

Transcript Prepared by Clerk of the Legislature Transcribers Office
Appropriations Committee March 5, 2025

CLEMENTS: We have people waiting, standing in the hall so we'd better get started. Good afternoon. Welcome to the Appropriations Committee. My name is Rob Clements. I'm from Elmwood and represent Legislative District 2, which is Cass County and eastern Lancaster County. I serve as chair of this committee. We'll start off by having the members do self-introductions, starting with my right.

LIPPINCOTT: Loren Lippincott, District 34.

DORN: Myron Dorn, District 30.

PROKOP: Jason Prokop, District 27.

CLEMENTS: Assisting the committee today is Cori Bierbaum, our committee clerk. To my left is our fiscal analyst, Eric Kasik. Our page today is Demet Gedik, a UNL student. If you're planning on testifying today, please fill out a green testifier sheet located in the back of the room and hand it to the page when you come up to testify. Online position comments must have been submitted on the Legislature's website by 8 a.m. the day of the hearing to be included in the record. If you have submitted a comment online, we ask that you not testify in person today. If you will not be testifying, but want to go on record as having a position on a bill being heard today, there are yellow sign-in sheets at the entrance to my left. These sign-in sheets will become exhibits in the permanent record after today's hearing. To better facilitate today's hearing, I ask that you abide by the following procedures. Please silence your cell phones. Move to the front chairs, if there are any, to testify when your bill or agency is up. When hearing bills, the order of testimony will be introducer, proponents, opponents, neutral, and closing. When we hear testimony regarding agencies, we will first hear from a representative of the of the agency. Then we will hear testimony from anyone who wishes to speak on the agency's budget request. When you come to testify, please state and spell your first and last name for the record before you testify. Be concise. We request that you limit your testimony to five minutes or less. When you begin your testimony, the light on the table will be green. When the yellow light comes on, you will have one minute remaining, and the red light indicates you need to wrap up your final thought and stop. Questions from the committee may follow. Written material may be distributed to the committee members as exhibits only while testimony is being offered. Hand them to the page for distribution when you come up to testify. If you have written testimony but do not have 12 copies, please let the page know so they can make copies for you. With that, we begin today's hearing

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with Agency 54, Nebraska State Historical Society. Good afternoon,
Director.

[AGENCY HEARINGS]

CLEMENTS: We'll now open the hearing for LB254. Welcome Senator
Hallstrom.

HALLSTROM: Thank you. Chair Clements, members of the Appropriations
Committee. My name is Bob Hallstrom, B-o-b H-a-l-l-s-t-r-o-m. I
appear before you today representing Legislative District 1 to
introduce LB254. LB254 would appropriate \$25 million to the Rural
Workforce Housing Fund in each of the next two fiscal years. These
investments will accelerate the creation of more workforce housing at
a time when it is desperately needed. The lack of workforce housing
across our state is a barrier to job growth, community development and
worker recruitment and retention. Our state's competitiveness and
economic future hinge on solving the housing crisis. The Rural
Workforce Housing Fund helps rural communities build affordable
housing to support the housing needs in Greater Nebraska. Since its
creation in 2017, the Rural Workforce Housing Fund has built almost
1,400 housing units across rural Nebraska just from the first two
infusions of state funds in the total amount of \$17 million. The Rural
Workforce Housing Fund provides competitive matching grants to
nonprofit development organizations who administer workforce housing
investment funds. The funds are invested in eligible projects to
increase the supply and reduce the cost of workforce housing in
Nebraska's rural communities. Workforce housing is housing that meets
the needs of working families and is attractive to new residents
locating in a rural community. I'm not going to read all of my
testimony, but at the bottom of page one, we have the housing projects
that are eligible for funding under the Rural Workforce Housing
Investment Act: new owner occupied housing costing no more than
\$325,000, and new rental housing units costing no more than \$250,000,
are the main components. On page two we talk about eligible areas.
Again, this is a rural program which applies only in counties with
population of less than \$100,000 [SIC], which leaves out Sarpy,
Douglas, and Lancaster counties. Eligible applicants are nonprofit
development organizations who work with the communities, which provide
matching funds to make this program work and to enhance the multiplier
effect of the program and the funds that are provided from the state.
And then finally, the evaluation of awards. We had routinely more
applicants and more request for dollars than the amount that has been
provided for funding under this program. So there is a selection or
award process that, that applies to. The Rural Workforce Housing Fund

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was initially funded with a \$7 million transfer of excess funds from the Affordable Housing Trust Fund, with subsequent infusions of general funds in the amount of \$10 million in 2020, \$30 million in 2022, and \$12.5 million in 2024. The applications for the current year were due on January 15, and the Department of Economic Development received 19 applications, with a total request of over \$28.6 million for the \$12.5 million that are available, also bringing over \$9.2 million in potential local matching funds. Under the Rural Workforce Housing Fund, there has always been a local matching requirement that originally started out dollar for dollar. It was subsequently reduced to \$0.50 on the dollar and now rests at \$0.25 on the dollar. The rationale or theory, my, my belief behind that, is we have found in some of the smaller communities where there is a need as well for rural workforce housing, that it's more difficult for them to raise the funds on a dollar for dollar or even a 50 cent on the dollar matching basis. So we have reduced that. And I think the proof is in the pudding if you look at the current \$12.5 million allocation that we have almost \$30 million in applications. I, I woke up in a cold sweat this morning thinking, gosh, what if I look at those figures and we've got half of the demand for the funds that are available. So I was kind of pleased to see that the demand is still vibrant, and I think that justifies and warrants the need to take a serious look at providing more funding in this particular area. I will note for the committee I'm usually a free market enterprise type of person, but in this case, I think we've historically seen and it's been proven that that that just isn't working here. I think a lot of it has to do with the lack of construction workers in rural Nebraska. When we looked at this, there was a task force put together back in about 2016 or 2017 by the Nebraska Bankers Association and other interested parties. They identified the problem, and they identified the need to have state funding to make this, make this all work together. And I, I do realize that there are funding difficulties at the state level. I'm, I'm pleased to see that, that the Economic Forecasting Board narrowed the gap a bit. I'm hopeful they'll do so again in April, but I think we need to look at priorities and look at the return on investment that this particular program has had for the state of Nebraska, and address-- it addresses two of our most pressing needs, which are workforce development and, obviously, housing. NIFA did a, a study, joint study, and they came to the conclusion that is as big as the problems are with workforce development, job openings, and the need to recruit and retain workers. But at the same time, if you don't have a roof to put over their head, they're not going to come to Nebraska to take those jobs. And so it concluded that the work, workforce housing was probably even a larger element of what we need to do to put this

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all together. So with that, I would address any questions that you may have. I would hope that the, the Appropriations Committee and the Legislature would not be penny wise and pound foolish in this arena, since we do have such a good return on investment with the program to date, and I have no reason to believe that that won't be the case going forward.

