

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee January 30, 2025

**von GILLERN:** Good afternoon, and welcome to the Revenue Committee. I'm Senator Brad von Gillern from Elkhorn, representing the 4th Legislative District, and I serve as the chair of this committee. You catch the doors, please? Thank you. The committee will take up-- yeah. Welcome to the Revenue Committee. Be glad you're over here. The committee will take up bills in the order posted. This public hearing is your opportunity to be part of the legislative process, and to express your position on the proposed legislation before us. If you're planning to testify today, please fill out one of the green testifier sheets that are on the table at the back of the room. Be sure to print clearly and fill it out completely. When it's your turn to come forward to testify, give the testifier sheet to the page or to the committee clerk. If you do not wish to testify but would like to indicate your position on a bill, there are also yellow sign-in sheets back on the table for each bill. These sheets will be included as an exhibit in the official hearing record. When you come up to testify, please speak clearly into the microphone. Tell us your name, and spell your first and last name to ensure we get an accurate record. We will begin each bill hearing today with the introducer's opening statement, followed by proponents of the bill, then opponents, and finally by anyone speaking in the neutral capacity. We'll finish with a closing statement by the introducer, if they wish to give one. We'll be using a five-minute light system for all testifiers. When you begin your testimony on the-- the light on the table will be green. When the yellow light comes on, you have one minute remaining, and when the red light-- and the red light indicates you need to wrap up your final thoughts and stop. Questions from the committee may follow. Also, committee members may come and go during the hearing. This has nothing to do with the importance of the bills being heard; it's just a part of the process, as senators may have bills to introduce in other committees. And I know for a fact that four of us need to come and go during the course of this discussion, so we'll, we'll hand off the leadership of the meeting accordingly. So, thank you for your understanding on that. A few final items to facilitate today's hearing. If you have handouts or copies of your testimony, please bring up at least 12 copies and give them to the page. Please silence or turn off your cell phones. Verbal outbursts or applause are not permitted in the hearing room; such behavior may be cause for you to be asked to leave the hearing. Finally, committee procedures for all committees state that written position statement-- comments on a bill to be included in the record must be submitted by 8 a.m. the day of the hearing. The only acceptable method of submission is via the Legislature's website at [nebraskalegislature.gov](http://nebraskalegislature.gov). Written position

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letters will be included in the official hearing record, but only those testifying in person before the committee will be included in the committee statement. I'll now have the committee members with us today introduce themselves, starting at my far left.

**SORRENTINO:** Tony Sorrentino, Legislative District 39, Elkhorn and Waterloo.

**KAUTH:** Kathleen Kauth, LD 31, the Millard area.

**BOSTAR:** Eliot Bostar, District 29.

**JACOBSON:** I'm Mike Jacobson, District 42. It's Lincoln County, McPherson, Thomas, Hooker, Logan and, and Perkins County.

**MURMAN:** Dave Murman, District 38, from Glenvil. Eight counties along the southern border of the state.

**DUNGAN:** George Dungan, LD 26, northeast Lincoln.

**von GILLERN:** Thank you. All assist-- also assisting the committee today, to my right is our legal counsel, Sovida Tran, and at the far left is committee clerk Linda Schmidt. Our pages for the committee today will-- please stand and introduce yourselves.

**LAUREN NITTLER:** Hi, I'm Lauren. I'm from Aurora, Colorado. I'm currently in my second year at the University of Nebraska-Lincoln, and I'm studying ag econ.

**JESSICA VIHSTADT:** My name is Jessica, I'm from Omaha, Nebraska. I'm a sophomore at the University of Nebraska-Lincoln, and I'm studying political science and criminal justice.

**von GILLERN:** Thank you for your help today. With that, we'll begin today's hearings with LB458. Welcome, Senator Bostar.

