very important. Right now, we're going to the Cornhusker Hotel. Embassy Suites, for example, we can't go there for our conference, for our big conferences, because they don't have enough breakout rooms. So this is really important for the city. But we're here today to underscore the fact that this is important for municipalities across the state. This literally is a way in which they can get funds to do the kinds of projects that are good for them. And, for example, you'll note, too, what the requirements are now, as of last year, tribal governments are also eligible to apply for these funds. During the COVID era, only planning grants were given, and the-- the Department of Revenue, or Economic Development, rather, has just indicated that they think that we're going to be going back to pre-pandemic levels in this fund, which would be about \$5.7 million in 2019. Boy, I hope we get back to that because, of course, everything just tanked, as you would imagine, and only planning grants were given during the COVID era. So what you have here is a complete listing of all the grants that have been given, from 2004 until currently, and that's roughly \$32.5 million that's gone out across the state, extremely important. So, be happy to answer any questions that you have. And again, this same information I'll be referencing in the other two bills as well. But I cannot emphasize how important this is, not just to Lincoln, but for the rest of the state; not just for those of us that do conferences in this state, but also for the other cities, your cities, your villages that get these funds.

LINEHAN: Thank you very much, Ms. Rex. Are there questions from the committee? So did you say 70 percent goes to, whatever, the convention center, but then 30 percent?

LYNN REX: No, I-- I-- I-- if I said that, I misspoke.

LINEHAN: Well, no, I didn't--

LYNN REX: Seventy percent goes--

LINEHAN: I didn't think it was right, so--

LYNN REX: OK.

LINEHAN: --that's why I'm asking.

LYNN REX: OK. Seventy percent, Senator, go-- let's take the Lincoln Arena or the Ralston Arena. OK, 70 percent goes back to the city.

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These are publicly owned. They go back to the city to pay bonds. Thirty percent of the throwback sales tax goes to the Civic Center Financing Assistance Act, the CCCFF. And in fact, if you would be kind enough to look at the last sheet of this handout, the bigger handout, I included for you the form that the retailers fill out. And you'll note that there are now four entities, because Kearney just recently-- Ralston's under a different act. Omaha and Lincoln earned one act. Ralston's under the Sports Arena Facility Assistance Facility Financing Act, pardon me, and then also Kearney recently did that as well. So the last sheet of this, the very last sheet, shows you what your retailers fill out in order to participate in this effort. But it goes to a-- basically you are dealing here with not just the local governing body and what they do, but you're also dealing with approval of this. This is not self-executing. These are-- this is approval by a state board comprised of the Governor. And under the statutes, in both events, the Governor himself or herself has to vote yes. Of the five, they have to vote.

LINEHAN: OK. Maybe I'm just really thick this morning because I am tired. But 7 percent--

LYNN REX: Seventy, 70.

LINEHAN: 70.

LYNN REX: Yes, I'm so sorry--

LINEHAN: OK, that's why I was like--

LYNN REX: --7-0.

LINEHAN: 7-0--

LYNN REX: Yes.

LINEHAN: --there we go, OK, because I was like, what?

LYNN REX: Seventy percent goes back to the city to pay off bonds. Now in Omaha, Senator Linehan, there is a-- because Senator Chambers was successful in getting an amendment years ago, 70 percent goes back, but 10 percent has to be used in a certain area in a certain way for low-income areas, and then 30 percent for all three arenas. And also now the Kearney facility--

LINEHAN: Goes to this?

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LYNN REX: --goes back to the CCCFF, which is critically important.

LINEHAN: OK. Thank you very much. Are there any other questions from the committee? Seeing none, thank you very much for being here.

LYNN REX: Thank you for your consideration.

LINEHAN: Thank you. Other proponents?

BUD SYNHORST: Good morning, Senator Linehan and members of the Revenue Committee. Thank you for the opportunity to be here today. Bud Synhorst, B-u-d S-y-n-h-o-r-s-t, president and CEO of Lincoln Independent Business Association. Primarily, we're here-- we supported the-- the bill from Senator Wishart. We support the bill from Senator Bostar for-- from the economic development perspective, but also the-- the people it's going to bring to Lincoln and things that it will do in the different areas of town for our local small businesses and the way it's going to drive revenue for our city, bring things to our city. And I would add to the things that Ms. Rex was referring to, as far as facilities to use, we generally host an annual event for our organization. We've outgrown the Cornhusker, we've outgrown the Embassy Suites, and we're now at Pinnacle Bank Arena. And I hope that someday we outgrow that., but it-- it's an example of different things that go on in our community that could take advantage of a convention center such as this. So we-- we're here to definitely support this bill, and I'm happy to answer any questions anyone may have.

LINEHAN: Thank you. Mr. Synhorst. Are there any questions for the committee? Seeing none, and you're probably not the right one. But to give Senator Bostar a heads up on here, it's a \$120 million project. That's just to get it built, not operating. If state's kicking in 70 and then if the--

BUD SYNHORST: Actually, Senator, it's 60 from the state because the 71 in Senator Wisharts's bill-- I'm sorry to interrupt.

LINEHAN: No, no, that's good.

BUD SYNHORST: An additional 11 million of that goes to other projects, I believe, unless Senator Bostar wants to throw something at me and tell me I have that wrong.

LINEHAN: OK. And then the turnback tax, somebody suggested, might be-- it's-- it's a very loose number [INAUDIBLE] \$25 million per year, I think. So what's the city's cost on this? Where-- where does

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the city-- it's in the city of Lincoln. What are they putting in the deal?

BUD SYNHORST: That, Senator, I'm not familiar with. I will tell you, I'm absolutely not the person to answer that question, even though I stayed in a Holiday Inn recently.

LINEHAN: All right. Thank you very much.

BUD SYNHORST: Thank you very much.

LINEHAN: Yep. Any other proponents? Any opponents? Anyone wanting to testify in the neutral position? Senator Bostar, would you like to close? And let me see if-- do we have any letters?

TOMAS WEEKLY: I'm-- no, I'm not sure.

LINEHAN: [INAUDIBLE]

TOMAS WEEKLY: No, we do not.

LINEHAN: Were no letters. Thank you very much. Yes.

BOSTAR: Thank you, Chair Linehan and members of the Revenue Committee. I can't imagine that the turnback would be \$25 million a year. That sounds extraordinary in general. I think--

LINEHAN: That could be for the whole life pro-- I don't know, but--

BOSTAR: Yeah.

LINEHAN: --that's what we-- we need to find-- that's important.

BOSTAR: Sure. And again, you know, it-- it'd be nice to have those numbers, right? But without knowing--

LINEHAN: But there's gotta be estimates.

BOSTAR: Absolutely, and-- and I think there's ways to model this.

LINEHAN: OK.

BOSTAR: But depending on where we put it, that changes a lot, right? You know, if-- if you're getting-- the expectation is wherever we put this will probably create the development of another hotel. But if it also then, if that 600-yard zone contains an existing hotel, that changes it, Maybe it does, maybe it doesn't, depending on where it

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goes; maybe it has two. It's possible, with-- with where the hotels are in Lincoln, you know, you could-- you could capture two large hotels that are already existing in a 600-yard zone. So if you-- if you positioned the convention center there, right, that's-- that's a lot more turnback than if you put it in a place where you're only relying on whatever the new hotel is. So we can-- I-- I think those models can be done, those estimates can be made, but, you know, I just want the committee to-- to keep in mind that it-- a lot of it really depends on where this is going to go, which we don't know at this time. You know, the way-- the way I like to, I think, conceptualize the turnback in this particular instance is that the-- the idea is to create a win-win for everybody. It's additional capitalization funding for a project. Right? It's-- you know, bond-supported financing to go through this, which, you know, takes existing and-- and some future sales taxes and-- and brings it back to the project for that purpose, to support the financing. But we're also going to be creating more development from this, and those sales taxes are going to the state. Right? So if we build a convention center in Lincoln, there's going to be a lot of development around it. And, yes, we're going to take whatever is going from the-- from the facility itself and from hotels. But, you know, we'd have all the restaurants of pop up in the area. That's-- you know, those sales, those are going to the state. We're not diverting everything, and so the idea being that we use this as an economic engine to spur development. But also then, you know, I think, depending on the numbers and depending on where it goes, there's-- there's a case to be made that you're looking at-- you're looking at breaking even with what we can-- you know, what we're bringing in for sales to the state, and then that additional revenue going back to the state. We're looking for win-win solutions here, and I think that that's-- that's the framework that I would encourage the committee to view this. And I'd be happy to answer any other questions.

LINEHAN: Are there any questions from the committee? I thought it did include restaurant sales tax.

BOSTAR: I-- I don't believe it does.

LINEHAN: Well, let's just--

BOSTAR: No.

LINEHAN: No restaurant sales tax.

BOSTAR: No rest--

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LINEHAN: Restaurants in the hotel, yes.

BOSTAR: In-- in the hotels-- in the-- yes, it-- it includes from the hotels and includes from the facility itself, so if the convention center has food sales, right? It would include that. But as far as, you know, if you're in downtown Lincoln and you build a convention center and we're bringing, you know, another thousand people around every few days, all the restaurants in downtown Lincoln are going to get increased sales, which all of that goes back to the state because it's-- won't just be hotel derived.

LINEHAN: What is the city's contribution to this project?

BOSTAR: I think a lot of that's being determined. I think they're going through the process of site selection, which will then include looking at modeling for turnback. So because we don't have the site chosen, we-- we have the options that have all been determined to work, right? I mean--

LINEHAN: OK.

BOSTAR: --at a-- at a high level. So as we-- as-- as-- it's not me. As the folks who are doing this go through and make that selection, then it'll be easier to model what the turnback could look like as far as contribution. And, yes, it is, it's the \$60 million in the other bill that's in Banking. We don't know yet, but it will be-- it will be public-private partnerships here. And it's not just city contribution. It's also-- we're looking at private contribution, you know, businesses, philanthropic contribution to develop and grow Lincoln. That will also be a-- an important component of making this project work. As well, the city will be-- as the-- since the city will be the owner, the city will be carrying the cost of the project going forward in perpetuity, because, as we talked about, you know, the turnback can't finance or can't fund operations. So that would fall on the city to do and, you know, the right pricing models for how to attract and maximize overall growth and development really means, as was mentioned, that-- that these are operated at a bit of a loss because it's an overall net gain for the community. And so that loss would also-- that's the city's to bear. So--

LINEHAN: All right. Are there any questions from the committee? OK, and no letters, so we bring the hearing on LB732 to a close.

BOSTAR: Thank you.

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LINEHAN: Thank you very much. We'll open the hearing on LB797. Good morning, Chairman Wayne.

WAYNE: Madam Chair Linehan and members of the committee, my name is Justin Wayne, J-u-s-t-i-n W-a-y-n-e. I represent Legislative District 13, which is north Omaha in northeast Douglas County. Today I am introducing LB9-- I mean LB797, which will amend-- will expand the turnback financing mechanism to assist the CHI Health and Arena and Convention Center by amending the Convention Center Facilities Financing Assistance Act. Currently, the act allows for an arena and a convention center to receive 70 percent of sales-- state sales tax revenue collected by retailers and operators doing business at such facilities on sale at such facilities, state sales tax revenues collected on the ticket and arena rough-- within 600 yards. LB797 would extend this turnback tax beyond hotels and include retail sales for a turnback. The range itself would-- itself from hotels within 600 yards and retail within 1,200 yards. The current act is limited to \$150 million for one project, which the Legislature increased by \$75 million last year. LB797 will change the limit to \$200 million. Of the 70 percent turnback tax the convention center receives, 10 percent must be used in high-poverty area within the city of Omaha. Thirty percent of the turnback tax associated with the Convention Center Fin-- Facility Financing Act is sent into the Civic and Community Center Financing Fund. This fund is available for smaller communities across the state. This area-- this arena and convention center has changed the economic landscape from exception of downtown Omaha 23 years ago. Whether it's a Creighton basketball game, youth volleyball tournaments, hosting world-class concert, this arena attracts hundreds of thousands of attendees to eat, drink and spend money in Nebraska. LB797 will con-- continues to mandate-- mandate the funds we use to improve the facility, provide support for high-poverty neighborhoods, and spends-- sends 30 percent of the state revenue or the revenue to the other communities statewide. LB797 will allow the city to finance-- to finance an expansion of the arena and convention center to make it a more attractive destination for other conventions and tourists in the area. There'll be a lot more experts between this-- be-- behind me from the city, MECA, and convention center to help answer any questions. With that, I will answer any questions.

LINEHAN: Any questions from the committee? Senator Kauth.

KAUTH: I would. The memo that came out said that it's a single project to \$250 million?

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WAYNE: Two-hundred million.

KAUTH: It is 200?

WAYNE: Yeah.

LINEHAN: Thank you, Senator Kauth. Are there other questions? What did we do last year, take it up to 150?

WAYNE: Hundred and fifty last year, yeah.

LINEHAN: So last year took it up to 150, but we didn't expend-- we didn't expand the footprint.

WAYNE: No.

LINEHAN: We didn't go to the 1,200 yards.

WAYNE: No, we did not go to 1,200 yards.

LINEHAN: So if we go 1,200 yards, and if you don't know the answer, that's fine, so 600 yards is six blocks? Is that what they said?

_____ : Yeah.

LINEHAN: Six hundred yards is 6 blocks, so 1,200 yards would be 12 blocks, which would be a mile?

WAYNE: Well, it's a country mile. I don't know if downtown is considered--

LINEHAN: Actually, blocks are in the city. There are no blocks in the country. I'm trying to see, and maybe someday from MECA can probably answer this, where does-- it clearly goes to the river then, can't go into Iowa, I don't think.

WAYNE: Correct.

LINEHAN: So it goes to the river and then all the way to the airport?

WAYNE: I'll let somebody else answer that.

LINEHAN: OK.

WAYNE: I don't believe so, but yeah.

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LINEHAN: OK. All right. And the city, I noticed in the fiscal notes, the city is not contributing anything to this project.

WAYNE: No.

LINEHAN: Oh, wait a minute. Maybe I'm wrong here. City of Omaha revenue: \$7 million.

WAYNE: Oh, yeah.

LINEHAN: That's what they would get. Is that what they're thinking? It would-- It would-- it would provide \$7 million in revenue in 2023, 2025, And then they don't go past that?

WAYNE: No, it would be increased revenue. Yes.

LINEHAN: They increase revenue, right. And the county doesn't have any-- OK. All right. Any other questions? Thank you very much. And you're going to stay too close or--

WAYNE: Yes.

LINEHAN: OK. First proponent. Good morning.