CLEMENTS: Are there questions? Senator Spivey.

SPIVEY: Thank you chair. Thank you, Senator Hallstrom, for your opening remarks. I appreciate your comment about you being a free market person and just the difference in the-- that this is nonprofit developers and all of that. So I appreciate that. And then would you imagine, I was looking at the, the numbers around what they were able to do with like that \$17 million for a number of houses. And so do you think because it's about \$25 million each year that that would potentially double, that they would be producing about 3,000 units, whether that's multifamily or indi-- or single family housing?

HALLSTROM: Well, I, I don't know how I can extrapolate it with any degree of certainty. What I do know, Senator, and I appreciate the question, is that the first report that came out was only as to the \$7 million, and it was indicated that, that that it had a mul-- multiplier effect of over \$100 million when you added in the matching grants, which were more than the \$7 million, it was more than dollar to dollar that the communities actually came up with. And as of, as of the \$17 million, if I understand from reading the reports, we basically had reports on the first two years, if I understand correctly, and they've shown over 1,400 new units have been derived from that expenditure of, of state funds and matching grants.

SPIVEY: Thank you.

HALLSTROM: Thank you.

CLEMENTS: Other questions. Senator Strommen.

HALLSTROM: Yes, sir.

STROMMEN: Is-- so is this a matching grant or is this-- how does that work. I, I wasn't here for the beginning.

HALLSTROM: Yeah. It, it, it has evolved from a dollar to dollar, dollar for dollar matching grant from the local communities initially. And as I just indicated in response to Senator Spivey's question that initially it came out more than dollar for dollar, the matching grants

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exceeded the \$7 million the first year that was put in, I think it passed in 2017 and came-- or 2018 maybe. Subsequent to that time, I think after the first two tranches of state investments, the matching requirement was reduced to \$0.50 on the dollar. And then more recently, with the last infusion of capital, it was reduced to \$0.25 on the dollar to address the smaller communities' difficulties that they experienced in coming up with dollar for dollar or even \$0.50 on the dollar.

STROMMEN: Thank you.

CLEMENTS: Senator Dover.

DOVER: Maybe, and I'm trying to understand exactly the program, but it seems to me that if you had-- obviously small communities need housing and they have difficult-- they don't have access to a lot of funds because money is tight when you're small. So you give them-- so they say give us 25%, we'll give you 75%. But it seems to me that if maybe you did-- maybe they did this, but it seems to make more sense that they would have said, if you're at a population below this, of the town size, you can get a 25/75, but if you are this size or above you're 50/50, because the money is just going to last longer. Why wouldn't you do that?

HALLSTROM: We certainly could look at it. I think it's a matter of scale. You make a good point. I think the need for the rural workforce housing is, is across the state, and it may be that a particular smaller community, two or three or four houses is, is a, is a godsend to them compared to the larger communities. And I, I think, I think-- I don't make all the decisions with regard to the Rural Workforce Investment Act, but certainly in my position in my seat I'd be will to see if that's something that, that the rest of the interested parties, and I'm hoping the weather permitting today, that there's going to be a good number of people that have either submitted comments online or will appear today and, and testify in support of, of this. Thank you.

CLEMENTS: Other questions? Seeing none, will you be here to close?

HALLSTROM: I will stick around. Thank you.

CLEMENTS: All right. Welcome, first proponent.

DAN MAUK: Good afternoon, all. Senator Clements as chairperson and members of the Appropriations Committee, my name is Dan Mauk, it's spelled D-a-n M-a-u-k. I'm the executive director for the Nebraska City Area. Economic Development Corporation, responsible for Otoe

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County here to speak in support of our District 1 Senator, Bob Hallstrom's LB254. The lack of available and affordable housing for the Nebraska residents has been an increasingly serious problem since the Great Recession. The core problem is that housing, housing development stalled after the 2008 bubble, and when the cost of constructions increased at faster than wages thereafter. So would we have a deficit in building that has not gotten up to the demand. We're seeing crazy increases in, in pricing. The Covid pandemic exacerbated the problem with, with cost per square foot. There's just a-- it's a problem throughout the country. When Senator Hallstrom campaigned door-to-door last year, outside of being bitten by a few dogs, one of the top three concerns he heard was that there were not enough affordable homes. I'm sure, Senator Clements, when you represented parts of Nebraska City before redistricting, you probably heard that. I know Senator Dover, he's kind of the champion of, of housing for those of us that are interested in this. He and I were on a-- probably the coolest committee I've ever been on, the JEDI Committee, Joint Economic Development Housing Initiative. That was pretty much everybody that had anything to do with housing, from funding to building to community development. It's a serious problem, and acknowledge the support and commitment you have, Senator Dover. The-- a couple of-- during the, the, the DED agency reports, you heard that we're competing for people. We heard that both from director Belitz and, and Brian Slone from the chamber that this is a serious problem. Well, I've been an economic developer for almost 30 years. For the first two thirds of that, we didn't do anything except for chasing jobs, recruiting, expanding, site development. That was it. In fact, I got in trouble in North Platte for trying to do some housing when I had housing problems out there. That's not the case now. We're competing for, for, for people in this state. And the job that you're facing trying to allocate money would be a lot easier if we had more people to pay taxes. The city of Nebraska City, the elected officials and the business leadership, believe that growth is the key to a strong local economy and fiscal responsibility. Locally, we're trying to address a problem. Our organization is building its fifth home under the Rural Workforce Housing formula, and the city of Nebraska City is ready to apply for funding for their third that the city is actually building on their own through the Southeast Development District. In fact, Nebraska City, and Nebraska City built a subdivision, and the, and the covenants require the homes to meet the Rural Workforce Housing definitions. That's the kind of commitment we're making locally to try to grow our community, solve our own local tax pressures by giving a place for people to live. When a home is sold, and we found the four that we initially built, all but one was

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sold prior to completion, and the last one was sold probably a month after it was completed. The city's first workforce house was sold before it was a basement, and the, their second one they have an offer on right now that they're going to take to the council, probably at the next meeting. Keep in mind, each one of these that is built is going to occupy-- is going to free up something else. Since 2017, when I started working on housing hard in our community, we found that half of our new units were people new to the community. The other half would have been people that they would free up their own existing place to, to let, and generally more affordable to help them work together. On behalf of-- I've run out time-- On behalf of the board of directors and partners that support our organization, we urge you to, to move this bill out of committee for full debate on the floor. This is really the, the sales force, that we need three things. We need the job; we got jobs. We need housing; we don't have enough housing. And we need childcare; and we're working with Senator Prokop on a childcare thing. That's economic development in today's world. I'd be open for questions. Thank you.