**BOSTAR:** Good afternoon, Chairman von Gillern, fellow members of the Revenue Committee. For the record, my name is Eliot Bostar, that's E-l-i-o-t B-o-s-t-a-r, representing Legislative District 29, here today to introduce LB458, legislation designed to clarify, simplify and streamline burdensome permitting and zoning requirements around housing construction. LB458 also contains provisions relating to the sale of tax certificate housing and land bank acquisition of vacant and tax-delinquent homes. This Legislature must take action if we are to assure adequate, available and affordable housing for families and, in particular, the aging population of Nebraska. It should be noted as

well that increasing the overall housing stock per developed acre across our state and reducing the cost to build will put downward pressure on property taxes. According to the National Low Income Housing Coalition across Nebraska, there's a clear shortage of rental homes that are affordable and available to low-income households. Our state requires more than 45,000 rental homes that are both affordable and available to meet the housing needs of more than 67,000, or 24% of renters that are considered extremely low-income. A household is considered housing cost-burdened if they pay more than 30% of their income for housing, and severely housing cost-burdened if they spend more than 50% of their income on housing. Here in Lincoln, for example, more than 25% of households and nearly half of renters meet one of these definitions. In a Nebraska Legislative Research Office report titled "The Good Life at the Wrong Price," released in July of last year, the impact of complex and burdensome regulations were highlighted as a key factor in the rising costs of housing and overall lack of affordable housing stock. The report stated that nearly 75% of urban and suburban residential land is zoned exclusively for single-family houses. Furthermore, certain neighborhoods can mandate the minimum lot size, and even require specifications for new home construction like a minimum house height. Requirements and regulations vary across Nebraska communities regarding building codes, land use policy and zoning. Housing construction costs are often significantly higher in rural areas compared to urbanized areas for the same build plan due to the non-uniform building codes and zoning regulations across the state. All of us in the Legislature have worked to increase the state's housing supply. Offering regulatory relief in targeted areas can help Nebraska's home builders increase supply and offer more options for Nebraskans in need of various types of housing. Overburdensome regulations can act as hidden taxes, and, in the case of housing, zoning regulations lead to increased costs of development, and those costs are ultimately passed on to the buyer. In a study conducted every five years-- most recently updated in 2021-- by the National Association of Homebuilders entitled "Government Regulation in the Price of a New Home," it is determined that, on a dollar basis applied to the 2021 average price of a new home-- \$394,300-- regulation accounts for \$93,870 of the final house price. Of this, \$41,330 is attributed to regulation specifically during development alone. That total cost is \$28,646 from the 2011 study update. For context, in the Omaha market, according to the National Association of Home Builders, for every \$1,000 increase in the price of a home, 546 households are priced out of the market. On a percentage basis, the 2021 estimates show that regulations imposed by government at all levels account for 23.8% of the final price of a new single-family

home built for sale. In lot development alone, 8.2% of the total house price was a result of zoning approval and wait time costs. The average wait time for zoning approval to start site work was calculated to be 16.6 months. The study notes quite clearly that not all regulation is bad, nor should we eliminate all regulations. LB458 is not designed in any way to make homes less safe. This legislation is aimed at removing bureaucratic bottlenecks that are restricting the total supply of homes available to Nebraska families. LB458 takes a number of statutory steps to streamline housing permitting process. The first portion of legislation requires a permitting authority to issue permitting approval, conditional approval or denial within 60 days, or the permit is automatically approved. It also requires that any reasons for denial or conditional approval be based on applicable laws and regulations clearly established before the issuance of the relevant permit. The next portion of LB458 establishes a new definition for by-right housing development, defined as "single-family homes, multifamily housing units, accessory dwelling units, or any combination thereof" that "meets all of the required criteria outlined in applicable zoning code and land use regulations." These by-right housing developments, if they meet all the established zoning requirements, shall be approved without the need for discretionary review or approval by any planning commission, zoning board, or other regulatory authority. The act goes on to clarify that regulatory authority shall monitor approval by-- of by-right housing developments to ensure compliance with applicable regulations and standards, and that noncompliance with applicable regulations and standards can result in enforcement actions such as fines, penalties or project modifications to bring the development into compliance. LB458 clarifies that any location already zoned for a single-family dwelling shall also be automatically approved for one accessory dwelling unit no larger than 75% of the square footage of the primary dwelling, a duplex, or a manufactured home. A manufactured home is defined as a factory-built structure used for human habitation which is not constructed or equipped with a permanent hitch or other device allowing it to be moved other than to a permanent site, which does not have permanently attached to its body or frame any wheels or axles, and which bears a label certifying that it was built in compliance with national manufactured home construction and safety standards, and Nebraska uniform standards for modular housing units. Accessory dwelling units in particular represent one of the most effective mechanisms for aging residents statewide to be allowed to age in place rather than be institutionalized in a facility far from their home. For many Nebraskans, the ability to build an accessory dwelling unit is the most direct way to deliver the least restrictive care possible.