STEPHEN CURTISS: Good morning, Senators, Chair Linehan. My name is Stephen Curtiss, spelled S-t-e-p-h-e-n C-u-r-t-i-s-s, and I'm the finance director for the City of Omaha, and I'm here today to testify in support of LB797. And thanks to Senator Wayne for introducing it for us. As you probably know, the consent-- and I'll try not to copy a lot of what he said, but I will go through it as quick as we can. The Convention Center Facility Financing Act, which was statute 13-2603, was approved in 1999 by the Legislature, and it was-- Senator Dan Lynch was he introduced for for then LB382. It had one significant amendment in 2007 to return 63 percent of the sales tax generated within the facility's area to be used for debt service for the facility and the remainder for projects across the street-- or across the state. Yeah, I did say 63, not the 70, and it's that nuance that we can talk about a little bit more later. The-- the center has been a huge economic driver for the Om-- for Omaha-- for the region, for the state, and it's responsible for thousands of jobs, not only in hotels, restaurants, bars, but transportation companies and a number of other things. It's also responsibility-- it's also responsible for jobs across the state because of the-- the fund that Lynn Rex has talked about a little bit, which is the Civic and Community Center Financing Fund. The bill would increase the total amount of sales tax from \$150 to \$200 million. You might ask,

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well, why-- where did that come from? Because as we started to cost out these projects, they're quite a bit bigger than we even thought they would be a while ago. And it-- actually \$200 million won't cover the cost of what's being contemplated. It also adds retail turnback, not hotel. So the hotels stay at 600 yards. We put retail in at 1,200 and we believe that was what was in the Sports Convention Facility Act. It may not be. So if that's a little beefy, we could always talk about that. But I think it-- our estimate is \$7 million more, and at \$7 million it would support about \$70 or \$80 million of debt on what's probably going to be a \$250 million project. So that'll give you some scale of the-- what the city will actually put in, but it'll help modernize the act and bring in a little bit more revenue. And it helps us with the demands of the convention center, and others will talk about our convention center, which is now 20-plus years old. It-- it needs some opportunity for upgrade, new rooms. I think we're becoming less and less competitive. As a reminder, it was built in '03-04 at about \$290 million, just shy of \$300 million. Debt service is approximately \$19 million. On the current turnback tax, I want to say the \$3-4 million that comes in today supports about \$50 million of that \$300 million. It gives you a scale of what the city's actually put in. When it's all said and done, the-- the 2027 will be when those original bonds for the-- for the first \$300 million payoff, the state will have put in about \$67 million in this turnback. And of that, about \$6.7 million will have gone to the north and south turnback and about \$30 million will have gone to the center fund that goes across the whole state. So with that, I'm not going to repeat a lot what others are going to tell you. I think it's an important investment for the whole state and I'd be happy to answer any questions.

LINEHAN: Thank you very much, Mr. Curtiss. Are there questions from the committee? The original building of CHI cost \$290 million?

STEPHEN CURTISS: Yes.

LINEHAN: But wasn't there private funds involved?

STEPHEN CURTISS: About \$90 (million), yes.

LINEHAN: So the city and the bonding, you'd have to bond the private funds, right?

STEPHEN CURTISS: We'd bond at about \$200 million.

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LINEHAN: So you bond at \$200 (million). So the \$50 million that-- did you say about \$50 million?

STEPHEN CURTISS: The bonds would-- the \$3-4 million would support about 50 million of the bonds.

LINEHAN: So then who's-- how-- how's the other \$150 (million) getting paid for?

STEPHEN CURTISS: General obligation bonds from the city, and those were voted on.

LINEHAN: They were voted on?

STEPHEN CURTISS: Yes.

LINEHAN: OK. And when does that-- how long does that bond run?

STEPHEN CURTISS: Till 2027.

LINEHAN: So you're about to pay it off in--

STEPHEN CURTISS: About four or five years, yes.

LINEHAN: OK. And what is this project we're doing?

STEPHEN CURTISS: The project is not even detailed yet. I just know that CHI and MACA have sat down and said we need X more convention center rooms. And again, I think others will talk about the kind of business that we're not really set up to take anymore because that business has changed quite a bit in the last 20 years. It's anticipated that it could be somewhere between \$100 and \$200 million to expand that facility. There's a contemplated parking garage, which has not really been "spec'd" out yet. But given the cost per stall, there's probably another \$50 or \$60 million. So there could be upwards of \$200 million worth of improvements that are necessary there.

LINEHAN: I thought we had too much parking in Omaha.

STEPHEN CURTISS: We do, but not at the convention center.

LINEHAN: OK. All right. Are there any other questions? Senator von Gillern.

von GILLERN: Yeah. Thank you for being here this morning. I'm curious to know, has anything been accrued for long-term maintenance expense?

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Has-- has CHI been operating for 20 years without-- without putting money away for capital improvements or for maintenance and long-- sounds like we're-- sounds like this is long-term maintenance issues, part of what we're trying to resolve here, based on your testimony.

STEPHEN CURTISS: No, I'd say it's a long-term expansion. It's expanding the whole thing. MECA has been able to operate this without the city ever putting another penny in since they've opened. They do keep a long-term maintenance fund, and I believe it's got \$20 or \$30 million and they've made--

von GILLERN: OK.

STEPHEN CURTISS: --\$5 to \$10 million. And I actually think MECA is here. So they can--

von GILLERN: OK.

STEPHEN CURTISS: --talk a little bit about what they've done.

von GILLERN: OK. So the--

STEPHEN CURTISS: But this would be--

von GILLERN: So the renovation work is upgrades. It's not maintenance work.

STEPHEN CURTISS: Correct.

von GILLERN: Thank you.

LINEHAN: Thank you, Senator von Gillern. Are there other questions from the committee? Seeing none, thank you for being here.

STEPHEN CURTISS: Thank you.

LINEHAN: Good morning.

DEBORAH WARD: Good morning. How are you?

LINEHAN: I'm great.

DEBORAH WARD: Good morning, Senators. My name is Deborah, D-e-b-o-r-a-h, Ward, W-a-r-d. I'm the executive director of the Omaha Convention and Visitors Bureau, also known as Visit Omaha. I'm here today to testify in support of LB797. I'm also a member of the Nebraska Tourism Association [SIC], NETA, and have been authorized to

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support this bill on their behalf as well. The mission of the Omaha Convention and Visitors Bureau is to stimulate economic growth for our community by increasing the number of visitors who travel to our city. We do that in a number of different ways. One, we promote and advertise the city as a tourism destination to attract leisure and convention travelers; and two, we have a sales team that researches and finds convention and event business that fits into Omaha. They then work with our hotel and convention center partners, negotiate, and then bid against other cities for that business. The vast majority of cities we bid-- bid against are outside of the state of Nebraska. Last year we secured \$137 million worth of business for future years. And over the last five years, including 2020, we did not sit on our hands during the pandemic. The Omaha CVB worked with our partners to secure more than \$761 million in meeting and event business for future years. And I keep saying future years. It's because we typically are working at least three to five years ahead to secure business, to lay that in. In fact, we currently have business on the books for 2029 and are working on business in 2031, if you can believe that. The CHI Health Center/Omaha Convention Center is key to our sales efforts. In fact, the majority of the business we book includes the convention center. I'd like to point out a small distinction. We focus our sales efforts mostly on the convention center space, which is under the same roof, but it is separate from the arena and the amount of that convention center space, 346,000 square feet of it, has not changed in 20 years. The majority of cities we compete against for meeting business have well over 500,000 square feet of meeting space. As we look toward the future, if we're going to remain competitive, we must start to look at improvements and expansion of the convention center. And before expansion can even be realized, we have to have a financial mechanism to help support it, and LB797 is that mechanism. And the beauty of the way this bill was originally written, and Lynn Rex referenced this earlier, and remains in LB797, is, the more successful the Omaha Convention Center is, the better it is for the entire state. Thirty percent of the turnback tax revenue generated by the convention center and nearby hotels, and now, if passed, the surrounding retail and restaurant revenue, will go to support the Civic and Community Financing Fund, money that helps communities throughout the state with their planning, construction of civic, community and recreation centers. In 2021, \$12.7 million out-of-town visitors traveled to Omaha, and while they were here in our city and our state, they spent well over \$1.3 billion. We want to continue to grow these numbers, and LB797 will help us do that. I'd be happy to answer any questions.

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LINEHAN: Thank you. Are there questions from the committee? I have some. Out of the \$12.7 million out-of-town visitors, how many of them were out-of-Nebraska visitors?

DEBORAH WARD: A majority. The-- there is about 60 percent overnight visitors and 40 percent day visitors. But day visitors can come from as far away as Sioux Falls, South Dakota, Des Moines, Iowa.

LINEHAN: Well, Nebraskans could spend the night too.

DEBORAH WARD: Nebraska can-- Nebraskans can spend the night, as well, you're right, you're right.

LINEHAN: So you can't really go by 60 percent overnight.

DEBORAH WARD: Oh, right. That's-- that's what I know.

LINEHAN: OK.

DEBORAH WARD: But I [INAUDIBLE]

LINEHAN: So we don't know how many are Nebraskans.

DEBORAH WARD: No, not specifically.

LINEHAN: OK. OK, that's fine.

DEBORAH WARD: Yeah.

LINEHAN: It would be hard to tell. So do you-- well, I forgot to ask. Mr. Curtiss, but you will know. So 1,200 yards would include-- how far would it go to the Old Market?

DEBORAH WARD: About Spaghetti Works in the Old Market.

LINEHAN: OK, so it takes in most of the Old Market.

DEBORAH WARD: Yeah, about-- yeah, about half.

LINEHAN: And how far does it go to-- does it go to the airport?

DEBORAH WARD: No, it's-- I think it's just under a mile. It's like 0.9, I think.

LINEHAN: Right, it's a mile, but-- OK, so it-- does it take in the Gallup campus?

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DEBORAH WARD: I don't think there's any retail or restaurant or hotels.

LINEHAN: Right now, there isn't.

DEBORAH WARD: Right.

LINEHAN: Right. But--

DEBORAH WARD: Right, you're right.

LINEHAN: But-- OK. And then how far west would that go?

DEBORAH WARD: I don't know. I just-- I-- I-- I pulled up the Spaghetti Works fact.

LINEHAN: OK. All right. All right. Well, that-- maybe somebody behind you can answer those questions. Is there any-- so, again, when this was built originally, there was a significant private-- public-private partnership that built that. Is there any effort with this project to have a private con-- private contributions?

DEBORAH WARD: You know, I know there's a history of public-private partnerships that are-- have been very successful in Omaha, and I would be very optimistic that that would be the case.

LINEHAN: OK. OK. All right. Any other questions from the committee? Seeing none, thank you very much.

DEBORAH WARD: Thank you.

TOM KELLEY: Good morning--

LINEHAN: Good morning.

TOM KELLEY: -- Madam Chair. Members of the committee, my name is Tom Kelley, spelled T-o-m K-e-l-l-e-y. I'm here to testify in support of LB797 on behalf of the Metropolitan Entertainment and Convention Authority, MECA, its board of directors. We're a 501(c)(3) nonprofit organization. As a board, we provide oversight for the activation, maintenance and improvement at the CHI Health Center, Charles Schwab Field, and the riverfront parks, all located in downtown Nebraska. My testimony today pertains to the largest arena and convention center in the state of Nebraska, CHI Health Center. Since opening its doors in 2003, CHI Health Center has been an economic asset for the state of Nebraska, in a typical year welcoming approximately 1 million

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guests. The concerts, conventions and meetings at this facil-- facility generate significant amount of hotel and restaurant revenue to the community. In order to continue earning this business and compete on a national level, MECA must ensure that the CHI Health Center remains in the highest quality condition. Over the past six years, MECA has spent over \$20 million in improvements at the CHI Health Center. These improvements include the installation of traffic safety barriers, arena seating, renovation of meeting space, cellular technology, upgrades, and kitchen upgrades. These upgrades were principally paid for out of MECA's operating reserves, which are generated by, I would say, an average EBIDTA produced of roughly \$4 million per year. There's no city subsidy involved in those improvements. Despite growing demand, there has not been expansion of the CHI Health Center/Convention Center since the facility began its operations approximately two decades ago. We estimate that due to the lack of meeting space in our existing facility. CHI Health Center is missing out on nearly a third of the available convention center business it could otherwise compete for. After two decades of operating in our current facility, the time has come to reinvest and expand our convention center space so that we can more effectively compete and attract national convention business to the state of Nebraska and bring with it the tourism expenditure dollars that accompany such convention center business and travel. Before the COVID-19 pandemic, data from Visit Omaha shows that average hotel room nights from CHI Health Center/Convention Center business were over 70,000 nights annually. In 2022, that number jumped to over 81,000 nights, hotel nights a year. We believe that with an expanded convention center space, we can substantially increase the economic activity coming into the state of Nebraska. Preliminary estimates indicate the economic impact that would accompany an expansion of the CHI Center-- Health Center's convention space would be potentially as high as \$1 billion. LB797 would be a critical financing tool for MECA to utilize in making this investment in its facilities, which would be of great economic benefit to the state of Nebraska by significantly widening the base of convention business for which MECA, CHI Health Center, and the state of Nebraska can contend. Thank you for your time and consideration this morning, and I'm happy to answer any questions.

LINEHAN: Thank you. Mr. Kelley. Are there questions from the committee? So do you know how far-- I'm guessing it goes to about Central High School.

TOM KELLEY: I'm sorry, Madam Chair. I'm not. I'm not in a position to answer exactly how far. I just know it's 1,200 yards.

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LINEHAN: OK. And then so right now, currently, it just includes hotel and restaurant sales tax that's currently going back to pay, right?

TOM KELLEY: And I apologize. I know it's definitely hotels. I'm not sure if it encompasses all restaurants.

LINEHAN: But this bill would-- this would expand it to everything.

TOM KELLEY: Exactly.

LINEHAN: OK. All right. Any other questions? Seeing none, thank you for being here.

TOM KELLEY: Thank you.

LYNN REX: Senator Linehan, good morning. Members of the committee, my name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities. We appear here today again in support of this important bill. This bill is going to be helpful, not just, again, to Omaha, but to other municipalities across the state. I will incorporate by reference the handouts that I gave at the prior hearing on the Lincoln proposal, because the same things apply, and I would just like to underscore a few things too. And I hope you take time to look at that list. It goes all the way across the state of Nebraska, from the largest communities to the smallest communities. We have 529 cities and villages in the state of Nebraska. We have 380 of those with the population of the villages, on paper 100 to 800, but many of those are below 100. You'll note that the kinds of projects that they're having funded, a roof on their community center, that's where they have receptions for funerals, for weddings, for proms, things like that. These are important facilities for them and they're in most of your districts. So we really appreciate you taking time to look at that and the importance of that. I will also indicate to you that, of course, Lincoln, Omaha, Ralston and now Kearney, because of their recent successful efforts on getting their application done on the Sports Facility Financing Assistance Act, those four communities are not eligible to receive CCCFF funds because their contribution, if you will, is putting into the CCCFF and they're getting throwback sales tax dollars. So one of the things I'd just like to underscore, too, is that over the years there have been a number of programs eliminated to fund municipalities in this state, which is, again, underscoring the importance of this for the rest of the state, important for Omaha, no doubt, but also for the rest of the state. For example, and, Senator Albrecht, you may remember this, maybe when you were a city council member in

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Papillion, the Municipal Infrastructure Redevelopment Fund, we affectionately called it MIRF. MIRF went away. When the Legislature was facing fiscal crisis over the years, they said, oh, my gosh, we got to cut it and cut it and cut it and we'll reimburse it when there's time to replace it, when the-- when our-- when we have some economic recovery. That never happened. In 2011, LB383 passed. That bill eliminated what there was in state aid to municipalities at that time, which was even then a really inadequate replacement for-- a partial replacement for some of the special exemptions, well-intended, granted by this Legislature, by your predecessors, for a number of things. So in any event, our, quote, state aid, this is it. This is important and it's being funded by municipalities for municipalities. And so, again, that was-- that was the magic deal put together by Senator Brad Ashford and Senator David Landis so that the entire state benefited. At the time when Omaha wanted Qwest Center, it wasn't just going to be for Omaha. It's for everybody. And that has absolutely proven to be true. So we really appreciate the efforts of these three arenas and what they've done, not just for the state, but also for other communities across the state. In addition, I'd just like to underscore, too, that the National League of Cities, and some of you are familiar with that national organization of which we are a member-- every state league belongs-- and they've looked at Omaha to do a national convention. And this was some time ago, and they just came back and said, because we were trying to promote that as the State League saying, gosh, you know, come to Omaha, look at Omaha. At that time, Lincoln really didn't have a place that was-- and doesn't now, that could attract that kind of national convention. And they just said there's just not enough meeting rooms. And I think that's the point that Deb Ward was making, that it's huge when you go there. And a lot of you were there for the inaugural event, which was wonderful. But at the end of the day, they don't have enough meeting rooms to compete with these national-- national conventions. And it'd be great to bring some of those folks, whether it's in Lincoln or whether it's in Omaha. And Kearney, let me just talk about Kearney. What a phenomenal facility they have in Kearney, Nebraska, phenomenal. So in any event, that particular regional center, though, in terms of their conventions and everything else they're doing there, if you're having a regional effort, to drive in but to bring in huge corporate jets, someday, I think they'll be in that position, but they're probably not there yet. But they've done some amazing things there, and we do a lot of our conventions there too. So with that, I'm happy to answer any questions that you might have.