CLEMENTS: Are there questions? I have a question. We've heard that now you only have to provide 50-- 25% match. What percent does the city of Nebraska City--

DAN MAUK: We're one of the cities that had a very tough time finding the money. So we worked with SENDD and partnered with the city, the city of Henderson, and another, I guess it'd be a sister corporation, a nonprofit through SENDD called SENAHC, Southeast Nebraska Affordable Housing Coalition. Our money, we put up about I think it was 80, 80 or between \$80,000 and \$100,000 that we took from our LB840. We've not been successful raising money on the street for, for that mess, so that we'd fit into that suggestion that Senator Dover made, that the smaller communities that have a little tougher time finding money on the street would benefit. Also, if I might add under that, you, you've got the revolving portion of this. So very rarely when state-- the state spends money, does it stay doing its job and recirculating and keep doing its job. It's not like it's gone. It's gone in a sense, but it's, it's at a local level, trying to address a problem over a long haul. And I think Warren Buffett is a good example, you do things for the long haul, you're going to see great benefits over the long haul. If you do things for the short haul, you're usually not as successful.

CLEMENTS: Do you know what percent of it resolve-- revolves, the 100% revolving, or--

DAN MAUK: Yes.

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CLEMENTS: --does some of it get lost?

DAN MAUK: Well, in our program it's 100% revolved. Yeah.

CLEMENTS: All right. Very good. Other questions? Seeing none.

DAN MAUK: Thank you, Senator.

CLEMENTS: Thank you for your testimony. Next proponent.

EMMA CRAIG: Hello. Good afternoon. It's been so long. My name is Emma Craig, E-m-m-a C-r-a-i-g, housing policy and legislation manager for the Nebraska Investment Finance Authority, known as NIFA. Today, NIFA is testifying in support of LB254, and we thank Senator Hallstrom for bringing forth this bill to substantially invest in rural workforce housing development. I had testimony prepared, but in all honesty, Senator Hallstrom kind of stole all of, all of my thunder for the data points that I had brought forth. So I would like to reiterate and plus one to everything that he has said thus far, and just emphasize the testimony that I brought forth during Agency 72 hearing earlier this afternoon, that we are indeed experiencing a shortage of homes, both all across the state, both rural and urban. And despite the fact that we are short about 100,000 to 120,000 units across the market, we are experiencing about 30%, some counties experiencing over 30% of homes being vacant, with only 2% of those being available for sale or for rent. And those counties that are experiencing over 30% of their vacant homes are all in rural counties. And so the investment that is made through the Rural Workforce Housing Fund is incredibly needed and beneficial, as those communities are made better because of it. However, that, that also, as I mentioned earlier, the-- sorry, I go off script and suddenly everything goes out the window for me. The survey that I mentioned earlier that 82% of developers citing building costs and 62% citing limited, limited capital stack as barriers to housing construction, these are helped, these are helped alleviated through the funds that are generated from the Rural Workforce Housing funds as building costs are exasperated when you move to-- when you move into the rural landscape. It takes longer for things to ship, we have a limited number of construction workers, and the state dollars that are invested into these funds are even more valuable. However, I would also like to urge the community, the community, the committee, that this one-time appropriation is both necessary and needed to address the housing shortage in our state. However, we would also like to urge, respectfully urge the Committee to consider both a recurring yearly investment in, in housing, and to potentially extend this build scope to include the Middle Income Workforce Housing Fund. A recurring

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investment would provide a funding source that developers can count on to continue constructing and rehabilitating affordable and attainable housing, in order to catch up to the demand for housing and reduce affordability strains. I would also like to direct you to the packets that I laid out earlier as well. It's primarily about the Affordable Housing Trust Fund. There is a lot of helpful data in there about just the general state of housing development in our state. So like I said earlier, we need more housing and we need additional tools to start making that a reality today and not tomorrow. We need a marathon mindset. We need a yes and approach. And that includes investing state dollars into housing development through the Rural Workforce Housing Fund, through the Middle Income Workforce Housing Fund, and in order to address the shortage of available and attainable housing. As we are continuing to grow our population, we need to catch up to the pent up demand of housing in this state to prepare for future growth and to invest in our communities. So with that, I yield for questions.

CLEMENTS: Are there questions? I was curious about the 30 vacant home, 30% vacant homes, in rural.

EMMA CRAIG: Yeah.

CLEMENTS: Are they-- do you work on getting those occupied, or is there a demand for them, or why are they vacant?

EMMA CRAIG: So the-- I had a very similar question when I came across this statistic. And the vacant homes outlined in that statistic are through a variety of habitability levels. So vacant homes are, at least as defined by the American Community Survey, which is where that data came from. It includes all levels of habitability, dilapidation. So if you're driving down, down a gravel highway and you see an abandoned home, that is considered a vacant home, that is included in that statistic. However, there are also-- sorry, I lost my train of thought. Did that answer--

CLEMENTS: What's being done about it?

EMMA CRAIG: What's being done about it?

CLEMENTS: Is your agency doing anything about it? Or is anyone?

EMMA CRAIG: I-- there are, there are agencies that are working to address those, those vacant homes to assess whether it is a better investment to either rehabilitate those, to, to rehabilitate the existing structure to make it habitable, or if it is past to the point of no return and leveling in order to construct housing on top of

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that. And I do believe that the Rural Workforce Housing Fund addresses both of those. It is both construction of new housing as well as rehabilitation.