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LB458 also takes steps to address properties with delinquent property taxes, and the minimum-- and the minimum tax sale certificate redemption time period in Nebraska. When taxes are unpaid, they become a lien on the property, and ultimately, the property can be sold by the county to recoup the unpaid balance. The Nebraska Constitution allows a two-year redemption period, but current statute requires three years. Land banks facilitate the return of vacant, abandoned and tax delinquent properties to productive use. This bill reduces the redemption period to two years for such properties, expediting their return to use, protecting neighborhoods from deterioration, and saving taxpayer money by preventing properties from slipping into disrepair and demolition by municipalities. LB458 also makes adjustments to the notice requirements surrounding the tax certificate sale process. Current statute requires sheriffs to make repeated efforts over weeks and even months to drive out to the property in the hope that the homeowner is present and will answer the door in order to deliver notice via personal service. The requirement of personal service causes unnecessary strain on the departments, preventing them from being able to exercise their numerous other obligations to the community. Allowing for service by residential service and, if unsuccessful, by certified mail service will reduce the strain on the sheriff's departments. This legislation modifies the tax certificate administrative fee to allow for an automatic and set amount to be charged to the homeowner. This charge will assist county treasurers as well as tax certificate holders. Under the current system, tax certificate holders are required to provide proof of service of the notice, along with the associated costs. The treasurer then has to review and make a determination of whether or not the claim complies with the statute. Many treasurers interpret the statute differently, and have dis-- disparate bureaucratic requirements before recording the administrative fee against the property. This is time-consuming for treasurers and tax certificate holders. The change to a one-time fee upfront-- which is immediately applied-- will preclude treasurers and tax certificate holders from having to individually interpret the statute, and will relieve both from having to prepare, file, receive and process claims. This will not alleviate the tax certificate holders from having to serve the notice; it will simply remove the process of significant paperwork and "enfirs"-- and enforcement burdens. These changes are aimed at bringing vacant, abandoned and delinquent properties back into the available housing stock across our state. LB458 is a comprehensive approach to streamline and simplify regulations surrounding housing in order to make affordable housing available to Nebraska families and aging residents. Several testifiers will speak after me in greater detail about what these regulatories

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issues-- regulatory issues look like in practice, and I would urge your support of LB458. I thank you for your time and consideration, and I'm happy to answer any questions.

**VON GILLERN:** Thank you, Senator Bostar. Questions from committee members? Senator Kauth.

**KAUTH:** Thank you, Chair von Gillern. Senator Bostar-- so, reading through this, it seems like this removes a lot of local control, and I have concerns about that. Can you talk a little bit about that issue?

**BOSTAR:** Sure. Local control is good. Local control is good when it works. Sometimes it doesn't. Sometimes, there are pieces of our processes and our systems that are broken. I think hearing from some of the folks who are going to testify behind me about what some of the challenges are that exist will help-- I think-- I, I hope engender a level of, of understanding for why, sometimes, we have an obligation to the people of the state to take corrective action.

**KAUTH:** Do you think that this is too broad of a brush? Because the city of Omaha is very different than a smaller city, which will have different meeting times, different-- and when you start talking about 60 days' notice, or you know, you have only 60 days to get something done, there are some small towns-- and we have some comments online that talk about how difficult that is just because of their, their meeting requirements, how, how often they do things. Is that something that, that you would look at?