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LINEHAN: Thank you very much. Are there any questions for Ms. Rex? Seeing none, thank you very much for being here.

LYNN REX: OK. Thank you very much.

LINEHAN: Next proponent. Are there any opponents? Anyone wanting to testify in the neutral position?

WAYNE: Welcome. You know, sometimes in your career, [INAUDIBLE] you just happen to come across a bill that just works. This is one of those bills that just-- it just works. It works for everybody. It works for the state. It works for Omaha. It works for the areas in high poverty with the turnback tax commissions who give back grants to the community. It just-- it just works. And I look forward to having this on consent calendar. I'll answer any questions.

LINEHAN: That's very funny. Are there any questions for-- yes, Senator von Gillern.

von GILLERN: Senator Wayne, yeah, thanks for making us smile. Appreciate you being here. The fiscal note, possibly I should have asked this earlier-- the-- obviously, this change will impact not just CHI, but the potential, if-- if Lincoln were to move forward also. Correct?

WAYNE: Yes.

von GILLERN: I'm asking about the bill, not the fiscal. And then the next question is the fiscal note would change dramatically or change substantially if Lincoln was approved also. Is that--

WAYNE: I don't remember reading about Lincoln in here, but--

von GILLERN: And that's my point. I think the fiscal note is drafted around the potential for--

WAYNE: Just this.

von GILLERN: --a single project in Omaha but would increase should--

WAYNE: Oh, yes.

von GILLERN: --our previous bill-- nope, it's all a mess here-- be passed and the Lincoln arena go forward?

WAYNE: I'm assuming, yes.

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von GILLERN: OK.

WAYNE: I didn't hear the previous bill.

von GILLERN: OK.

WAYNE: But I'm assuming you're right.

von GILLERN: All right, thank-- it was with regards to the Lincoln convention center, so.

WAYNE: OK.

von GILLERN: OK. Thank you.

LINEHAN: Any other questions for the committee? All this area is TIFed, as well, right?

WAYNE: Yes.

LINEHAN: So-- and do you expect it'll be TIF forever?

WAYNE: Well, no. Senator McKinney has a bill right now that will require, every 30 years, for there to be a look back, so I hope it's not TIF forever. But TIF deals with property tax and this deals with sales, so it's different tax base.

LINEHAN: And it would-- they all affect Nebraska's tax revenues.

WAYNE: Correct. I think the benefits of this outweigh the negativity of it. You know how I-- I mean, this community, for those who don't know, I'm-- I'm not thrilled on TIF and how it's being used in Omaha. But this, in particular, bill, I'm definitely supporting. I think it'll help out Omaha.

LINEHAN: So the one question I have, and you don't know, but go back to city. If the state puts in-- it says, '23-24, \$16.8 million-- what's the city's-- what's the city's input to this project and what is the private donations to this project if there are any?

WAYNE: OK.

LINEHAN: OK.

WAYNE: I can-- I can ask those questions. I don't think they're-- the-- the planning hasn't gone all the way enough, probably, where

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they're getting donations. But I'll-- I'll ask those questions and get back to you.

LINEHAN: OK. All right. Any other questions from the committee? Thank you very much, Senator Wayne.

WAYNE: Thank you.

LINEHAN: And we-- oh, do we have hearings? Oh, I'm sorry. Wait, Senator Wayne. Don't leave. I forget your--

WAYNE: What did I do?

LINEHAN: You didn't do anything. I forgot-- I don't have-- do we have any--

TOMAS WEEKLY: There's no letters.

LINEHAN: There's no letters. OK, nevermind. OK, thank you.

TOMAS WEEKLY: We have letters for the next bill up.

LINEHAN: OK. All right. With that, we close the hearing on LB797 and open the hearing on LB803, our own Senator von Gillern. And we have a guest, a very special guest.

von GILLERN: Yes, we do.

LINEHAN: Yes.

von GILLERN: You stole my thunder.

LINEHAN: Sorry.

von GILLERN: Good--

LINEHAN: I didn't say it.

von GILLERN: Yeah. Good morning, Chair Linehan and the Revenue Committee. I'm Senator Brad von Gillern, B-r-a-d v-o-n G-i-l-l-e-r-n, represent District 4, which includes portions of west Omaha and Elkhorn. Today I bring LB803, which modifies and clarifies two matters around LB39, which was brought by Senator Lindstrom last year and passed by the body. First, LB803 will permit an interlocal agency, which is a governmental entity under the Interlocal Cooperation Act, to be an applicant for the turnback tax and to receive the turnback tax appropriations from the state. Second, it

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sunsets the diversion of funds-- funds from the Convention Center Support Fund for projects approved after the effective date of the bill, but leaving in place the diversion for projects approved between May 26, 2021, and the effective date of the bill. This would eliminate an arts funding component previously included in LB39. Previously, 83 percent of the revenue went to support the Arts Cash Fund, and the other 17 percent went to the Convention Center Support Fund. That split sunsets with the effective date and allows 100 percent to go to the Convention Center Support Fund that Ms. Rex did an excellent job of explaining to us earlier. Using an interlocal agency formed by a city, village or county with another political subdivision would accomplish the following: provides a clear pathway for ownership of a project by an interlocal agency; it broadens governmental support through more involvement by other entities; provides a vehicle for the state turnback assistance to flow to the local community in context where a city, village or county would prefer to allow a project operate on a separate entity while still maintaining public ownership, provide an outlet for nonprofits and local communities with a potential project which needs state turnback tax to be viable. Let me be clear. This is an economic development bill. There are projects across the state and in the-- in communities large and small that will benefit from passing LB803. The value of these projects are in the hundreds of millions of dollars and represent substantial employment opportunities for workers and a substantial contribution to tax revenue. There are a number of individuals on hand today, including the author of the original bill that will testify and answer more questions about the bill, and those who see benefits to their communities and are eager to take advantage of LB803. I'll be happy to answer any questions you may have.

LINEHAN: Thank you, Senator von Gillern. Are there any questions from the committee? Senator Kauth.

KAUTH: Thank you, Chair Linehan. Senator von Gillern, so this bill is statewide. It's not city specific. There's not--

von GILLERN: Correct.

KAUTH: --one city that is benefiting more from this.

von GILLERN: Yes.

KAUTH: OK.

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von GILLERN: All it does is clarify the ownership element and expands that and makes it more usable to entities that-- that, quite frankly, we're concerned about the ownership structure and was limiting the impact of the original bill that was passed. So this will expand it.

KAUTH: Thank you.

LINEHAN: Thank you, Senator Kauth. Are there other questions from the committee? Seeing none, thank you.

von GILLERN: Thank you.

LINEHAN: Proponents. Good morning.

BRETT LINDSTROM: Good morning, Chair Linehan and members of the Revenue Committee. My name is Brett Lindstrom, B-r-e-t-t L-i-n-d-s-t-r-o-m, and it's good to be back and see all of you. Want to thank Senator von Gillern for introducing this bill. You know, over the last couple of years, there-- we discussed this bill. LB39 was the first one. And I just wanted to give the committee just a little history on how we got here. In the old District 18, Tranquility Park was a-- was a place where a lot of families would come to. And there's some opportunity with Mulhall's in that area to maybe develop that. And so we thought about how do we create this turnback for youth athletic sports complexes. Well, that was the-- the first step in how we structured it. And then we thought to the question that you asked about the statewide. How do we make sure that it doesn't just benefit Omaha with the larger population? So within the bill, and we've passed all this, this is all in statute, passed, I believe, 45-0, LB39 did. So this bill is just clarification language. But when we wrote the bill, it was 12 fields for Omaha, essentially, and Lincoln, six for places like Norfolk and others, and then your smaller communities and your-- so like a Milford, as an example, would be four. So based on the population, you could, again, I know we talked-- I've heard a lot of it's 12-- 1,200 yards or 600 yards. We wrote it for 600 yards and any new businesses that would pop up around there would get the sales tax-- sales tax dollars turned back for a certain period of time, 12-- 24 months prior to the date of completion, 48 months after the date of completion. What was interesting about this bill, maybe more than any other bill that I ever carried, I got more feedback on this one in a positive way, even more than the Social Security bill that I know you had last week. And what-- what's been interesting about it, you've seen a lot of these projects start to pop up and they become a little bit more popular as of late: Valley, which you'll hear today; Kearney is-- that it is

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doing a \$34 million project, and \$17 million came from this bill to set up turnback tax. So we're just allowing local communities, and what we did a couple of years ago was allow local communities to use their own sales tax dollars versus going to the state to turn it back for an economic development incentive. As a dad of three young kids, you know, people ask me, what have you been doing since you termed out? Well, I've been driving kids around to sports. That's all I've been doing since-- since that. And-- and it's-- and I'm hitting that-- that-- that time frame where Nebraska really didn't have a regional pull for youth athletic sports. And it's-- it's become a multibillion dollar business and it's-- it's wild what's happened over the-- I used to play YMCA and that was about it. Now you're traveling to South Dakota and-- and Iowa and they all-- they all have these facilities, because that's why you're seeing it pop up. And it does help all across Nebraska. And-- and as I went out, this was something that people were very interested in. One of the things that we want to make sure is not all projects are great projects, right? You don't want to-- you don't want to have these things fail. And there's layers of protection in those with the landowner, the organizations, the devel-- developer, political subdivisions. And then it goes to the Department of Revenue for a feasibility look, and then it goes to the five- person council that Lynn Rex talked about earlier, and the Governor has-- has say on it as well. So there's-- there's a lot of layers looking at can these projects be financially feasible and-- and work for their communities, and that's an important deal. With the clarification language in this-- and when we wrote it, the intent all along was to have the flexibility of a nonprofit to have an ownership. You know, we think about raising the dollars to match the sales tax dollars in a 50/50 split. I don't know too many people that-- and I've sat on this committee-- don't have too many people that like writing checks to their local municipality or their county for-- for projects that, say, a 501(3)(c) can raise, because there is a tax benefit as well for those people that contribute to it. Plus they're better operators on these projects. So the-- the-- the clarification here is to make sure that we give the flexibility that Senator von Gillern touched on, that this community can choose how they want to structure within their local agreement versus just saying, you know-- and-- and that's what was-- the intent was. But we have to have-- oftentimes in here, we have to spell it out line by line, very specific, to make sure that there isn't a misinterpretation. So that's-- I just wanted to give a little history on. I-- I-- I'm really excited and you're seeing it every time I drive up 275, when I was in Kearney a couple of weeks ago, and the-- the amount of activity that surrounds these things and what's great

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for the benefit not only the kids. I know that's been a big emphasis of-- of Governor Pillen, and I believe something has happened in Columbus as well. So we're talking about kids, the activities. It's-- it draws people in. It allows more families to-- to see what Nebraska has to offer and spend money here. You know, we're spending money. The sales tax dollars come in and they're spent in those local municipalities and it's-- it's a benefit. So, again, appreciate seeing everybody and I'll be happy to take any questions with regards to LB39 or this bill.

LINEHAN: Thank you very much, Senator Lindstrom. Are there questions? Senator Bostar.

BOSTAR: Thank you, Chair Linehan. How you doing, Brett?

BRETT LINDSTROM: I'm good.

BOSTAR: Can you talk a little bit about your attempt to destroy the creative districts?

BRETT LINDSTROM: That actually was not my-- that-- that was-- that's completely apart from what I'm testifying on. That'll be-- that'll be a question for somebody else behind me. Yeah, and I-- I guess the history of it too. And I'm not even-- because I'm a proponent of the other portion, so I'm not going to really-- I'll just give you a history on it. When we were starting to talk about this bill, now-Congressman Flood, who was on this committee, would-- wanted to see a creative arts district portion of it, of the 30 percent that would go to primary cities, which Norfolk was one of those cities. And so we had a conversation. I had no problem with it because I think it is part of-- a nice part or a complement to athletics and arts. Not all kids play sports. Not all kids are artistic. But this is a blend so all kids could participate. So that's the history of that. What you choose to do as a committee on that portion is completely up to you. I'm-- I'm-- my testimony is more directed towards the interlocal portion, so maybe somebody else can-- somebody else can answer that side of it.

BOSTAR: Thank you.

BRETT LINDSTROM: Yeah.

LINEHAN: Thank you, Senator Bostar. Are there other questions? Senator Dungan.

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DUNGAN: Thank you, Chairman, and thank you for your testimony today. I think-- big fan of the underlying goal of this original project that you've worked on. I think it makes a lot of sense and you've given us a lot of examples of tangible benefits that we've seen come out of this. I'll admit-- maybe I haven't had enough coffee today-- I'm struggling to understand the necessity of the modification of the definition of political subdivision. And I think that we've-- because that-- that's really what we're talking about here. Right? The underlying project and-- and all of the-- the things that the-- the previous iteration of this legislation achieved, I think we've seen a lot of that. But can you give a tangible example of the necessity to modify the definition for political subdivision? Because that's really all this seems to be.

BRETT LINDSTROM: Yeah, and that's a great question. So everything that-- discussed on the his-- that's all in law right now. And like I said before, it passed unanimously 45-- I think there was a couple of senators who were present, not voting for other reasons. But one of the hiccups has come from the community of Grand Island and how they want to structure who is in charge of the-- the facility itself. And so we are making sure that a 501(c)(3) and a government subdivision can-- can partner on some of the ownership of these things, where right now, because the government entity issues the bonds there was-- there was-- the interpretation on it wasn't clear on-- as to who-- who is supposed to own it or who could own it. This gives more flexibility. So the example is Grand-- you know, the one that you'll probably hear about is Grand Island. Everywhere else-- and I think Valley might have a few issues and the need for this bill. There are communities that don't have issues with this, but it's really the-- the partnership and the interlocal agreement. So it just provides more flexibility, again, for the local communities to make those decisions on who they want to partner with, whether it's a 501(c)(3), whether they go it alone as a-- as a sub-- you know, government subdivision.

DUNGAN: And that makes sense. And I think you did point that out in some of your initial testimony. So I'm sorry if I made you repeat yourself.

BRETT LINDSTROM: No, you're fine.

DUNGAN: The current law does allow for-- it defines applicant as either a political subdivision or a political subdivision and nonprofit organization that jointly submit an application under the act. How does subparagraph (b) differ from what we're talking about

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here? I guess, what's the need to redefine political subdivision as an entity formed under Inter-- Interlocal Cooperation Act?