CLEMENTS: Oh, all right. So those would be eligible from of the-- some of these funds, then. All right. Thank you. Thank you for your testimony.

EMMA CRAIG: Thank you.

CLEMENTS: Next proponent.

Unidentified: Yeah. Well, What? We only know there are two zero. So now we know that.

Speaker 8: Can say that they could get five years for farmhouse. We can go down directly to the basement.

CLEMENTS: Good afternoon.

EDWARD DUNN: Good afternoon again, Chairperson Clements and members of the Appropriations Committee. Thank you for the opportunity to speak today. My name is Edward Dunn, E-d-w-a-r-d D-u-n-n, and I am the executive director of West Central Nebraska Development District, more commonly known as WCNDD, an 18 County Regional Development District, which is one of the eight member NROC-- or sorry Nebraska Regional Officials Council, more commonly known as NROC. I testify before you today as a strong proponent of increased funding for rural workforce housing initiatives across Nebraska. Along with my testimony, I've also included written remarks from Sharon Hueftle from South Central Economic Development District, who had planned to testify today but could not make it due to the poor weather. In communities across my district, economic growth is not limited by a lack of jobs or opportunities. It is limited by a lack of quality, affordable housing. Employers across rural Nebraska are ready to expand, but the growth is stunted by a simple question. Where will our workers live? I'd like to share a few critical reasons why this funding deserves your support. First, workforce housing is economic development. When I speak with business owners in rural communities across my district, their number one concern isn't finding customers or securing capital, it's finding employees. And workers need homes. Every vacant position represents lost productivity, tax revenue, and economic opportunity. Across the district, we have estimated that over two dozen businesses will have delayed expansion, specifically due to housing shortages. Second, the investment offers a, a remarkable return on investment. Each state

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dollar leveraged through, through the Rural Workforce Housing Fund typically attracts anywhere from \$6 to \$8 in private investment. Last year-- last year's projects created housing units with an average construction value of \$245,000, while maintaining affordability for middle income workers. This program does not just build houses. It builds tax base and creates construction jobs. Third, perhaps-- and perhaps most importantly, workforce housing funds help preserve our rural communities. Young families want to return to their hometowns but cannot find suitable housing. I have personally spoken with dozens of Nebraska natives who would move back tomorrow if housing were available, and more specifically, affordable housing was available. These are the teachers, health care workers, and small business owners our communities desperately need to thrive. In closing, I want to emphasize that this isn't about subsidizing development, it's about addressing a market failure. Construction costs in rural areas often exceed appraised values, creating a financial gap that prevents natural market solutions. Your support bridges this gap. The Rural Workforce Housing Fund has proven its effectiveness. Communities that received previous funding have shown measurable population growth, increased school enrollment, and business expansion. This is not speculations, it's documented success. More specifically, in one community in our region, if I may elaborate on that just slightly. Imperial, Nebraska, a town of two-- roughly 2,000 people, was, was able to leverage \$1 million in Rural Workforce Housing funds. This was during the 50% match. So they, they put up \$500,000 locally, the city did, to match this fund, therefore creating a \$1.5 million workforce housing fund. With that, they were able to build five single family units and a four plex for rental, for rental capacity, which was huge for this community. We're talking, again, about a smaller community in Nebraska of 2,000 people. I would urge you to continue to prioritize Rural Workforce Housing Funding in this budget cycle. It represents one of the most efficient and effective investments you can make in Nebraska's, in Nebraska's future, specifically rural Nebraska. Thank you for your time and consideration. I'd be happy to answer any of your questions.

CLEMENTS: Any questions? One thought occurred to me. Do you see TIF projects being used along with this or not?

EDWARD DUNN: We do. Ogallala, Nebraska, I-80 corridor, for, for those of you who aren't familiar, on the far western side of the state, has probably one of the most robust TIF portfolios that you will see in western Nebraska. I believe they have 36 projects on the TIF-- projects, on the book, on the books, and a lot of them are directly correlated with rural workforce housing initiatives.

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CLEMENTS: All right. All right, thank you for your testimony. Next proponent?

CAROL BODEEN: Good afternoon again. Chairperson Clements, members of the Appropriation Committee. My name is Carol Bodeen, C-a-r-o-l B-o-d-e-e-n. I'm the director of policy and outreach for the Nebraska Housing Developers Association. I'm testifying today on behalf of NHDA, but as well as the Nebraska Economic Developers Association. NHDA is a membership organization with over 70 members from across Nebraska. Our mission is to champion affordable housing. NHDA often works collaboratively with the Nebraska Economic Developers Association, sometimes known as NIDA. NIDA is a professional membership organization made up of more than 300 economic development professionals from across Nebraska. I come in support of the appropriation of new funding to the Rural Workforce Housing Fund, and thank Senator Hallstrom. He's been a long time champion of this effort. We are all a bit of a broken record when we say that the current housing market throughout our state is making it difficult for workers of all income levels to find the appropriate housing for their situation. Continuing and increasing this investment in Nebraska's housing development for our rural areas is essential. But with that said, it would be equally important to include new funding for the Middle Income Workforce Housing Fund program as well. A thank you to my housing colleague, Emma Craig from NIFA for her great work and providing all of the data that she has given to you. The demand for housing in Nebraska has far outpaced supply. This has led to a rapid increase in housing costs, making homeownership a difficult accomplishment for many young professionals and moderate income wage earners. The shortage of housing units has increased both the cost of rent and home purchase prices of the available houses and apartments in the state. In recent years, the construction of new affordable housing stock has been especially challenging, with drastically increased supply costs, higher interest rates, and a lack of land which is ready to develop. With the community investment match in these programs, partnerships within the local economies are in short. The creation of affordable housing attracts workers to areas with job opportunities leading to economic development and business growth. As workforce housing projects break ground, local contractors, construction workers, and businesses benefit from the influx of construction activity. Without these housing options, workers may be forced to either relocate to other areas or choose to take jobs elsewhere, straining already tight labor markets. Please note that there have been no new appropriations for either one of the workforce housing funds since 2022. In 2023, the Legislature approved

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appropriations of \$20 million to each of the funds. However, this fell prey to a line item veto from the governor, and the override attempt was not successful. During the 2024 session. A \$25 million transfer out of the Affordable Housing Trust Fund resulted in \$12.5 million to each of the workforce housing funds. By the end of this current fiscal year, June 30 of 2025, those transferred amounts are anticipated to be under contract eligible grantees. Without new appropriation, there will be no money in the pipeline for either of these valuable economic and housing development programs. Therefore, we ask that you advance LB254 and consider the inclusion of equal funding for the Middle Income Workforce Housing program. Thank you, and I'm happy to answer any questions.