**BOSTAR:** The answer is yes, of course. I mean, for those of you who have served on this committee before-- although there's a lot of new folks, which is great. This is sort of how it works. And I mean it-- and you're well aware of that, right? We, we take a piece of legislation, we work with some stakeholders, we write it, we introduce it, we come here and we talk about it. But the work doesn't end there. I mean, sometimes it's, it's an easy, simple bill, and, and the work does end there, and we advance it, and-- off to the races. But often, particularly with complex issues, there's always more work to be done. And that work involves-- in this case, it will involve the cities, it'll involve the other stakeholders, and it will involve members of this committee.

**KAUTH:** OK. Thank you.

**VON GILLERN:** Thank you. Just-- Senator Sorrentino.

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**SORRENTINO:** Thank you, Chairman. Senator, when I read through this-- and it-- and there's a lot here. I typically rely on my own instincts to least to try to draw some conclusions. This might be one of the rare instances where I went to the online comments and read them pretty thoroughly. There seems to be-- when you look at-- there's proponents, there's opponents, but the ones who are opposing it are mostly the county boards, planning directors and the cities themselves. And, and the theme-- I'm not even sure this is a question, it might just be a comment for subsequent testifiers-- but the automatic approval after 60 days is unrealistic. These are just comments. Proposed legislation impedes local control by instituting a state mandate. Public input, the bedrock of our democracy, overreach by the Legislature that will restrict choice in how we grow and manage our cities, concerning provisions to-- another concerning provision to the removal of city's authority to enforce minimum standards, more on the 60-day, et cetera, et cetera. I think there was one more I wanted to highlight-- override the careful planning and extensive community engagement that led to our current approach. By meeting ADU allowances in all zones, the bill disregards the legitimate concerns of residents and their community. If you care to comment, great. I was just hoping-- thank you-- that, if you don't want to, then proponents or opponents would address that line of thinking.

**BOSTAR:** Well, I never not want to.

**SORRENTINO:** All right.

**BOSTAR:** I'm, I'm happy to comment. I think there-- there's a couple of things. One is, as Senator Kauth pointed out, right? Related to local control. Any time that we propose taking authority away from a government entity and hand it over to individual people to make deser-- decisions for themselves, in this case, whether or not they should be able to build something on their property. Anytime we do that, those government entities get real upset. They don't like losing the power. They don't. Some of that is what you're seeing. Now, are there valid concerns that people have? Yes. Can they be worked on? Is there-- like, is there a path where we can solve a lot of this? Yeah, there is, right? 60 days may be challenging for different reasons, for different kinds of permits, but there are things we can look at within that to make a reasonable accommodation, to both ensure that local governments can, can function effectively and folks aren't getting inappropriately hindered from making decisions about their own property. Right? There's-- there are some-- there are paths forward. And I look forward to working with you on them.

**SORRENTINO:** Thank you.

**von GILLERN:** Thank you. Senator Jacobson.

**JACOBSON:** Thank you, Chairman von Gillern. Well, Senator Bostar, you and I are often on the-- at times on the same page; we're, we're probably going to deviate on this one. As I read this, we got at least two bills in this one bill. We've got a bill that deals with, with the zoning approvals. And then, we have a deal what billing-- dealing with land-- with the, you know, tax certificates and, and, you know, how we resolve those issues. I like the second bill. I don't like the first bill. I, too, have heard from all the class-- lot of class one cities. They are very concerned about this. Being a banker, I hate regulation, but some of it's necessary and--

**BOSTAR:** Agreed.

**JACOBSON:** I've, I've looked over the years when it comes to zoning, and I'm sure we can all pick out situations where things should work faster. But I've always looked at zoning as not only does it allow or provide some restrictions for people, but it also provides protections. If I'm a neighbor out there, I want some protections. I'm trying to think the actual corner, but I-- as I drive through Lincoln, my daughter lives down there next to Campbell's on 56th Street, and it's an interesting corner because you've got Campbell's on one corner and you got Sutton Eye Clinic [SIC] on the other corner and-- on, on the south side of, of, of the street. And then, in the northeast quadrant, you've got something that looks like an outhouse and, and some grass. And I don't think that's what was intended by the city, to have built there. And now I know everybody's going to go drive by that intersection. But, but take a look as--