BRETT LINDSTROM: It's-- it's--

DUNGAN: It's--

BRETT LINDSTROM: In my opinion, it's the belt and suspenders. To my original-- what I discussed on our intent, I think when we talked about this, and-- and when I brought the bill, the intent was there for what you just described. But sometimes people don't view it the same way. And so this is the belt and suspenders making sure that-- this is a-- and this is a lawyer deal. When I look at it, it's--

DUNGAN: Lawyers, gosh.

BRETT LINDSTROM: [[LAUGH] But that-- that's the clarification. Language, which I know, I've been a part of many times. It's just saying, spell it out, this is exactly what we're trying to do, and-- and so that's the need for it, really. It's--

DUNGAN: Have there been-- and that makes sense. Have there-- have you been a part of or have-- has anybody expressed to you in conversation or concerns regarding constitutionality of public funds--

BRETT LINDSTROM: Yeah.

DUNGAN: --or credit being given to private corporations or entities like that?

BRETT LINDSTROM: Yep, and that will be-- it's-- a testifier behind me will discuss that in detail and be able to answer that question and-- and-- yeah. So, yes, it was brought up and that's-- that's the need for the clarification language. Yeah.

DUNGAN: Got it. OK. Thank you.

BRETT LINDSTROM: You bet.

LINEHAN: Thank you, Senator Dungan. And other questions from the committee? I have one. On the interlocal agreement, this would not-- is there a way we could ensure, because there's some issues with interlocal agreements or JPAs, so we may have a different thing, that they couldn't share if one entity-- these are nonprofits, though, so they-- they don't tax-- taxing authorities.

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BRETT LINDSTROM: No, no, no, no, no.

LINEHAN: So they don't have a way to, like, tax people? This--

BRETT LINDSTROM: No. This is-- this is where the government-- the lo-- the sub-- within the interlocal agreement and the governmental subdivision would have to issue the bonds. The 501(c)(3) can't do anything there other than operate and/or have that agreement to-- to run a facility--

LINEHAN: So--

BRETT LINDSTROM: --and own it, possibly, if they so choose.

LINEHAN: MECA in Omaha, is that-- is that a child of the city? Because they operate-- they were just in here--

BRETT LINDSTROM: Yeah.

LINEHAN: --and they operate, evidently, CHI at-- I wouldn't say a huge profit, but they're not losing money, which people before said you couldn't operate without this money. So that-- but that's a government agency. I'm sorry. We've had three hearings today. You know [INAUDIBLE]

BRETT LINDSTROM: Yeah, I-- I was here for them.

LINEHAN: I'm all day. That was so fun. OK. I think-- how many fields are in Valley? Are they doing 12 in Valley.

BRETT LINDSTROM: Somebody will testify, and I think they have handouts to show exactly, but it's quite a few. And-- and that project-- and I've had the chance to go out there and view a lot of the things that are going on there. It's-- it's pretty amazing. And so when you think about, OK, with the municipalities maybe being-- have questions about it, I know Valley is going to do very, very well with this 275 and the projects that are-- that-- out there. I mean, there's potential for multi-family housing. There's the restaurant, retail, and all of this is-- is new. This is-- this-- it's the "but for" argument. None of this would happen without the youth athletic sports complex to draw the families in, to drive the revenue, to drive the sales tax. So the whole notion that it's-- well, it's loss-- lost revenue to the state for a short amount of time, in my opinion, it only benefits those local municipalities and towns across the state of Nebraska if they choose to engage it. And I believe that there's enough draw because, like I said, every-- every family me--

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every person that I know that's in my age range that has kids, they are-- that's all they do. That's what they do on weekends. And so-- and that's the same thing that happens all over the country.

LINEHAN: The big difference between this and what I think we heard this morning earlier is your bill has always been, I think, until this morning, it's always been about new businesses created. It's not-- in Valley, that Love gas station--

BRETT LINDSTROM: No.

LINEHAN: --won't be included because it's not a new business, right?

BRETT LINDSTROM: Right, so--

LINEHAN: So it's only business. It's the "but for" argument.

BRETT LINDSTROM: It's the "but for." That's how we always had it because with the project we-- we know that that-- it-- to my original point with-- just back to the infancy of it, Mulhall's having the land around Tranquility and there was-- there's opportunity around there to do that. And then once we started to have this discussion, this is what I'm talking about, people reaching out. There were so many communities out there that said, well, we know that there's a need and-- and just the structure of it worked for those-- for those places, so that's why you're seeing this momentum.

LINEHAN: OK. Thank you very much. Any other questions? Seeing none, thank you very much.

BRETT LINDSTROM: Thank you.

LINEHAN: Good to have you back.

BRETT LINDSTROM: Glad to be back.

LINEHAN: Other proponents?

BRAD BAUER: Good morning. I'm Brad Bauer, B-r-a-d B-a-u-e-r. I'm a member of the Pinnacle Ba-- a board member of the proposed Pinnacle Bank sports complex. I'd like to thank Senator von Gillern for introducing this bill, which will benefit our project. Our complex is going to be located south of Grand Island at the I-80 and 281 interchange in Hall County, which should be in Senator Briese's district. We believe that this location will not only give easy access to the youth and community members of Grand Island, but also

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the very convenient location for the youth of greater Nebraska. We also believe that this project will serve underprivileged youth across greater Nebraska, whose parents may not have the resources to take them to Lincoln or Omaha or other similar locations. Our complex is a \$25 million project, and the Sports Facility Financing Act is a critical part of this funding. We will have six full-size basketball courts, 12 volleyball courts, field turf for six batting cages, the ability to host cheer and dance competitions, wrestling, gymnastics, other emerging sports, along with many community activities. It will be used for competitive youth sports, community leagues, and general recreation for all ages. We are a 501(c)(3) organization governed by a board of community leaders, youth sports enthusiasts, and parents. Our mission is to benefit the youth of greater Nebraska and our community. Along with that, the Lutz accounting firm estimates that our project could have an annual projected economic impact of \$10 million to our Grand Island community. The Interlocal Cooperation Act concept that is in this bill was a result of a meeting between our board and members of the law firm of Gilmore Bell, who is the bond accounting firm for Hall County and the firm that we will be working with, with this bill. Gilmore Bell has been very cooperative with us in working on this project, and we want to be very cooperative with them. I've found their firm to be very competent and we respect their opinions, and I would support any changes to the bill that they feel is necessary to get it passed. My request this morning is respectfully to ask all opponents and proponents to compromise, if necessary, on this bill, to come together to find a way to get it to pass. If it is not successful, it will severely hamper the ability of our project to become a reality and would be a disservice to the youth of greater Nebraska. Thank you. Be willing to take any questions you may have.

LINEHAN: Thank you, Mr. Bauer. Are there questions from the committee? Senator Albrecht.

ALBRECHT: Thank you, Chair Linehan. And sorry I didn't get in on the opening of the bill, but I do have to ask, is your project in the city or the county?

BRAD BAUER: It's in the county, being Hall County, south of Grand Island, right at the I-80 and 281 interchange.

ALBRECHT: And they would be partnering with you on this or is your 501(c)(3) going to take care of all of your expenses to build it?

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BRAD BAUER: The 501(c)(3) is the organization that is building the project. We would utilize the interlocal agreement that's part of this bill to be the ownership of the property.

ALBRECHT: And so ownership would be whose?

BRAD BAUER: It would be the actual-- the interlocal agency would own it, and members of that interlocal agency would be-- it would have to be a village, community or county. Once this tool would get passed, we would work with those entities to form the interlocal agency.

ALBRECHT: OK. And how much is it going to cost to build your facility?

BRAD BAUER: It's a \$25 million project.

ALBRECHT: OK. So the \$25 million, you'll start it without having an interlocal agreement with anyone?

BRAD BAUER: No, we would-- we would-- we would-- it really depends on the passage of this bill. We would not start the project until we know the results of this bill. And-- and the ownership then would basically be de-- be determined on the output of this bill.

ALBRECHT: OK. And so \$25 million-- you would start it on the outcome of this bill, but would any of it be bonded through the county or somewhere?

BRAD BAUER: It would be bonded through the statute, through the Sports Facility Financing Act.

ALBRECHT: OK.

BRAD BAUER: So we would form the interlocal agreement. And I will quantify [SIC] that I'm not an attorney, so I'm speaking to the best of my knowledge on the process. We would form the interlocal agency and the-- and the county then in turn would issue the bonds, the revenue bonds to be paid back from the turnback taxes.

ALBRECHT: And would-- would it have to go to a vote of the people at all?

BRAD BAUER: No, ma'am.

ALBRECHT: OK. I'm just a little skeptical with some of these projects because--

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BRAD BAUER: Sure.

ALBRECHT: --I do come from Sarpy County, where they have a ball diamond they are trying to support. So those are the reasons for some of my questions.

BRAD BAUER: Yeah, and-- and that's-- again, speaking on my knowledge, that's the purpose of the LB39, how that is structured for the funding of that.

ALBRECHT: OK. Thank you.

LINEHAN: Thank you, Senator Albrecht. Are there other questions from the committee? You have private donations for this?

BRAD BAUER: Yes, ma'am.

LINEHAN: So out of your \$25 million, what percentage are you trying to raise privately?

BRAD BAUER: Well, we-- we hope to raise greater than 50 percent of that. Right now, we have \$8.5 million already pledged.

LINEHAN: OK.

BRAD BAUER: Between the sports facility, turnback taxes, some other revenues, we think we can hopefully even generate an additional \$5 to \$6 million of privately donated money, which would put us over half of the cost of the project.

LINEHAN: And then is part of the wanting to do this is, whoever is going to come up with half the cost, is-- I think this was the thought behind MECA in Omaha-- that you want to have some-- whoever the donor is wants to have some control over the management of the facility?

BRAD BAUER: I'm going to say that's not accurate, ma'am. The-- the-- the control the facility would be through the 501(c)(3) board of directors.

LINEHAN: OK. So who decides who the board of directors are of the 501(c)(3)?

BRAD BAUER: I'm going to say the members of the-- of the 501(c)(3) committee.

LINEHAN: With no input from the county?

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BRAD BAUER: Not at this time. Now, if the interlocal agency then is, you know, going to be the owner of the project, that potentially could have some changes to that.

LINEHAN: OK. Well, I think that's probably something we-- yeah, we can get clarification on.

BRAD BAUER: Yes.

LINEHAN: OK. All right. Thank you. Senator Murman.

MURMAN: Did-- you mentioned a \$10 million impact. Is that per year that's estimated?

BRAD BAUER: That is what is estimated that-- and this is from the Lutz accounting firm that did that. We also have a consultant that we've utilized, two different consultants. One is affiliated with a national firm based out of Kentucky that has worked with 25 to 30 firms, projects very similar to us, and they anticipate that potential annual impact to the-- to the community of about \$7 million.

MURMAN: And this is pretty close to my-- where I live, so I don't want to throw cold water on it, but I-- I've got to ask, is-- has the flooding potential have been factored in?

BRAD BAUER: It would have to be part of the consideration of the project.

MURMAN: Is it-- I assume it's in a flood plain, right?

BRAD BAUER: Well, I don't know. That answer, Senator.

MURMAN: Yeah. No problem.

BRAD BAUER: Yeah.

LINEHAN: Thank you, Senator Murman. Are there other questions? Seeing none, thank you very much.

BRAD BAUER: Thank you.

LINEHAN: Next proponent. Good morning.

BRAD MELLEMA: Good morning. My name's Brad Mellema, B-r-a-d M-e-l-l-e-m-a. Chair Linehan and committee, thank you for hearing our comments today. I am director of the Grand Island Convention and

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Visitors Bureau, or Grand Island Tourism, as it would be known, and I am here to speak in favor of this change to this LB803. To speak more to what Brad said, I am not on that committee, but I want to speak to the impacts and some of the activities associated with this. First of all, Grand Island in Hall County is a community that is event driven, home to the Nebraska State Fair, Husker Harvest Days, Aksarben Livestock Show, Fonner Park Thoroughbred Racing, the Sandhill Crane migration, the 4-H national shooting sports competition, and other events are critical. When the COVID hit, now three years ago, we have not only fully recovered from those devastating losses to our community, we're currently up revenues 14.2 percent in our hotel occupancy tax. We're up also 6.5 percent on occupancy as of today. So we have recovered very nicely, but we don't take that for granted. You know, we've seen the devastating effects of that. And so to begin the process of adding to the list of things that I talked about and the activities for our community that are here, youth sports, as everyone here knows, is a growing enterprise. When I was a kid, sure, we played sports, but we also took that family vacation. But in a lot of ways, maybe even sadly so, the family vacation has been gobbled up by youth sports. We travel around with our kids and we can't make that long, big family vacation, perhaps, like we used to. But those dollars are still spent. They're now spent in the sphere or in the area of-- of youth outdoor and indoor sports activities, and we want to give our developers and our partnerships all the tools they can to accomplish this. Every community in Nebraska has a slightly different landscape, and they have a slightly different political makeup or slightly different resources available to them. And in our case, these particular wording changes gives that tool the ability to come forth and hopefully come out with an event that-- or a location that they're able to do this. Senator Linehan, I can maybe anticipate your question. Six hundred yards puts you into the Platte River on this particular one here, and cornfields to the north. And if you're familiar with Highway 281 and Interstate 80, that is the direction Grand Island is growing. It is the future development of our town. It is growing towards the south and towards the interstate. And those cornfields and those areas are ripe for development with new business that would be seeded by this type of development. Back to the question about the floodplain, potentially it is. I don't know where it falls into that. The Bosselman Travel Center is right there, and it's been there for 50 plus years. And I'm sure that those things would need to be elevated properly to --to deal with that issue. That's my comments. I'd be open to entertain any questions that people might have.

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LINEHAN: Thank you very much. Are there questions from the committee? Seeing none, thank you for your--

BRAD MELLEMA: Thank you.

LINEHAN: Next proponent How many more testifiers do we have? Yeah, I'm going to-- I'm sorry, guys, but I'm going to make it three minutes because we have to come back at 1:30. Is that OK? I'll let you go five.

DREW SNYDER: I might be able to go two.

LINEHAN: OK. I'll let you go-- I'll let-- OK, three, let's go to three. Sorry.

DREW SNYDER: OK, great. My name is Drew Snyder, D-r-e-w S-n-y-d-e-r. I want to thank Senator Von Gillern, here in support of LB803. Our firm is a company called Woodsonia Real Estate. We're based in Omaha. We do development projects. I'm here in support just to speak on behalf of the youth sports momentum that's happening and projects that we're involved in that we would like to incorporate this type of use. The way LB39 was written, and I think you've heard other testifiers talk about it, is somewhat limited and really is geared more towards a city owning this type of facility. And so this proposed legislation would be extremely helpful. We have a particular project in Gretna directly to the west of the outlet mall there where we would entertain using this modified ownership structure where we can incorporate an interlocal and potentially a nonprofit. So that project is in its "infance," you know, sort of not as far advanced along as some of these other projects. But I think this is critical to expand the ownership and the-- the applicants for who can use this type of tool. So just here in support of that, and that's really all I have to offer, so.

LINEHAN: Thank you. Are there questions from the committee? They stop asking questions, they go faster too. Are you directly west like where the Mulhall's--

BRAD MELLEMA: So Mulhall's have a piece there. Yeah, we have 100 acres just to the west of the outlet mall. It would sit right along-- right along the interstate. So it borders Highway 31 and then down along I-80.