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

CAROL BODEEN: Thank you so much.

CLEMENTS: Next proponent?

JANELLE SEIM: Good afternoon.

CLEMENTS: Good afternoon.

JANELLE SEIM: Chair-- or evening. I guess we're into evening. Chairman Clements and the Appropriations Committee, I appreciate the opportunity to speak in support of LB254, and share how the Rural Workforce Housing Fund has made an incredible impact on my community in Aurora. My name is Janelle Seim, J-a-n-e-l-l-e S-e-i-m. I am the chief administrative officer at Hamilton Telecommunications by day, and I have served as president of the Aurora Housing Development Corporation, known as AHDC, since 2018. AHDC is a nonprofit run by a board of community volunteers, whose mission is to ensure that Hamilton County has adequate affordable housing available for current county residents, and to support future growth of our committee-- or of our communities. AHDC has received two \$1 million Rural Workforce Housing awards, one in 2021, and another in 2023. These funds, matched with the \$1.5 million in local funds raised, we were part of the 1 to 1 match, and the \$.50 match, established a \$3.5 million revolving fund used to change the trajectory of the housing movement in Aurora and Hamilton County. We applied for the initial Rural Workforce Housing grant with four objectives in mind. The first, to add affordable housing stock to account for the growth Aurora continues to see due to a strong economic development mindset. Two, to deepen the bench of contractors and development in our community by sharing the risk they

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face when building homes due to the increased cost and lack of capital. Three, increase the tax base of our county to keep property taxes as low as possible. And four, make this possible without utilizing TIF. In Hamilton County and-- or I shouldn't say Hamilton County. In Aurora specifically, it is our philosophy not to utilize TIF for housing projects. If you're putting butts in the seats in schools, you really should have a way to fund that. But although our initial plan was to develop a 32 lot subdivision and build eight townhomes and eight single family homes, we were able to partner with Streeter LLC and Aurora Development Corporation to develop their-- to leverage their additional capital and build out a subdivision of 60 lots on the west side of Aurora. The additional lots allowed us to realize hou-- housing growth without, without being supported by the grant itself. Rather, the additional housing sprouted from the seed planted by the fund. Since 2021, we have produced amazing results. We've built out that 60 lot subdivision. We built and sold eight townhomes and 15 single family homes. We built an 18 unit tax credit project for the 55 and up population. We sold three lots for custom builds. Two have been built and sold, and one is in the works. And we built two apartment complexes totaling 12 units. That's a total of 57 units and 60 lots. In 2025 alone, we will see the following: eight additional townhomes, ten additional single family homes, and four row house rental units, for a total of 22 additional lots just in 2025. To date, we have only consumed \$14,000 of the original \$3.5 million, and that balance is still being recirculated in the revolving funds. Rural Workforce Housing came at a perfect time for Aurora, as our community was already in need of additional housing to fit the growth demands. But with the impact of Covid 19 on supply chain and the drastic rise of interest rates to follow, builder, builders had just shied away. They did not want to build due to the increased risk to do so. The low interest loans provided by AHDC made these projects possible. Our goal of adding housing stock was met and continues to thrive. We also brought in new or supported younger developers to the area, again achieving that goal. As for our tax base, we estimate that of the projects discussed, we-- that are completed, we have added \$15 million to the base without utilizing TIF. We will add another 6 to \$10 million in the one-- in the projects that we'll complete yet this calendar year. We were able to achieve these goals with the assistance of Rural Workforce Housing. This fund is vital to the continued growth of small communities such as Aurora and others within Hamilton County, and its importance should not be overlooked or deemed as frivolous. It's part of economic development. You shouldn't look at it in a silo. I appreciate that comment. Please consi-- consider giving these

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dollars to help those communities who want to help themselves continue to be prosperous. Thank you.

CLEMENTS: Are there questions? Senator Dover?

DOVER: That's pretty impressive.

JANELLE SEIM: Thank you.

CLEMENTS: Senator Lippincott.

LIPPINCOTT: The vacancy rate in Aurora is near zero, isn't it? In terms of empty homes? And in addition to that, when they build these new homes, they get occupied almost immediately. Is that right?

CAROL BODEEN: That is true. We've only had one home where we lost the \$14,000. We tried to build a home without a basement to bring the cost down, and it sat on the market for like a year and a half. People didn't want it. And so other than that one home, they have been sold under contract before they're, they're complete. So that's fantastic. As for the vacancy rate, I have not looked at my housing study in a while. We are not a community that enforces a vacancy fine or anything like that, like they do maybe in Central City. So I'm, I'm not 100% sure where that's at these days. I'm sure it's very small because it's very hard to, to find a place.

CLEMENTS: Senator Spivey.

SPIVEY: Thank you, Chair. And thank you for being here. I just was going to ask clarity on the 60 lots that you all built. Those are already under contract or they have sold?

JANELLE SEIM: No, we have about 40 left, between 35 and 40. We've developed on 20.

SPIVEY: OK. Thank you.

JANELLE SEIM: Mm-hmm.

CLEMENTS: Other questions? Where did you find the matching funds? Who provided that?

JANELLE SEIM: Yeah. Aurora and Hamilton County is a benevolent community. And really, we, we had it raised in, like, two weeks. We just called the foundations, the local foundations that we have. Hamilton County has between \$55 million and \$60 million in endowments

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within our community. Many, many of our businesses put in tens of thousands of dollars, Hamilton Com-- Hamilton Telecommunications being one, because they knew of the importance. So it was raised locally. We did get a \$250,000 match grant from NIFA. I should clarify that.

CLEMENTS: Did the city of Aurora or the County of Hamilton put in funds?

JANELLE SEIM: No, they did not put in direct matching funds. But the city of Aurora did, when we built out the infrastructure, they gave us a credit to the infrastructure of about \$5,000 a lot off of the bill to put in the infrastructure. So they put in about \$284,000 is what happened.

CLEMENTS: OK. Thank you very much.

JANELLE SEIM: Thank you.

CLEMENTS: Next proponent?