LINEHAN: Like a farm that sits here, the--

BRAD MELLEMA: It's a farm right now, correct.

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LINEHAN: Yeah. OK.

BRAD MELLEMA: Correct.

LINEHAN: All right. Thank you very much. Appreciate it.

BRAD MELLEMA: Um-hum, sure.

LINEHAN: Other questions? Seeing none, thank you much. Good morning.

BRUCE O'NEEL: Good morning. Senator Linehan. Bruce O'Neel, B-r-u-c-e O-'-N-e-e-l. I'm the executive director of the Elkhorn Athletic Association. Good morning, Revenue Committee. Thank you for allowing me to be here on behalf of Nebraska families and the businesses in our community and aspiring young athletes in the region. The Elkhorn Athletic Association, a nonprofit 501(c)(3) sports organization, would like to strongly encourage the Revenue Committee to support LB803. As an organization, we support LB803 because it adds the interlocal agreement, by proxy means it adds the opportunities for kids to play sports in-- in-- throughout the state of Nebraska. However, the Elkhorn Athletic Association would be opposed to any amendment that would change the Sports Area Facility Financing Assistance Act, also known as LB39, as we refer to it, to remove limits on 501(c)(3) nonprofit youth sports organizations from being owners and operators within a public-private partnership structure that is currently permit-- permitted under the-- the current bill. It is important to the ongoing success for nonprofits and youth sports organizations to have these arrangements. Modifying LB39 would remove that nonprofit ownership, which would force the municipality, like a Valley-- we are building a complex, and that's what all this is, in Valley, Nebraska. It proposes-- any proposals to the law that would permit that puts-- would significantly put the burden on that local municipality, which would be devastating for that area. So as an economic development effort around sports, it is critically important that that stay in place. EA-- EAA has spent millions of dollars building and embarking on a plan, which is sitting in front of you, to create a new economic development for that community, largely relying on the law as it is in place. On June 23 of 2022 Elkhorn Athletic Association broke ground, started work on the MD West ONE Sports Complex in Valley, Nebraska, a multi-use sports complex. The details are in front of you, so I won't go into those. The MD West ONE Sports Complex will be a vibrant new area in the heart of an area called the Valley View Center, which will serve as a destination for the city of Valley residents, along with the surrounding communities in the region. It will do things like provide single- and multifamily

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housing, retail, restaurants, hotels, sports tourism. This concept was created to blend specifically urban and rural living and be social bridges. The Valley View Center will create social bridges between residents, individuals from out of town, athletes of all abilities. The MD ONE West-- MD West ONE Sports Complex will leave generational impact on our community, and it will serve everything from adaptive sports, recreational sports, as well as high-end competitive sports. You have an incredible opportunity in front of you as a Revenue Committee to support things like this in our community and the constituents of our state taxpayer dollars. I will leave you with a quote from Hall of Fame coach Tony Dungy, which says: It's about the journey, mine, yours and the lives we can touch, the legacies we can leave in the world and will change the lives for the better. Our time is now. Invest in Nebraska, invest in our kids, and help drive the economic growth.

LINEHAN: Thank you very much. Are there questions from the committee? Is this project TIFed? Are you-- did you get TIF?

BRUCE O'NEEL: We have not applied for it yet with the municipality, but the-- the developer we're going to go with will likely apply for it, but is not currently in the capital stack--

LINEHAN: OK.

BRUCE O'NEEL: --to use the words from earlier.

LINEHAN: OK. All right. Other questions? Thank you very much for being here. Thank you for all you do. Other proponents?

MITCHELL SCHULTZE: Morning, Revenue Committee. My name is Mitchell Schultze, M-i-t-c-h-e-l-l S-c-h-u-l-t-z-e. I am actually the vice president of Northeastern Nebraska Youth Sports Association, a 501(c)(3) nonprofit. And we were out of Norfolk, Nebraska, here. So I'm here representing the-- our nonprofit, as well as our basketball and volleyball program, Nebraska D-League, and here just to voice support for LB803 and the Sports Arena Facility Financing Assistance Act, or LB39 as it's currently written with minor change. We started a basketball program in 2015 in northeast Nebraska, and we started with three teams. It's currently grown to 51 teams in both Norfolk and Fremont, as well as 23 volleyball teams. And we currently use our local YMCA to practice. And we-- if you don't know, Norfolk has a beautiful YMCA, but it's overflowing. And so we have been working, working on a facility in the Norfolk area, northeast Nebraska area, for several years now. One of the problems that we run into is space

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and-- and turning away kids. For example, in our volleyball program, we average 60 kids per grade, 60 girls per grade that tried it out, and we cut-- we hate saying that word, but we cut over half of them. What this will do is give us the opportunity to use LB39 funds to fund half of our complex and give more opportunities for more children, more youth come in both basketball, volleyball and maybe future sports. We do have the kids. We have a preferred site. We have a potential development partner. We have corporate and philanthropic support, and all of that. LB39 on top of that will give us a jump start to its financing. This-- it's important to note the city of Norfolk is very much on board with this but does not have any interest in owning the facility, nor do they want the responsibility to raise half of the funds. As LB39 currently reads, this would be they do not have to own the facility. The nonprofit would own the-- could own the facility and partner with the city of Norfolk on revenue bonds. And based on the current economic climate in Norfolk, this would be a huge positive for the city. In conclusion, the Northeast Nebraska Youth Sports Association supports LB803, but does not support any changes to LB39 if it takes away our legal right to use the state assistance made available on LB39 to own our own sports complex. Thank you for your consideration.

LINEHAN: Thank you very much. Are there questions from the committee? Seeing none, thank you very much for being here.

MITCHELL SCHULTZE: Thank you.

LINEHAN: Next proponent.

ERIC SEITZ: All right. Good morning, or almost afternoon now. Revenue Committee, my name is Eric Seitz, E-r-i-c S-e-i-t-z. I am a board member of the newly formed Dodge County Sports Complex, a Nebraska 501(c)(3) nonprofit youth sports organization located in Fremont, Nebraska. Similar story as to what Mitchell just told about Norfolk, the D-League is actually very active in Fremont and has been successful in Fremont. And I think, similar to the Norfolk YMCA, Fremont's YMCA, al-- albeit one of the largest in the United States, is overflowing. There's not access to practice facilities, there's not access to games, to have tournaments, and it leaves our youth, which in Fremont and Dodge County, much, much underserved and underprivileged, the-- the option to have to travel into Omaha or Lincoln to go participate in athletics or have a chance to participate at a higher level of athletics. This is where the Dodge County Sports Complex has come in. We are very, very early stage, but we would like to build an indoor facility that would support access

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to those kids, both underprivileged and privileged kids who are traveling into Omaha. LB803 is vital in that-- in that-- in the successful capital stack race that will have to happen for us to be able to-- to build this. We're in early stages with developers as well as landowners in the city. Everyone is resoundingly supportive as long as the-- the pro forma and the math works for the capital stack that would be required to build the facility. With doing this-- and you know, any changes to the existing LB39 would, in-- in my opinion and the people we've talked to, would create a potential issue with would donors, right, people were willing to donate the money to get the facility built. They-- they would like to see the 501(c)(3) own and operate the facility to be able to-- to-- to navigate the challenges that will be created by a new organization, a new facility. Wi--without LB803, the-- and the sales turnback, the youth of Dodge County will continue to lack access of courts and space for practice, competition, and it will significantly continue to limit the numbers of participants that we have in our community. So we would definitely appreciate your support of LB803 or not changing the existing lang-- language of LB39.

LINEHAN: Thank you very much. Are there questions from the committee? Seeing none, thank you very much for being here today, Mr. Seitz.

JEFF WEAK: Thank you. Good morning, Committee. My name is Jeff Weak, MJ Consulting. I'm a youth sports tourism consultant, J-e-f-f W-e-a-k. I'm basically here to summarize, so I'm going to be very brief. Summarize what we just heard from the various projects that are sitting out there working through the process. I have helped, to a small extent, Senator Lindstrom when LB39 was passed. And when we expanded to-- not just help Tranquility but to help all of the state of Nebraska, it was obvious that the smaller communities really didn't have interest in funding 100 percent of each one of these projects, so the not-for-profit option where they could get private donations, corporate sponsorships, was a great option. With regards to Grand Island and what happened there, we met to try to problem solve the-- the Hall County and Grand Island issue and the interlocal was a great option that was offered by Gilmore Bell as a solution. We appreciate that big time. That's why it's in the law today. But when we sent the law itself to the league for review, just to get a blessing, they came back with language that would exclude or prohibit not-for-profit ownership. And that's what all of the-- this group of individuals basically were testifying to make sure they know that that restriction was going to hurt their projects. So really, that's all I want to say in clarification. And we are in support of LB803. Are there any questions?

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LINEHAN: I'll ask. Are there any questions from the committee? Seeing none, thank you very much for being here.

JEFF WEAK: Thank you.

LINEHAN: Next proponent. OK. Next-- our first opponent.

LYNN REX: Senator Linehan, members of the committee, my name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities. We're here, unfortunately, in opposition to LB803. There are parts of LB803 that we strongly support. But fundamentally, let me just start with this, and I'll talk as fast as I can since we're under three minutes. First and foremost, LB39 never said that nonprofits could own these facilities. One of the things I would point out-- and, Senator Linehan, I appreciate you pointing this out, too-- let's look at MECA as a nonprofit organization. It is an instrumentality of the city of Omaha. The appointment process is the mayor and council make alternating appointments with full city council approval, and it goes on with what those duties are. It is controlled by the city of Omaha. However, it allows MECA to basically deal with their power to assume management and deal with all of those issues. So they don't-- it is owned by the city of Omaha. It is in a contract with MECA. So LB39 never did that. One of the things I would also point out, which is really frustrating and a lesson learned for me, so basically the nonprofit language was never in LB39 as originally drafted. It was as a standing committee amendment to the bill. And basically then you had another hearing on that. I testified neutral for this reason, because one of the issues raised was, will it be done constitutionally? Because what you have before you here, and Mike Rogers, who is bond counsel with Gilmore Bell, is here in a neutral capacity just to testify about this. He's not the league's bond counsel. We don't-- we don't issue bonds, but he represents municipalities, counties and others across the state. So there's a fundamental misunderstanding that LB39 ever allowed nonprofits to own it. It would be unconstitutional. So therefore, I would also suggest to you that at some point you may want to clean up the concept about a racetrack. Oh, my goodness. As I said to several people, I'm thinking the Sower will fall off the building if the state in Nebraska is using tax dollars to fund a racetrack that's going to be owned by a nonprofit and not controlled by a public entity. So in any event, that's one thing for your consideration. With respect to the creative districts, one of the reasons why we would like to reverse that decision made in LB39 is because, again, I respect Senator Flood, now-Congressman Flood. The understanding was, with LB39, it was going to be a one-time-only thing. Shame on me for and I'm sure

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that's what he meant when he said it. I'm sure that's what he meant. But let me just suggest to you that that is for first-class cities only. I'm looking at the Final Reading copy of LB39, page 18. A city of the first class is eligible for grant under this section, and this is under the Nebraska Arts Council. You have to have a creative district in order to get one. And so basically it talks about what the plan will be. There will be minimum grants. The grants here are going to be pretty significant, must be at least equal to \$1.5 million. Now, I'd encourage you again to look at this list that I handed out before. Only first-class cities would be eligible and only if they have a creative district. When you go to the Nebraska Arts Council website-- and by the way, we're promoting-- I'm now a believer in creative districts. I have been through that. And if-- I hope--

LINEHAN: So--

LYNN REX: --somebody will ask me a question.

LINEHAN: That's OK. So, OK, I'm confused. So the cities don't want to own them, but they don't want anybody else to own them?

LYNN REX: I'm not suggest-- I don't know that that's true. I-- I know that several people have said Norfolk doesn't want to own it. I don't know if that-- if that's translated to Norf-- I don't know. I've not talked to them, Senator. But I will give you, for example, we've heard from cities that are making it clear, you know, they will contract with a nonprofit. There's nothing wrong-- the reason why we were told the nonprofit language was put in is so that that could be helped, you know, bolster, if you will, the application to the five-member board, which includes the Governor, to say, oh, we're-- we're going to be having this nonprofit over here. It's also going to be helpful. We'll be contracting with them. So, in essence, you know, one of our major concerns here with LB39, and again, on the creative district side, we only have 31 cities of the first class. We have 5-- 529 cities and villages in the state. And so we love our first-class cities. But by the same token, everybody else should have access to that. And we are supportive of creative districts. We're going to continue doing workshops on how to create them. We think it's important. You go to the Nebraska Arts Council website and you will find that only the following entities currently have creative districts: Ashland, Benson, Brownsville, North Platte, Norfolk and Cozad. That's it out of 529 cities and villages. So in any event--

LINEHAN: Well, that's new, I mean.

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LYNN REX: Yes, it is. And also--

LINEHAN: Not to interrupt, but--

LYNN REX: Yes, and also, too, Nebraska Arts Council does a great job. The Appropriations Committee, there's a bill in to-- to give them additional funds. They have got three pockets of money. The Nebraska app-- or the Appropriations Committee will be looking at that. Sorry, I'm talking so fast because I know you really want me to go. So in any event, bottom line, it has to be done constitutionally. And this, if there's-- and there's no other reason for putting in the language here other than to clear up what has now been the misconception of what LB39 ever did. You cannot-- the legislature cannot change something. I mean, Article XIII, Section 3 does not change. You cannot-- you know, it's the prohibition against lending the credit of the state.

LINEHAN: OK. OK. That's very good information. Thank you. Are there other questions from the committee? Seeing none, thank you.

LYNN REX: I could go on for a much longer time, but--

LINEHAN: I know, I know.

LYNN REX: OK. Thank you so much. We appreciate your consideration. And again, we support the interlocal agency language, support the other provisions of this bill, but really appreciate the opportunity to work with the committee to make sure it's constitutional in terms of making sure that it can be implemented in a constitutional way and cleaning it up so people don't think that they can, in fact, own it. And again, they can run them, they can manage them, they'll be contracting with them-- totally different deal.

LINEHAN: OK.

LYNN REX: Thank you.

LINEHAN: Thank you much. Thank you. OK. Any other opponents? Anyone in a neutral position? Yes, it's afternoon.

MICHAEL ROGERS: Still morning, I think.

LINEHAN: No.

MICHAEL ROGERS: Oh.

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LINEHAN: But that's fine.

MICHAEL ROGERS: Good afternoon, Madam Chair, members of the committee. My name is Michael Rogers, M-i-c-h-a-e-l R-o-g-e-r-s. I'm a bond attorney with Gilmore & Bell in Omaha. We represent cities and counties and other political subdivisions around the state of Nebraska and specialize in public finance work. That's the only type of practice of law I-- I do. We are not here representing any particular client and are testifying in the neutral capacity in order to comment on the concept of public ownership that has been raised, and also I'm now hearing our firm's name multiple times, thought it was appropriate to-- to get up here and-- and say a few words. As you know, the statutes don't currently explicitly require public ownership. However, our practice as bond attorneys representing cities and counties necessarily-- necessarily focuses on constitutional requirements, not just statutory language, because statutes do not supersede the constitution. And because the state ta-- turnback tax is used to pay for capital projects under the act, our view, based on Nebraska Supreme Court case law interpreting the Nebraska Constitution, is that projects which are paid for through state turnback tax must be publicly owned. So for our clients, regardless of any am-- ambiguity in the statutes and the way LB39 is written, we would require that a project be publicly owned for any of our clients because the state turnback tax is being used to pay for it. So that is generally our view and why we would be supportive of adding that language in the statute. But if the language is not in the statute, we're going to read it as though it were in there for any of our clients. And I'd be happy to answer any questions. I know there were questions about repayment of the bonds for interlocal agencies and taxpayer dollars being used for interlocals. I could field those, if you'd like, or-- or any other questions you might have.

LINEHAN: OK. Are there any questions? OK. So they could do it with the interlocal agency? No, because they're not-- yes.

MICHAEL ROGERS: Under LB803, if interlocals are added to the definition of political subdivision, then an interlocal could be formed to own a project like this. Bonds issued by an interlocal agency are not a liability of a city or county or any other member that is a party to the interlocal agreement. Interlocal-- interlocal agencies do not have the power to levy taxes, unlike joint public agencies which used to have the power to levy taxes, but that was eliminated in 2015 through legislation that requires a vote in order for a joint public agency to-- to levy taxes. But for interlocal

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agencies, they have no power to levy taxes. The members are not liable unless they agree to be liable either through appropriations or under a lease agreement of some sort with the interlocal agency.

LINEHAN: OK.

MICHAEL ROGERS: And so the idea here is that an interlocal would own the project, issue bonds, and pay for those bonds through revenues that the interlocal receives from-- from the project itself and also from the state turnback tax.

LINEHAN: I'm going to ask a favor.

MICHAEL ROGERS: Yes.

LINEHAN: I would like to have you hang out-- hold back a little bit, because the rest of us, committee, we've got to be back here at 1:30, and they've probably got meetings and stuff they're going to start missing. So but could you-- after Senator von Gillern closes, could you stay here in case somebody on the committee has some questions for you?

MICHAEL ROGERS: Sure, I'd be happy to.

LINEHAN: OK. Thank you. Anybody else have questions now? OK. If you just-- I don't think the closing will be very long.

MICHAEL ROGERS: All right. Thank you.

LINEHAN: OK. Were there other-- anyone want to testify in neutral position? OK. My humor is drained.

KERRY WINTERER: I'm sorry?

LINEHAN: Never mind.

KERRY WINTERER: Good afternoon. My testimony says "morning," but we've-- we have exhausted the morning, have we not? I want to--

LINEHAN: Can you spell your name, please.

KERRY WINTERER: Oh, I'm sorry.

LINEHAN: That's OK.

KERRY WINTERER: Kerry Winterer, K-e-r-r-y, last name, Winterer, W-i-n-t-e-r-e-r. I want to talk a little bit about this idea of

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public ownership. I would appreciate Mr. Mitchell, who just testified, providing us-- and I don't represent anybody in this-- in this-- in this case. I'm an attorney, practice law here. I was former CEO of Department of Health and Human Services, and I have been working with the proponents here to go through some of these issues. And one of those in particular was-- was public ownership. And it's been referred to here that the constitution requires public ownership, and they refer to Article III-3 as requiring public ownership, and that's the provision that says that the state cannot use its credit for any purpose other than state purposes or for any private entity. My understanding of the way this operates is that that's not really what's happening here. The bonds are being issued by a city or a state, but these are revenue bonds. Revenue bonds are secured by the revenue that is generated by virtue of the use of that-- of that facility and the additional revenue that it-- that it generates as part of that, as part of its operations. There's no situation in which the state, any public entity for that matter, can be liable for repaying those bonds, so it's hard for me to see that that is using the credit of the state to-- to benefit a private entity. There's also some discussion about public use or public purpose, which is referred to in the statute, and that that requires public ownership as well. But public purpose is not-- does not include that. Public purpose is just simply for a use of-- of-- of the public. And in my testimony, I've provided a lax dictionary definition of that, that in fact is just plain language, and that's what statute should be-- should be-- what should be used to interpret statutes. So that's simply my role here. And I would ask-- I would actually ask Mr. Mitchell to provide some argument, some brief or whatever, for the benefit of the proponents here stating and-- and justifying his opinion that this is unconstitutional. That would be-- that would be very helpful.

LINEHAN: OK. Well, he does have his-- thank you very much. OK. Are there any questions for the committee? Seeing none, I'd invite you to hang out here a little bit too.

KERRY WINTERER: All right. Thank you.

LINEHAN: OK. All right. Are there any other one-- anyone else planning to testify in the neutral position. Senator von Gillern, would you like to close, please?

TOMAS WEEKLY: We have one letter for the record.

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LINEHAN: Oh, I'm sorry. Thank you very much. We have one letter, which is a proponent.

TOMAS WEEKLY: Opponent.

LINEHAN: Oh, I'm sorry, opponent. Thank you.

von GILLERN: OK. Thank you for-- members of the committee, for hanging out here into the afternoon. I'll try and keep this as brief as I can, just a couple of quick bullet points. What we're-- what we're here to talk about today is LB803, not LB39. I just want to add clarity to that. LB803 are some very minor changes, which apparently are fairly complicated with regards to the law. It does not appear complicated to me. It did not appear complicated to probably six different development attorneys that we spoke with that agreed with our assessment that it was doable. But obviously there's some substantial opinions that are opposed to that, which we heard today and will obviously have to take into account. I want to again affirm what Senator Lindstrom said, and that is the "but for" clause. This is a-- a tax turn-- or turnback tax, which will benefit the development, the economic development potential of these projects and then eventually comes back to the state. This bill is unique this morning. I'm the only one that's not asking for General Funds. Just want to point that out. So there is no cost to the state from a General Fund standpoint, and it is an economic driver which will put dollars back into the state coffers. We've had-- last point I want to make is that the-- the belt-and-suspenders systems that have been set up, which, again, Ms. Rex referred to early in her-- in her original testimony, actually testimony prior to this bill, are in place. There are numerous review points to these projects and none of those review points will allow a-- an ownership structure that's non-constitutional to proceed forward. So I believe that there are checks and balances in place and the way that the bill is written is adequate and should be moved forward and out on the floor. Happy to take any questions.

LINEHAN: Thank you, Senator von Gillern. Are there questions from the committee? Seeing none, we bring LB803 to a close.

LINEHAN: [RECORDER MALFUNCTION] Committee's public hearing. My name is Lou Ann Linehan. I'm from Elkhorn, Nebraska, and I represent Legislative District 39. I serve as Chair of this committee. The committee will take up the bills in the order posted outside the hearing room. Our hearing today is your public part of the legislative process. This is your opportunity to express your

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position on the proposed legislation before us today. We do ask that you limit your handouts. If you are unable to attend a public hearing and would like your position stated for the record, you may submit your position and any comments using the Legislature's website and do so by 12 p.m. the day prior to the hearing. Letters emailed to senators or staff members will not be part of the record. You need to go through the legislative website. If you are unable to attend and testify at a public hearing due to a disability, you may use the Nebraska Legislature's website to submit written testimony in lieu of in-person testimony. To better facilitate today's proceedings, I ask that you follow these procedures. Please turn off cell phones and other electronic devices. The order of testimony is introducer, proponent, opponents, neutrals and closing remarks. If you will be testifying, please complete the green form and hand it to the committee clerk when you come up to testify. If you have any written materials that you would like to distribute to the committee, please hand them to the pages to distribute. We will need 11 copies for all committee members and staff. If you need additional copies, please ask the page to make copies for you. When you begin to testify, please state and spell both your first and last name for the record. Please be concise. How many people want to testify today? OK, we're going to go with five minutes unless some people are out in the hall and they sneak in here, which happened this morning. So we will use five minutes. Most of you know, four minutes on green, one minute on yellow, and then when the red light comes on you need to stop. If your remarks were reflected in previous testimony or if you would like your position to be known but do not wish to testify, please sign the white form at the back of the room and it will be included in the official record. Please speak directly into the microphone so that our transcribers are able to hear your testimony clearly. I'd like to introduce the committee staff; to my right is legal counsel Lyle Wheeler, to my immediate left is research analyst Charles Hamilton. And to my left at the far end of the table is committee clerk Tomas Weekly. Now, please, I would like the committee members to introduce themselves beginning at my far right.

KAUTH: Kathleen Kauth, LD 31, Millard area.

MURMAN: Dave Murman, District 38 from Glenvil, eight counties in the southern part of the state in the middle part of the state.

von GILLERN: Brad von Gillern, District 4, west Omaha and Elkhorn.

BRIESE: Good afternoon. Tom Briese, District 41.

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ALBRECHT: Hi. Joni Albecht, District 17.

DUNGAN: George Dungan, District 26, northeast Lincoln.

LINEHAN: And this afternoon our pages are-- can you stand up, please-- our pages are Kate, who is a sophomore at UNL studying political science, and Caitlyn, who's at UNL and a junior studying political science. Please remember that the senators may come and go during our hearing as they may have bills to introduce in other committees, which I do this afternoon. Senator von Gillern will be taking over. Refrain from applause or other indications of support or opposition. For our audience, the microphones in the room are not for amplification, but for recording purposes only. Lastly, we use electronic devices to distribute information. Therefore, you may see committee members referencing information on their electronic devices. Be assured that your presence here today and your testimony are important to us and they are a critical part of our state government. And with that, we'll open the hearing on LB242. Senator Briese.

BRIESE: Thank you, Chairwoman Linehan, and good afternoon to everyone. I'm Tom Briese, T-o-m B-r-i-e-s-e. I represent District 41 and I'm here today to introduce really a trio of somewhat similar bills. And the first, LB242 that we're going to talk about here would increase the amount of credits under the Property Tax Incentive Act for a portion of K-12 school taxes paid, which I'll refer to as the LB1107 credit, and would remove the cap on the allowable growth rate of that act. In 2020, the Legislature through LB1107 created the refundable income tax credit for a percentage of school district taxes paid. The amount of the credit is based on the total dollars available for the credit with each taxpayer across the state getting the same percentage of their school taxes refunded through this credit. Initially, \$125 million was allocated to the LB1107 credit, but it began to grow dramatically through the formula we put in place. Last year, in LB873, we established the total dollars for the LB1107 credit at \$548 million for tax year 2022 and \$560 million for 2023. We further provided that in the following years the total amount would grow annually by the allowable growth percentage. This percentage is defined as the, quote, increase, if any, in the total assessed value of all property in the state from the prior year to the current year, unquote. However, this growth percentage is capped at 5 percent. LB242 would do two things. It would increase the amount available under this formula for the LB1107 credit for school district taxes for tax year 2024 to \$1 billion. It would further remove the 5 percent cap on the allowable growth percentage going

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forward from there. You know, when we talk about property tax relief, there's a lot of things we can talk about. We can talk about capping increases. We can talk about increasing state aid to schools or local entities or-- in hoping that that yields property tax relief, or we can bypass the schools and local entities and send these dollars straight back to our taxpayers. And that's what we do with the LB1107 credit, the community college credit, and the old Property Tax Credit Fund. And personally, I'm a fan of these credits. These are dollars going straight back to our taxpayers without some of the messiness associated with these other avenues. And I dare say that the LB1107 credit has been wildly popular. Nebraskans really do like it. But some would say, Senator, that's not real education funding reform or property tax reform. I, I disagree. Reform is in the eye of the beholder. And any time you're taking state dollars, putting those dollars into the hands of property taxpayers to reduce the burden of school taxes, in my view, that is reform. It's a de facto increase in state support of education but without giving the locals a chance to peel off a portion of it. So what's my goal with this bill? I'm not dialed in on \$1 billion. We obviously have other plans in place in an effort to achieve property tax relief and reform through education funding reform, and we may or may not need to put additional dollars into the LB1107 credit to achieve, to achieve the tax relief we're working on this year. And we'll have a better idea as to what amount, if any, at a later time. But I do submit it's important to remove the cap. The cap artificially limits the effectiveness of this mechanism, especially if a highly inflationary environment persists. As you can see from-- I think we have a handout that was distributed-- and as you can see from that handout, if you have the right one there, valuation increases have averaged about 5.3 percent per year for the last ten years, but they are variable. Because of this variability, the cap would have come into play, I believe, four out of ten years. But we need to recognize that even in those years when values are stagnant, property taxes are likely increasing. To counteract this and protect our taxpayers, we need to be driving up this credit the full amount of the valuation increase in those years in which valuations exceed 5 percent. At the end of the day, I believe it's important to remove this cap to help protect our property taxpayers. And as far as added dollars into this fund as the bill proposes, we'll just likely have to see how the session plays out. And with that, I'd welcome any questions.

LINEHAN: Thank you, Senator Briese. Are there are questions from the committee? Seeing none, thank you very much.

BRIESE: Thank you.

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LINEHAN: Are there proponents? Good afternoon.

JACY SCHAFFER: Good afternoon. Good afternoon, Chair Linehan and members of the Revenue Committee. My name is Jacy Schaffer, J-a-c-y S-c-h-a-f-f-e-r. I'm the vice president of Government Affairs for Nebraska Cattlemen, and I'm here today to share the Cattlemen's perspective regarding LB242. It is of the utmost importance to Nebraska Cattlemen and others in agriculture to bring balance to the tax burden of the landowners. This is a message that we've shared with many of you on this committee for your entire tenure in the Legislature, and we'll continue to share until ultimate reform and balance are achieved. I want to reemphasize that Nebraska Cattlemen members are very appreciative of the property tax relief which this committee has worked to provide to all Nebraska property taxpayers via the Property Tax Credit Fund and the LB1107 refundable income tax credits. We support LB242 because it continues the instrumental work this committee has done by adding an additional estimated \$449 million to the pot by fiscal year 2026-27. This growth continues to translate to real and substantial property tax relief for all Nebraska property tax owners and would also support the removal of the 5 percent allowable growth cap that the fund may grow as valuations increase. Thank you, Senator Briese, for your continued support for property tax relief for all Nebraskans. LB242 is another good step towards reform and equality in the way landowners pay for education. For those reasons, we support this bill and ask the committee to advance LB242 out of committee. Thank you for the opportunity to testify and I'd be happy to answer any questions.

von GILLERN: Thank you, Ms. Schaffer. Any questions from the committee? Seeing none, thank you for being here.

JACY SCHAFFER: Thank you.

von GILLERN: Next proponent. Good afternoon.

JON CANNON: Good afternoon, Vice Chair von Gillern, distinguished members of the Revenue Committee. My name is Jon Cannon, J-o-n C-a-n-n-o-n. I'm the executive director of the Nebraska Association of County Officials, also known as NACO, here to testify today in support of LB242. I first have to thank Senator Briese for bringing this. I've known and worked with him for several years now. I know him to be a deep thinker about property tax policy, in particular, but tax policy, in, in general, which is why he has an actual seat on this committee, of course. I, I do want to start by saying that LB1107 was a terrific bill. We certainly liked it at NACO when it

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came out of-- came up on the floor of the Legislature through an amendment. I recall-- those of you who remember my, my predecessor, Larry Dix, I, I will tell you that he had told me that this is such a great bill. You might not have to talk about property taxes for the next four or five years. Well, the joke's on him. And if he's watching, I'm probably going to hear about this. One of the things that we liked about LB1107 is that this was based on taxes paid, the Property Tax Credit Fund that we, we still administer as well. That is a value-based property tax credit. So really it's going to affect different parts of the state differently. But I, I think the fact that they complement each other is something that is all to the good. What I'm handing out to you is a, a Standard on Property Tax Policy from the International Association of Assessing Officers, also known as the IAAO. They're essentially a, a group that, you know, takes-- creates standards for policy, for mass appraisal, for all the sorts of things that, that we talk about when we're talking about property taxes. And they have these technical standards that they publish. And the one that I have here is the Standard on Property Tax Policy. And I, I would like to quote, and I've got a tab for each of you, it's on page 28 in section 7.2.5, second paragraph, "Property tax credits generally are most efficient and feasible when they are administered through a state or local income tax program." And it talks about how they can be cumbersome, but I think overall the efficiency is something that, you know, I think is over-- outweighed by the fact that it's such a good mechanism for delivering property tax relief to our folks. You know, I don't have much else to say other than IAAO is a terrific organization. They have a lot of educational programs. They certainly encourage anyone and everyone that's here in the committee or listening or, or watching to avail themselves of the educational opportunities they provide, such as IAAO 101 or 300, which are fundamentals of property tax policy. With that, I'd be happy to take any questions you might have.

von GILLERN: Thank you, Mr. Cannon. Any questions from the committee? Seeing none, thank you again.