HUNTER TRAYNOR: Somewhere in here. There it is. Good-- good e-- good evening, members of the Appropriations Committee. My name is Hunter Traynor. That is spelled H-u-n-t-e-r T-r-a-y-n-o-r. I'm here today on behalf of the Nebraska Chamber of Commerce and Industry, as well as the Seward County Chamber and Development Corporation. I will not belabor a lot of the statistics that have been shared about the tremendous bottleneck that a reduced housing supply is having on the ability for communities around the state to further their economic development aims. From the business community standpoint, I shared this at an interim study that Senator Dover had brought earlier this fall, specifically looking at the state's housing programs. Thank you for doing that and for your work on housing issues. But we did a member-wide poll around the state. And again, this is not new information that we haven't already heard. But for businesses who are focused on supporting workforce and growing their operations, between housing and child care, those are two tremendous market bottlenecks that are, that are really slowing down economic development around the state of Nebraska. And so we wanted to be on record in support of the Rural Workforce Fund and the ability for it to leverage local support, you know, a community driven approach to addressing this housing issue. I'm here today on behalf of Seward. In particular, they were involved with some of the interim studies that were conducted this past offseason on housing related issues. And so I'd reached out to them, Jonathan Jank, the president and CEO of the Seward Chamber. That group is doing excellent work using the Rural Workforce Fund to spur

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development in their communities. They're currently working on a subdivision development in the village of Utica that, when it is done, could lead to a 5% growth of that community. That really jumped out to me when I heard him talk about that and called them just a few days ago to get some more information about that. So if you have questions about that particular community, I just wanted to draw it out as an example of a local chamber partner that we've worked with that is using this program to great success, and has revolved those funds over the past couple of years to deliver well over 200 to 300 homes just in Seward County alone. And so, as I said, I'll put a bow on this and don't want to belabor the point. From the business community standpoint, we see this as an excellent state investment that leverages local dollars, philanthropic dollars, support from local businesses who understand the need for this, for this supply issue to be addressed, and wanted to be on record supporting this. And thank Senator Hallstrom for his, his work in bringing this. And I also would be remiss not to thank this committee for your preliminary budget recommendation, which, at least for this fiscal year, further contributes to the Rural Funds, but also the Middle Income Fund that goes in a similar concept towards urban development projects. With that, I'd be happy to answer any questions.

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

HUNTER TRAYNOR: Thank you all.

CLEMENTS: Are there additional proponents? Hello. Welcome.

RYAN McINTOSH: Good evening, Chair Clements, members of the committee. My name is Ryan Macintosh, M-c-I-n-t-o-s-h, and I appear before you today as a registered lobbyist on behalf of the Nebraska Bankers Association in support of LB254. For those of you that, that may be new to the committee, the Nebraska Bankers Association was one of the driving forces behind getting the initial legislation passed, and we've stood by and proud of the far reaching effects that the Rural Workforce Housing Act and has had all across the states and communities of different sizes. What's really neat is going from community to community and seeing how each community uses the-- these funds differently, whether it's building an infrastructure, whether it's, whether it's investing alongside private developers. Each project's unique. I'd encourage you to go look at the DED annual reports that talk about the way the different communities are using these. It's really fascinating, and it's been very, very effective. Under the program, communities have stepped forward in a big way in meeting the initial dollar for dollar amount. And as that's dropped

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from \$0.50 on the dollar and more recently to \$0.25 on the dollar in 2023, we believe that larger communities will continue to far exceed that \$0.25 threshold. The collective impact of the initial \$7 million investment has just been amazing as I've said. Senator Hallstrom did a great job of opening and giving you the facts and figures of how this program has impacted the state of Nebraska and, and, and making a mark on our incredible housing shortage. So I will wrap up my testimony, but with just encouraging the committee to continue to fund this program as much as possible. Thank you.

CLEMENTS: Senator Dorn.

DORN: Thank you, Senator Clements. Thank you for being here. Are, are, are there across the state, are there programs, do you know of programs that banks have as they partake in part of this, or, or, or aren't there? Because there a model out there for them, or--

RYAN McINTOSH: So you heard the, the, the testifier from Aurora who talked about private business investment. If you look at the communities that are having these private investments, by and large, it's, it's the local banks that are stepping up for housing programs, for daycare investments, and anything to get jobs, or getting-- excuse me, get employees to fill the jobs that are in their community. So I'm not aware of any standalone bank programs, but I, I do assure you that that the bankers are the leaders in, in getting these dollars invested.

DORN: Thank you.

CLEMENTS: Senator Dover.

DOVER: Do you have any situations where you use like the Community Reinvestment Act to help fund these things?

RYAN McINTOSH: I can't give you a specific example off the top of my head, but I, I'm almost certain there is. I could come through the, through the DED report and find one for you, Senator.

DOVER: Thank you.

CLEMENTS: I've been wondering if this program helps lenders qualify more loans for housing.

RYAN McINTOSH: Well, I think it would in some communities. But I think what you've seen a lot is there wouldn't be lending in the first place because the homes wouldn't be built in the first place. I think there

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are, there are programs that have gone towards buying down the overall cost of the home, which would, which would be beneficial in that way. But I think really what you're seeing is, is just the investment to even get that infrastructure and to get, to get those homes built is the primary, the primary use that I'm aware of.

CLEMENTS: And does the state money revolve or does the private money also revolve?

RYAN McINTOSH: So I think it's, it's both. And, and, and what level of-- what level of the combination fund that's left in there revolving really does vary community by community. But I think the communities that have been the most successful are the ones that set up those revolving fund, which is a combination of both the state and--

CLEMENTS: You'd think if it's used for infrastructure, it's kind of hard to sell that and reinvest it.

RYAN McINTOSH: Yes. So I think in, in-- you see a combination of that both for direct infrastructure and, and then the revolving funds that are used in various ways.

CLEMENTS: Senator Dover?

DOVER: When-- if it's used for infrastructure, wouldn't when the house sold, then that-- those funds will be recaptured and reinvested or not?

RYAN McINTOSH: Yes. That's correct. But again, it really does depend on the community and how they use those. But that is probably the most common way.

DOVER: Hopefully they're using a TIF. Hopefully using TIF for that and saving the other money for other things.

RYAN McINTOSH: Yeah.

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

RYAN McINTOSH: Thank you, Senator.