JON CANNON: Thank you.

von GILLERN: Next proponent, please. Afternoon.

BRUCE RIEKER: Good afternoon. My name is Bruce Rieker. It's B-r-u-c-e R-i-e-k-e-r. I was trying to get this done before the page got that handed out, but she's going to beat me. Anyhow, I'm here on behalf of seven organizations in support of LB242. We appreciate Senator Briese for bringing this. But those seven organizations are the Nebraska

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Farm Bureau, Nebraska Corn Growers, Soybean Association, State Dairy Association, Pork Producers, Wheat Growers, Renewable Fuels Nebraska. I think that Senator Briese did an excellent job of explaining why we support this, why it has merit. It is fair. It is clear and it's concise and they work. With that, I conclude my testimony.

von GILLERN: Thank you, Mr. Rieker. Any questions from the committee? Seeing none, thanks again for being here.

BRUCE RIEKER: You bet.

von GILLERN: Next proponent. Afternoon.

RYAN McINTOSH: Good afternoon, Vice Chair von Gillern. My name is Ryan McIntosh, M-c-I-n-t-o-s-h, and I appear today as a registered lobbyist on behalf of the National Federation of Independent Business. I have also signed in to express support for both LB243 and LB244. The small business owner members of NFIB support and appreciate the significant property tax relief provided by the Legislature in recent years through the creation and expansion of the Property Tax Credit Relief Fund and the Nebraska Property Tax Incentive Act. The fact that the amount available under the Nebraska Property Tax Incentive Act has exceeded expectations and has been a welcome relief for small business owners across the state. However, the underlying property taxes continue to rise, most generally due to increasing property tax valuations. LB242, LB243, and LB244 each provide additional property tax relief to Nebraska taxpayers in one form or another, and are all supported by NFIB small business owner members. I encourage the Legislature to continue to allow taxpayers to be beneficiaries of the state's current economic conditions by providing additional property tax relief to taxpayers. For those reasons, we respectfully support LB242, LB243, and LB244. Thank you.

von GILLERN: Thank you. Any questions from the committee? Thank you, Mr. McIntosh. Next proponent, please. Good afternoon.

JOHN HANSEN: Mr. Vice Chairman, members of the committee, for the record, my name is John Hansen, J-o-h-n, Hansen, H-a-n-s-e-n. I'm the president of Nebraska Farmers Union. We have tried LB1107. It has worked. It merits additional support. We are in support of LB242 for all the reasons that have already been stated. And it certainly, as this session rolls on, it puts a good option on the table depending on how things turn out. It's always good to have a backup plan or at least more options. And so this is a, a tried and proven approach. It works, and we are in support of the mechanism that we already have in

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expansion of, of, of it in order to do even more if-- especially at a point in time where we have the available financial resources to provide additional property tax relief. So with that, I'll close my testimony and be glad to answer any questions.

von GILLERN: Good. Any questions from the committee? Seeing none, thank you for being here, Mr. Hansen.

JOHN HANSEN: Thank you.

von GILLERN: Any other proponents? Any opponents? OK.

JOEY ADLER RUANE: Good afternoon, Vice Chair von Gillern and members of the Revenue Committee. My name is Joey Adler Ruane, J-o-e-y A-d-l-e-r R-u-a-n-e, and I am the policy director at OpenSky Policy Institute. We're here to testify in opposition to LB242 because we're concerned it would obligate the state to a future tax credit without knowing whether we can afford it. There's no doubt that we're in a good fiscal position right now, in large part because of the unprecedented amount of federal aid that has flowed into the state since the beginning of the pandemic. As with all good things, however, the federal funding will end at-- end and our state's economy will need to stand on its own two feet. Obligating future funds to this tax credit now, while our revenues are heavily propped up by federal funding, has the potential to force tough decisions by future legislators, particularly if we see a drop in revenues after the federal funding ends. If the new floor is \$1 billion and growing at the allowable growth rate, this credit combined with the property tax credit, would be about one-quarter of what the state would need to spend to sustain our current services-- service levels every year from fiscal year 2022 to fiscal year 30-- 2031. Our analysis assumes an allowable growth percentage of 5.5 percent, which is the previous ten-year average of property valuation growth in the state. We understand our state is heavily reliant on property taxes to fund schools and local governments, but this bill doesn't get at the heart of what's driving that reliance, which is a low state support. Instead, this measure will potentially jeopardize future funding not only for those entities, but also health, public safety, and other priorities by tying up a large chunk of funding in perpetuity. Because of this, we oppose LB242. Happy to answer any questions for the committee and the handout I just wanted to give you an example of what \$1 billion looks like in person.

von GILLERN: I'd like to see that. Any questions from the committee? In Senator Linehan's absence, I feel obligated to ask you if you know

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what the, what the reserves will be in the budget even after if this bill should pass?

JOEY ADLER RUANE: Yeah, I think we're still trying to figure out with everything going on. And that would be dependent on what the Appropriations Committee puts in the budget and doesn't put out, so.

von GILLERN: OK. Based on the Governor's budget, it's over \$2 billion. Correct?

JOEY ADLER RUANE: Based on his budget, yeah.

von GILLERN: OK. Thank you.

JOEY ADLER RUANE: Thank you.

von GILLERN: Any other questions? Thank you.

JOEY ADLER RUANE: Thank you.

von GILLERN: Appreciate it. Any other opponents? Any neutral testimonies on LB242?

TYLER SONDAG: Hello, my name is Tyler Sondag, T-y-l-e-r S-o-n-d-a-g, and I'm here to speak today on LB242 in the neutral capacity just because I personally don't know, based upon all of the legislation that this body has heard in this committee, whether or not the billion dollars is the right number. So I can't speak for or against that in that way, but I'll make it quick and short. I think that removing 5 percent cap seems to make sense and seems to be in the spirit of the law where if you're going to give a tax break based on property taxes, that that continues regardless of how much or little property taxes go up or down.

von GILLERN: Very good.

TYLER SONDAG: That's all I have. Thank you.

von GILLERN: Any questions from the committee? Thank you for being here today. Any other neutral testimony? Seeing none, are there any letters?

TOMAS WEEKLY: Yes, there's one proponent, no opponents, and no neutral.

von GILLERN: OK. Thank you. Senator Briese, if you'd like to close.

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BRIESE: Thank you, Vice Chair von Gillern. I don't really have a close, but I'd just be happy to answer any questions if there are any at this point. Otherwise, we can move on to the next one.

von GILLERN: Senator Dungan.

DUNGAN: Thank you, Vice Chair von Gillern. And thank you, Senator Briese. I will ask you this question I guess now, it kind of pertains to all three and it's kind of a general question that I have just planning out for the future. So we heard Senator von Gillern's question regarding the Cash Reserve and how much is going to be left in there. And I know the Budget Office came and testified a bit last week about projections in the future. Question I asked earlier that I don't know if actually-- if anybody knew the answer to. Do we know whether or not the projections for the Governor's budget take into account all of the proposed property tax reductions that are out this year?

BRIESE: As far as I know, I think his projections take into account probably those items that are in his package, but I'm kind of speculating on that, doesn't take into account this. This proposal here, we wouldn't go down this road in addition to the Governor's package, I don't-- not, not in this amount anyway. You know, if there is some extra dollars, yeah, that we'll shove it in here. I'd like to shove some in here. But you know, the billion dollars, that's an ask if things don't work out on the other plans we're proposing.

DUNGAN: So it wouldn't necessarily compound on that. It's sort of an either-or kind of thing.

BRIESE: The, the-- to the extent it's \$1 billion, I would suggest it would be an either-or, yes.

DUNGAN: Thank you. I appreciate that.

BRIESE: You bet.

von GILLERN: Any other questions? I just have one, Senator Briese.

BRIESE: Sure.

von GILLERN: The-- there was a-- at the end of the last fiscal year, there was a pretty substantial balance left in this fund. Do we feel pretty confident that, that people are learning-- we talked about this before, I think the tax systems-- the online tax systems have discovered it and kind of baked it in. Are we pretty confident now

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that people know about this and are going to collect it or are we going to continue to see surpluses left in that fund?

BRIESE: No, that's a great question, and I, I maintain that that's a problem that's going to resolve itself as more people become aware of this. And, and as the fund grows and it becomes, you know, more valuable to just everyday taxpayers, I think it'll be incumbent on everyday taxpayers and most every Nebraskan to claim this. Personally, I think it's a problem that's going to resolve itself.

von GILLERN: OK. Good. Thank you. Any other questions from the committee? Seeing none, thank you.

BRIESE: You bet.

von GILLERN: That will close our testimony on LB242 and we'll go to LB243.

BRIESE: You bet. Good afternoon and thank you again, Vice Chair von Gillern, members of the committee. I'm Tom Briese, T-o-m B-r-i-e-s-e, and I represent District 41. I'm here to present LB243. This bill would increase the statutory minimum amount distributed annually through the Property Tax Credit Fund and would place an escalator in statute that would grow that statutory minimum. Note that the last hearing dealt with the LB1107 refundable income tax credit for K-12 taxes paid. LB243, this bill, deals with what I would consider the original Property Tax Credit Fund created under the Property Tax Credit Act which was passed in 2007. Under this act, the amount available for relief is distributed to each county based on their proportional share of all real property. The county treasurer, treasurer shall then, quote, allocate the remaining receipts to each taxing unit based on its share of the credits granted to all taxpayers in the taxing unit, unquote. So it is distributed based on valuations. And I note that ag land and horticultural land is valued at 120 percent of actual value for this distribution, and it is a credit that is simply deducted from your property tax bill. The statutory minimum amount to be disbursed is \$275 million annually. That statutory, that statutory provision was included in LB1107. But currently the appropriation to this fund for the current year is \$310 million. And I would note that by statute other dollars intended for the Property Tax Credit Fund such as the gambling dollars are in addition to the statutory minimum. And so what's my intent with this bill? I think twofold. We need to set the statutory minimum at whatever amount we land on for the next biennium. And currently the Governor is recommending an appropriation of \$360 million for '23-24

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and \$395 million for '24-25. And again, that is an appropriation not locked in by statute, but in my opinion it should be. It will help protect against the unhelpful whims of any future Appropriations Committee and perhaps more importantly, ensure that the gambling dollars will be in addition to that amount and that an appropriation is not reduced because of an influx of gambling dollars. So depending on where we end up with the Governor's proposals and the package in his budget, I believe we should set the statutory minimum on whatever numbers we go with there. If it's going to be the 360 and 395, that should be the statutory minimum for those years in my opinion, if it's a higher number let's bump the minimum up to that, but more-- perhaps more importantly, I think we need to put in place the escalator proposed in this bill. Without it, the effectiveness of the property tax credit will lessen over time. And what I'm proposing here really is identical to the allowable growth rate of the LB1107 credit, which is the percent increase, if any, of real property values. So, again, I, I think we need to put an escalator in the Property Tax Credit Fund and set the statutory minimum to meet our expectations. Thank you. With that, I'd be happy to answer any questions.

von GILLERN: Questions from the committee? Seeing none, thank you. We'd open it to-- for proponent testimony.

JACY SCHAFFER: Good afternoon, Chair Linehan and members of the Revenue Committee. For the record, my name is Jacy Schaffer, J-a-c-y S-c-h-a-f-e-r. I am the vice president of Government Affairs for Nebraska Cattlemen and I'm here to share the Cattlemen's perspective on LB243. Nebraska Cattlemen appreciates the continued effort by Senator Briese and this committee to relieve heavy burden of property taxes-- on property taxpayers across Nebraska. LB243 is a continued step in the right direction to reach ultimate reform. Increasing the Property Tax Credit Fund from \$275 million to \$700 million combined with the previous bill would result in substantial relief to taxpayers across our great state. We are in support of requiring the Property Tax Credit Act to grow equal to the increase of assessed values of real property. Thank you, Senator Briese, for being a champion on supporting property tax relief for all Nebraskans. LB243 is another step towards reform and equality in the way that landowners pay for education. For those reasons, we support this bill and ask this committee to advance LB243 out of committee. Thank you for the opportunity to show our support and I'd be happy to answer any questions.

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LINEHAN: Thank you very much. Are there questions from the committee? Seeing none, guess not, thank you for being here. Are there other proponents? Good afternoon.

JON CANNON: Good afternoon, Chairwoman Linehan, distinguished members of the Revenue Committee. My name is Jon Cannon, J-o-n C-a-n-n-o-n. I'm the executive director of NACO, here to testify in support of LB243. Again, I would like to thank Senator Briese for introducing this bill. We think that direct property tax credits are one of the best ways we can provide property tax relief to our residents. We certainly understand the, the need to provide that sort of relief to the citizens of the state. I would primarily incorporate my refer-- my reference-- my testimony on LB242. Suffice to say that the information I put in front of you seems to echo the sentiment that direct property tax credits are a great way to go. As I had sort of mentioned on, on the prior bill, this is a good complement for what we had done in LB1107. You get more, more bang for your buck in those high-value, low-levy jurisdictions. And so if you're-- you have a county where you've got high values such as maybe in Cuming County, when they have a very low, low levy, you're, you're certainly going to see a tremendous amount of relief. And again, by virtue of, of how economics and, and property taxes and levies work throughout various corners of the state, having that complementary property tax credit system is, is all to the good, we think. We certainly urge your support for LB243 and I would be happy to take any questions you might have.

LINEHAN: Thank you, Mr. Cannon. Are there questions for Mr. Cannon? Seeing none, thank you very much for being here.

JON CANNON: Thank you.

LINEHAN: Good afternoon.