CLEMENTS: Next proponent.

KORBY GILBERTSON: Good evening, Chairman Clements, members of the committee. For the record, my name is Korby Gilbertson, it's spelled K-o-r-b-y G-i-l-b-e-r-t-s-o-n. I'm appearing today as a registered

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lobbyist on behalf of the Nebraska Realtors Association, the Nebraska State Home Builders Association, and the Lincoln and Omaha Builders Associations, and Habitat for Humanity of Omaha. I don't want to repeat everything, so I'll just say I will echo the previous proponents. I wanted to touch on just a few things that came up during discussions to try to elaborate, I guess, on what was talked about earlier. But the importance of, as you're doing your important job, looking at the priorities of having things that have a return on investment, obviously, there are priorities for the state that we must do, necessities, and then focusing on things that have a return on investment, which clearly housing does. Nationwide estimates are over \$100,000 per home has associated economic benefits, not just tied to the house itself. And I know the question will come up and has come up before. So what are we supposed to do if we still have a state deficit here, and we have to deal with this before we can spend extra money? I think the answer to that one is, obviously, we believe firmly that we should be protecting the Affordable Housing Trust Fund dollars first, make sure we're not cutting. And then if there are additional funds available, to look at all of the different housing project or housing programs, Rural and then Middle Income Workforce Housing, which I believe one of the other proponents talked about earlier. Senator Dover also has his bill that would allow TIF to be, or the lack of affordable housing to be added as one of the criteria for the second group of criteria for TIF. I think this is, this is something that the Legislature should consider and have it helping cities be able to use their economic development tool. I think historically, the idea has been it's hard to use TIF for housing because it puts an extra burden on the schools, and they don't have the property tax revenue to cover for that. So as Senator Dover said, a lot of times the TIF is used, used for the associated development costs that have to go with the housing and then you use the housing funds for the actual housing. But I think that's something for the Legislature that we need to look at as a big, as an entire picture and not just keep each thing in a silo, because they all do impact one another. And with that I'd be happy to answer any questions.

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

KORBY GILBERTSON: Thank you.

CLEMENTS: Next proponent.

DEXTER SCHRODT: Good evening, Chairman Clements, members of the committee. My name is Dexter Schrod, D-e-x-t-e-r S-c-h-r-o-d-t,

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president and ceo of the Nebraska Independent Community Bankers Association, which is a trade association comprised of community banks from small, medium, big, any size community in Nebraska. And we are the only association exclusively representing community banks. I'm here today to express our strong support for LB254. I'll be brief. I only have like two paragraphs here. But as we know, LB254 seeks to allocate vital funding to workforce housing in our rural communities. The availability of housing is obviously a critical component of economic development and community sustainability and community banks are deeply rooted in their local areas and have a vested interest in the well-being of their communities. The intent to transfer money to the fund over the next two fiscal years is not just a financial investment, but it's an investment in the future of the state. With these funds, policymakers can empower local communities, develop housing solutions that meet the needs of the residents and potential newcomers, and we've already heard examples of that here today. The Department of Economic Development's current criteria for applicants ensures a need exists in the community and that a community is committed to a successful project, showing the proper guardrails are in place, as we know, for the effective use of taxpayer funds. And we've seen that over the last few years since the inception of the program. Our rural areas are facing significant challenges in attracting and retaining skilled workforce. And one of the primary barriers to this is the lack of adequate housing options. Investing in workforce housing is a long-term strategy. I think we can all admit that long-term strategy for community development that could attract new residents, and importantly, help retain existing residents that might be growing up and looking to remain in their, in their home community. This leads to a more stable and growing local economy, which is great for everybody. And when the peop-- when people have access to safe, quality housing, they're more likely to contribute positively to their communities, whether through their work, children's education, or involvement in local organizations. So in conclusion, we urge the community to support LB254 or any funding level of the program. Funding the program promotes-- like I said, economic growth attracts talent, strengthens community ties, and invests in the long term sustainability of our communities. Thank you for your time.

CLEMENTS: Thank you. Any questions? Seeing none, thank you for your testimony. Next proponent? Seeing none, anyone in opposition? Seeing none, anyone here in the neutral capacity? Seeing none, Senator Hallstrom.

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HALLSTROM: Yes. Thank you. I think you've received a sample, just a sample of the amazing success stories throughout rural Nebraska that has come about as a result of the Rural Workforce Housing Investment Act and Rural Workforce Housing funding. You've heard about the amazing things communities have done in stepping forward to provide the matching funds. I think-- I just know, Mr. Mauk that was here made an important point about bringing up existing housing stock. Sometimes people question the \$325,000 and the \$275,000 maximums, and, and question whether or not that's affordable. And I think it's vitally important to be aware that in many cases, as many as 50% of the existing housing stock opens up. It's not the new young couples that are moving into town, which is fantastic. But if they have questions or issues about affording the houses that are being built, as we move up in the, in the housing market, we open up some lower cost houses, which I think makes the entire system work. I was particularly pleased that the Nebraska Bankers Association finally sent somebody worth a darn to appear before this committee to promote Rural Workforce Housing. And I just harken back to the days and, and some of the amazing people that have worked on, on Rural Workforce Housing, and long before Rural Work-- Workforce Housing came into play, Cliff and Kathy Mesner from Central City, Ward Hoppe in his business here in Nebraska. I heard this summer about I think it's Candice Alder from Norfolk and the amazing things that are happening up in Norfolk. And there's other things, but this program is essential. And I think, I, I hope that we've made a compelling story or case today for the committee to see fit to, to provide some additional funding. And I would reiterate the fact that of the \$12.5 million allocation that we got most recently, there were \$30 million in request. And I think that tells the story of the need to continue in this particular area. With that, and just kind of lighthearted, make, make note that the person in Aurora only gave one example of a downside house that they couldn't sell because it didn't have a basement. I think they probably should have gotten creative and found some parents with adult children living in their basement, and they may have found a market to sell that home. So with that, I would close by, by saying, in addition to this bill, I do appreciate what this committee, I understand it's only for the here and now, but the committee's action in looking at the proposed \$8 million reduction in the Affordable Housing Trust Fund, the \$2 million reduction in the Rural Workforce Housing Fund, and at least preliminarily saying, we're not going to, we're not going to take that money. So we appreciate, appreciate what's been done in those regards and would encourage you to include this as part of your budget package, which is what we've done in the, in the past and hope that that can be done. I'd address any questions that you might have. And,

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and if I may take a point of personal privilege, I, I'm pretty sure my sister is watching today and it happens to be her birthday. She thinks this is a pretty big deal. She sent me a text with a picture the other day and said, I think this is a picture of you, and it was the back of my head, so she's pretty, pretty enthused over my career change.

CLEMENTS: What's her name?

HALLSTROM: Betty [PHONETIC] Hallstrom. Yes.

CLEMENTS: Happy birthday, Betty.

HALLSTROM: Well, thank you, Senator Clements. And, and, and Mr. Mauk noted that my dog bite experiences on the campaign trail, and Betty was with me each and every time. And I finally said, you know, I'm starting to think you're bad luck. But with that.

CLEMENTS: Senator Spivey

SPIVEY: Thank you. And happy birthday to your sister.

HALLSTROM: Thank you.

SPIVEY: If-- you know and you talked about it, we have such competing priorities, but we know housing is important to economic development. Is there an amount, if it's not this \$25 million each year that you would say, like, okay, this is also an investment in housing, or do you feel really confident that you-- that \$25 million is the floor that needs to be invested?

HALLSTROM: Well, I-- you know, I, I'm a realist. I look at what the, the issues that this committee initially has to face, and the Legislature ultimately along with the governor. So I'm a realist in that re-- respect. I think if you look at it, I mean, even looking at it logically, we have \$18 million excess capacity right now that's on the table. \$12.5 million was authorized last year. That bidding process is done, and we had \$30 million request for, for funding. So at a minimum, there's \$18 million in unfulfilled demand. And so, yes, I think it would be wonderful, and I think it's a great investment for the state and for this committee to look at \$25 million each of the next two years. But if that's not doable, like they say, every big bit matters. Or maybe it's every little bit matters. But at any rate.

SPIVEY: Thank you, Senator.

CLEMENTS: Very good.

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HALLSTROM: Thank you.

CLEMENTS: Other questions? Seeing none.

HALLSTROM: Thank you for your patience today.

CLEMENTS: Thank you. We have comments for the record for LB254. Proponents, 16; opponents, 1; neutral, none. That concludes the hearing for LB254. That will bring us to LB88. We'll now open to hearing for LB88. Senator Dorn.

DORN: Thank you. Thank you, Committee, for staying around. I really appreciate that very much.

CLEMENTS: You're standing between me and shoveling my driveway.

DORN: You, you can at least get to your driveway, and stuff. So thank you. Good afternoon. Good evening, Chairman Clements and the rest of the Appropriation committee. My name is Myron Dorn, M-y-r-o-n D-o-r-n, and I represent District 30. I'm here to introduce LB88. You all know the challenges that face our rural communities, and even our larger communities, keeping our downtown commercial districts vibrant, growing, and thriving. All too often that is not the case, and we can see Main Street commercial properties fall into despair, and other businesses struggle to keep the customers coming to their downtown. Organizations like Mainstreet Nebraska help these downtown commercial businesses with rehabbing historical buildings, technical expertise in promotion and marketing the communities' downtowns, bringing together community leaders, and developing a common goal for growth and sustainability, and recruiting new businesses. LB88 brings some solutions to these problems. The bill asked for \$500,000 in each of the next two fiscal years for the department-- Nebraska Department of Economic Development. This agency would then contract with entities like Main Street programs that provide educational programming and technical expertise related to Downtown or Main Street revitalization, business growth, and historic preservation to communities throughout the state. I just want you to know we received the fiscal note, as I think most of you did in the last day or two. There also were going to be-- well, maybe we have one representative here testifying. I don't know if that. We were going to have more, but they did let us know there was a couple more coming that they let us know today that because of the weather that they weren't going to be here. So with that, I'd be happy to answer any questions. I will make a comment that the past several years we have brought, not every year, but we've brought a bill also for Main Street. Where I became familiar with it

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was down in Beatrice. They have a Main Street organization in Beatrice that has done very well in, I call it, improving the downtown. They have gotten grants and applied for grants from different organizations to, I call it, improve the frontage of all the downtown buildings. They have improved that city quite a bit. So this works across the state. I think there's 16 or 17 Main Street programs out there, and they do with this funding, they do very much help those towns help revitalize their downtown. With that, I'll take any questions.

CLEMENTS: Senator Dover.

DOVER: I must say thank you for bringing this bill. We've used it in Norfolk and other communities. It's amazing how it really dresses up a main street and makes it look like a, like a nice-- a place you want to walk down the sidewalk and enjoy.

DORN: Yeah.

CLEMENTS: Senator Spivey.

SPIVEY: Thank you chair. And thank you, Senator Dorn, for your testimony. So like the Main Street concept is also in urban areas. You see them in like corridors and hubs. So would this Main Street like investment, be for BIBs, Business Improvement Districts too that you normally see in urban areas that still have that Main Street concept?

DORN: That I can't tell you for sure. There's only \$500,000 a year or so. It can't go only so far. This, though, is from the-- there's a main Street organization, statewide Main Street organization that has these communities involved with it. They're the ones that have always brought this bill to me.

SPIVEY: So they designate areas as a Main Street.

DORN: Yeah they-- and-- but it would go-- it would still go through the Department of Economic Development, so it depends on how the-- how they look at how it is written. Sometimes they go, oh yes, this qualifies and this doesn't. They have been the ones in the past have the funding that they've gotten that have put out how those grants are going to be or whatever. So.

SPIVEY: Thank you.

CLEMENTS: Other questions? Seeing none, will you stay to close?

DORN: I'll probably waive. OK? Unless somebody has some questions.

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CLEMENTS: All right. For you--

DORN: Oh, he's not here to testify, so I'll close.

CLEMENTS: Any proponents? We're being asked for proponents.

DORN: Because she's my staff. You can't [INAUDIBLE] my staff.

CLEMENTS: Is there anyone here in opposition of LB88? Anyone here wanting to testify neutral? Seeing none, would you like to close?

DORN: Thank you for-- thank you for everybody staying around. I appreciate very much your hearing for this and, and well, thank you.

CLEMENTS: Any other questions? Seeing none. We have comments for the record. On LB88, proponents, ten; opponents, two; neutral, zero. That concludes LB88.