BRUCE RIEKER: Good afternoon, members of the committee. My name is Bruce Rieker. It's B-r-u-c-e R-i-e-k-e-r. I'm the senior director of legislative affairs for Nebraska Farm Bureau, here on behalf of Farm Bureau and six other ag organizations, the Corn Growers, Soybean Association, Dairy Association, Pork Producers, Wheat Growers, Renewable Fuels Nebraska in support of LB243. In addition to my testimony about how these are clear, concise, and fair on what I testified on LB242, a couple of things that I want to point out. When Senator Briese talked about how important it is to take the cap off of this and these, these credits is because property taxes, even if you use just a conservative calculator of 5 percent, property taxes

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in this state go up \$165 million a year. So even moving the marker on this from \$275 million to \$700 million, if we don't have an accurate escalator that allows it to keep up with property tax growth, we quickly lose any gains that we get. And in this case, if we're adding \$425 million, we'll eat that up in two and a half years, maybe three years. So it's so important that you do something that keeps up with the growth as long as we're going to rely this much on property taxes, we'd encourage you to do that. I'll comment-- this isn't the exact same, but I want to draw a comparison between LB242 and LB243 is the refundable income tax credits are based upon property taxes paid. The senators that-- and maybe others that aren't new to the Legislature will know that the Property Tax Credit Fund, the one we're talking about right now, is a little bit skewed in favor of agriculture that was made-- a change was made in that four or five years ago, I believe. But to, to give you an idea on the refundable income tax credits, agriculture gets 26 percent of those. So on LB242, we'd get roughly \$260 million of that. Residential and commercial get the other \$740 million. So I want you to know that it benefits everybody. And we know that we need to raise the tide for everyone if we're going to get tax relief so that's part of why we support this. The, the fund that we're talking about now, a few years ago, like I said, they changed the formula because of the rapid growth in ag land valuations between 2013, 2017. So they made an adjustment to compensate for that. So agriculture gets in the neighborhood of 38 percent of that. Just so you know, you have all of the facts before you. So yeah, we're a little bit predisposed to like the Property Tax Credit Fund better because we get a little bit more. But, you know, want to be as transparent as possible with you. The last thing I'll say is apparently you got some illustration as to what \$1 billion looks like. Well, let me tell you this, property taxes collected in last year were right at \$4.7 billion across the state; agriculture paid \$1.3 billion on its own. So if we want to compare stacks of money, there's only 45,000 ag producers in the state. I know there's more landowners, but agricultural landowners but, yeah, we can compare stacks. So I appreciate your attention and I'll answer any questions if you have any.

LINEHAN: Thank you very much, Mr. Rieker. Are there questions from the committee? Seeing none, thank you very much.

BRUCE RIEKER: You're welcome. Thank you.

LINEHAN: Good afternoon.

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JOHN HANSEN: Madam Chairwoman, members of the committee, good afternoon again. For the record, my name is John Hansen, J-o-h-n, Hansen, H-a-n-s-e-n, and I'm the president of Nebraska Farmers Union. And, oh, I think all of the points that I might have made have been made, thought Bruce did a nice job of laying out sort of the summary and the difference between the two different packages. And I want to thank the committee for their work in the last number of years. We have made a lot of progress on property tax relief. We still have more work to do, but we appreciate the efforts that have been made. And for folks that are trying to get started in agriculture, we need to send them positive signals that we, we get it that ag is out of place in our state compared to other states that makes us a tougher state to begin farming in and continue farming in. But the state recognizes it and is making positive efforts to do something about it so we appreciate all of those things and would thank Senator Briese for bringing this bill as well. And with that, I would end my testimony and answer any questions if I could.

LINEHAN: Thank you very much, Mr. Hansen. Are there questions from the committee? Seeing none, thank you--

JOHN HANSEN: Thank you.

LINEHAN: --very much for being here. Other proponents? Are there any other proponents? Opponents? Do we have opponents?

JOEY ADLER RUANE: Afternoon again,--

LINEHAN: Good afternoon.

JOEY ADLER RUANE: --Chairperson Linehan, members of the Revenue Committee. My name is Joey Adler Ruane, J-o-e-y A-d-l-e-r --excuse me-- R-u-a-n-e, and I am the policy director at OpenSky Policy Institute. We're here to testify in opposition to LB243 because we're concerned it would obligate the state to a future tax credit without knowing whether we can afford it. That's basically the same testimony that I just gave. But I wanted to just point out that we did a little bit of an analysis on what the average at 5.5 increase each year would look like. And I wanted to bring that to your attention and I would be happy to answer any questions that, you know, we haven't already answered.

LINEHAN: Thank you. Are there any questions from the committee? So your chart is to show us how much it would cost. You're not arguing

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that ag, that property values, ag, residential, and commercial have gone up 5.5 percent [INAUDIBLE]--

JOEY ADLER RUANE: No.

LINEHAN: --because you agree they've gone up?

JOEY ADLER RUANE: Yeah. We just wanted to show you what the average would be if we were to do it on that aspect.

LINEHAN: OK. All right. Any other questions? Thank you very much for being here.

JOEY ADLER RUANE: Thank you.

LINEHAN: Are there any other opponents? Are there anyone-- is anyone wanting to testify in the neutral position? Senator Briese, would you like to close?

TOMAS WEEKLY: We did have letters.

LINEHAN: Oh, I'm sorry. Are they the blue ones?

TOMAS WEEKLY: Yes.

LINEHAN: So for the last--

TOMAS WEEKLY: It was one proponent, no opponents, no neutrals.

LINEHAN: There you go.

BRIESE: Yeah, and I, and I don't really have anything to add to what's been talked about here. And I want to-- again, want to thank the testifiers for coming in today. And Mr. Rieker did make an excellent point there, Property Tax Credit Fund based on values tends to be more ag friendly than the other one tends to be, can be rural Nebraska friendly depending upon your levy out there. But as one seeks to provide balance between rural and urban interests and between ag and other interest in, in a tax relief program, I think it's still a valuable tool and it is very effective. With that, I'd take any questions.

LINEHAN: Thank you. Are there questions for Senator Briese? Seeing none, thank you very much.

BRIESE: Thank you.

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LINEHAN: And then we'll open on hearing LB244.

BRIESE: Thank you again. I'm Tom Briese, T-o-m B-r-i-e-s-e. I represent District 41. I'm here to present LB244. LB244 would create a new credit for, for a percentage of taxes paid by local taxing authorities besides K-12 schools and community colleges. I spoke earlier of the LB1107 credit for K-12 school taxes paid. And as you know last year in LB873, we created another similar credit under the Property Tax Incentive Act based on a percentage of community college taxes paid, and that is now found in 77-6706. This bill would create a credit for taxes paid to other taxing authorities. These authorities could include counties, NRDs, ESUs, and others. And I've passed out a handout describing the levies for these various entities. And the bill could also apply to cities, villages, townships, fire districts, etcetera. And I'm not particularly-- or not here particularly to advocate for doing this, but I did want to put it before the committee, have a brief hearing on the issue in case we would choose to go down the path here relative to other political subdivisions. And again, I believe the credit for K-12 taxes paid and the new credit for a portion of community college taxes paid are extremely popular, extremely effective. And this bill just simply presents other options to utilize a refundable income tax credit for other property taxes paid to provide additional property tax relief. And like the other two property tax incentive tax credits, this bill would also provide for an annual growth escalator. And with that, I would conclude my opening.

LINEHAN: Thank you, Senator Briese. Are there questions for Senator Briese? Seeing none, thank you. Are there proponents? Good afternoon.

DOUG KAGAN: Good afternoon. Doug Kagan, D-o-u-g K-a-g-a-n, Omaha, representing Nebraska Taxpayers for Freedom. As of today, there is no guarantee that Nebraskans will receive comprehensive property tax relief this session from any of the, of the other bills submitted. Therefore, as a safeguard to taxpayers, it makes sense to expand and enhance the property tax credits now available. Increasing the total amount of property tax credits and removing the current cap on this program would help neutralize the spike in our property valuations. So I'm speaking really on three bills, but particularly LB244. Douglas County homeowners are suffering sticker shock with valuations rising from \$40,000 to \$100,000 this year. It is important to realize that although a bulk of our property taxes fund public schools, and that could range from 55 to 60 percent, other local taxing authorities, like cities, villages, and counties mentioned in LB244 also are increasing our property taxes and simultaneously benefiting

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from valuation increases. It is a fact that many Nebraska property taxpayers are-- already are benefiting from this program. Our state revenue surplus, we believe, can pay for it. We support all three bills. The only alteration to LB244 we suggest, would like to see is that the bill factor in property tax bond levies and tax levy overrides.

LINEHAN: Thank you, Mr. Kagan. Are there any questions from the committee? Seeing none, thank you very much.

DOUG KAGAN: OK.

LINEHAN: Are there other proponents?

BRUCE RIEKER: [INAUDIBLE] order established here, don't mess it up.

LINEHAN: Good afternoon.

JON CANNON: Good afternoon, Chairwoman Linehan, distinguished members of the Revenue Committee. My name is Jon Cannon, J-o-n C-a-n-n-o-n. I'm the executive director of NACO here to testify today in support of LB244. Again, thank you, Senator Briese, for bringing this before us. This is a tax package that we've been in favor of for a long, long time. Senator Linehan, you weren't here when, when I mentioned that my predecessor, Larry Dix, had told me that when you pass LB1107 a couple of years ago, it was a great accomplishment. He said, you won't have to talk about property taxes for several years after this. Yet, but here we are. But I'll incorporate my, my reference-- my testimony from prior bills from LB242. I, I do want to mention that this is one of the things that, that we believe in at NACO. A number of our treasurers across the state, they have something on their counter to remind people to take advantage of the LB1107 credit, even though it's something that's on their income tax form. We've had a number of people that, that field questions and, and they've tried to educate themselves as best they can. In short, we think this is a, a valuable program and we certainly urge your support of this bill and I'd be happy to take any questions you might have.

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

JON CANNON: Thank you very much.

LINEHAN: Next proponent. Good afternoon.

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BRUCE RIEKER: Good afternoon, members of the committee. My name is Bruce Rieker. It's B-r-u-c-e R-i-e-k-e-r. For all of the foregoing reasons stated in support of this, we support it as well. Oh, I better mention that-- and I'm the senior director of state legislative affairs for Nebraska Farm Bureau. Also, here on behalf of six other organizations: Corn Growers, Soybean Association, Dairy Association, Pork Producers, Wheat Growers, and Renewable Fuels Nebraska. One thing that I've heard from some folks about Senator Briese introducing this bill was how many tax credits do we got to create in order to, to get the relief? My-- our quick answer is as many as we have to until we have balance in our structure. But the, the thing that I, I want to draw your attention-- I mean, Senator Briese alluded to it, is you could roll LB1107, LB873, and this bill together and there would be one refundable income tax credit, which would simplify some things. But if that's the path we go down, you know, I just want to suggest to you that we have often talked about that at Farm Bureau and believe that that could simplify this to a certain degree. And with that, I'll conclude my comments.

LINEHAN: Thank you very much, Mr. Rieker. Are there questions from the committee? Seeing none, thank you much.

BRUCE RIEKER: You're welcome.

LINEHAN: Other proponents? Good afternoon.

DENNIS SCHLEIS: Good afternoon. My name is Dennis Schleis. That's spelled D-e-n-n-i-s, last name is S-c-h-l-e-i-s, and I live in Omaha. My family supports all three bills because the valuation of our house keeps going up and up and up, no relief in sight. We do take advantage of the property tax credit now, but much of it is neutralized by the constant increase in my house valuation. The expansion of these tax credits would help take the edge off my higher valuations. I know there are several bills in the Legislature to give homeowners property tax relief, but these three, I know, will offer a steady, reliable source of relief for my family. Thank you.

LINEHAN: Thank you very much, Mr. Schleis. Are there questions from the committee? Seeing none, thank you for being here.

JOHN HANSEN: Chairwoman Linehan, members of the committee. Good afternoon again. For the record, my name is John Hansen, J-o-h-n, Hansen, H-a-n-s-e-n. I'm the president of Nebraska Farmers Union. This bill brings one additional piece to the table that as, as you sort of look at the whole property tax load. And I would just,

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especially for the new members of the committee who have, have not been the beneficiary of all of those long talks we've had all these many years about how do you get to a more fair and balanced tax system, that there have been a lot of studies that have been done for our state tax system. I've been a part of one of them in the earlier '90s. And so we go out, we do all of this research, we gather all of this information and then we pretty much come to the same landing place which is that based on the characteristics of all of the three primary different sources of revenue, that a, a more fair and balanced system would be approximately what we talk about in terms of the three-legged stool where you're getting somewhat closer to a third income, a third sales, and a third property. And so all of those studies that we've done previously, going back to the Syracuse study and others, is that we get to the place where we, we shake our heads and say, gee, we have altogether too much reliance on property. And of all the three different sources of revenue, property is the one that least reflects the ability to pay. And so there is a need to come up with a more fair, based on the ability to pay, system. And so citizens also these studies have all concluded also that citizens view the load that not only that they bear but their neighbor bears as a part of their own perception of whether or not they think they're overtaxed and whether or not the system is fair. And so I applaud Senator Briese for bringing this to the table. I think combining the different sources that Bruce Rieker suggested is, is a, is a good idea. But I think that based on our organization's policy, which has long supported some sort of semblance of a third, third, third, that we're, we are in support of this bill because it does help us have that additional option if we would care to pursue it in order to try to bring our system more into balance. And so with that, thank you kindly for your attention and all of your past efforts and I'll be glad to answer any questions if I could.

LINEHAN: Thank you, Mr. Hansen. Are there any questions from the committee? Seeing none, thank you very much.

JOHN HANSEN: Thank you.

LINEHAN: Are there other proponents? Are there any opponents?

JOEY ADLER RUANE: One last time, and I don't think I'll be back tomorrow. So this is it for the week. Good afternoon, Chairperson Linehan, members of the Revenue Committee. My name is Joey Adler Ruane, J-o-e-y A-d-l-e-r R-u-a-n-e, policy director at the OpenSky Policy Institute. It's the same thing that we've been talking about. I just wanted to add some numbers up. If both LB244 and LB242 are

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adopted, that would put us up to \$1.2 billion in General Funds into the Property Tax Incentive Act on an annual basis, including the property tax credit would increase that number to at least \$1.5 billion annually. We're opposed to LB244. Sustainability is our concern and I'd be happy to answer any questions.

LINEHAN: Thank you. Is there-- are there any questions? Seeing none, thank you very much.

JOEY ADLER RUANE: Thank you.

LINEHAN: Yes. Is there any other opponents? Anyone wanting to testify in the neutral position? Senator Briese, would you like to close? And do we have letters?

TOMAS WEEKLY: No.

LINEHAN: No letters.

BRIESE: Yes, thank, thank you again, Chairwoman Linehan and members of the committee. And again, I want to thank everybody for coming in here and testifying. And the farm organizations that were represented here represent a whole lot of farmers and ranchers and Nebraskans out there that were very concerned about this issue. And thanks everyone again. And clearly the, the goal this year is to get the Governor's package across the finish line. The package of education funding reform, coupled with some of the tweaks he has abdicated for, along with the income tax portion of the package. And so that, that certainly is the goal. What's important about these bills is, number one, I think, to put those-- to put the escalators in place, remove the cap. I think those are important tweaks to existing programs that we need to be looking at. And to the end also, get the statutory minimum in the Property Tax Credit Fund to reflect where we, where we land on that, that number. And in addition, if we have to put some additional dollars into the LB1107 credit or look at some of these other taxing entities and have a credit towards them, open to that as well. But we'll just have to see how things go, so. Thank you. I'd be happy to answer any questions.

LINEHAN: Thank you, Senator Briese. Are there questions from the committee? Senator Murman.

MURMAN: Yes, with the costs really going up and inflation going crazy, if we don't do any of this stuff, we often hear on the floor, we're only going to have a decrease in the increase. Is-- would that be a possibility if we didn't do anything? And--

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BRIESE: Yes.

MURMAN: --if not, you know, how much benefit will we actually get from, from this for property tax relief?

BRIESE: The lack of an escalator in the Property Tax Credit Fund and the 5 percent cap on the LB1107 credit really can diminish the effectiveness of these programs and can lead to what you just described. Yeah, that's a very good, very good question.

MURMAN: Thank you.

BRIESE: Yep.

LINEHAN: Thank you, Senator Murman. Are there other questions from the committee? With that, we bring the hearing on LB--