**von GILLERN:** Google map it.

**JACOBSON:** --if it's-- if it were a park, it would be appropriate, probably. So, I think-- I imagine if I had a nice home and that got built there, would I appreciate that. And, and we all are trying to get affordable housing built as fast as we can, but there's a lot of things that go into it. I know you get, in most of the areas out west, right now, if you're going to build a new affordable house for affordable, that would be for workforce housing-- if you're not using TIF, if you're not building a house. And so, I look at just the, the time that it takes for a developer to get the approvals there, for them to get their plans ready to go. So, the cities have their master plans, they pretty much have laid out what-- where the growth is going

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to be. I would tell you from my experience in the class 1 cities, this is not a problem. That-- they can move pretty quickly, they're all looking for affordable housing. Everyone that's involved in the zoning process understands that we need to move as quickly as we can. I can't speak to Lincoln and Omaha, but I can-- I think I can speak for most of rural Nebraska, and it would be hard for me to support LB458 with the first bill in it. Now, the second bill, I would be OK with. So-- just so you know.

**BOSTAR:** Well, thank you.

**JACOBSON:** I-- and the other question. I'm going to put a question in here, too, because I, I, I-- I've been chastised.

**von GILLERN:** Thank you.

**JACOBSON:** I've been chastised for just making statements. So, what about homeowners associations? And I presume they would be over to-- be able to restrict, make their restrictions? And what about-- can there be covenants put in place when the land is first developed, or, or roughly developed, so that they can ensure that there's the right zoning in place and the right kind of build out?

**BOSTAR:** In the bill, yes.

**JACOBSON:** OK.

**BOSTAR:** Yep, that's all in the bill.

**JACOBSON:** All right.

**BOSTAR:** And, and-- look, and I, I understand. I'll, I'll tell you a little bit about some of the feedback. Well, first, some of the folks that are coming to testify in support of it are going to say that there are problems. Right? And so far, from what I've heard from the cities, is every city say the problem's not us, it's someone else. If every city says that, and yet, there are folks engaged in this work that identify legitimate problems that, from, from what I hear from them, it sounds like real problems. Then, you know-- it's an evaluation of self-awareness, I suppose. I did forget one thing Senator Sorrentino brought up. The counties having a letter of opposition, which is-- it's always funny when the counties engage on some things. The counties aren't impacted by this bill in any way, so it's interesting to, to get that feedback as well as some of the other feedback, right? It's a process.

**JACOBSON:** Thank you.

**BOSTAR:** Thank you.

**von GILLERN:** Thank you. Senator Murman.

**MURMAN:** Yes, thank you. And Senator Bostar, I have some questions, too. I, I have concerns like has been voiced already that it's so much in one bill. There-- it-- there's at least three different subjects that I can see that are in this bill.

**BOSTAR:** I disagree, Senator.

**MURMAN:** That-- and-- oh, you disagree? OK.

**BOSTAR:** I do. I think the subject of this bill is to make housing more affordable and easier to build.

**MURMAN:** But there's, there's some very big issues, I guess, at least three different issues there. And-- of course, the ultimate local control is the individual. And, you know, I think we're blessed in a way in this state that we have so many different sizes of communities and, and rural areas and, and all of that. So, I don't think it's a good thing to try and overregulate, I guess, the local control. So that--

**BOSTAR:** We're removing regulations.

**MURMAN:** Well, to some degree, but then also we're putting certain regulations, too, that, that all local entities would have to comply with. So--

**BOSTAR:** Right. We're, we're saying that they would have to do their jobs expeditiously. And again, we can look at the specifics on the numbers and the timelines and, and that sort of thing, and that's absolutely a, a warranted conversation. But you brought up the ultimate local control is the individual. Right now, individuals aren't permitted-- but-- you could-- this is also going back a little bit to Senator Jacobson's comments about the outhouse, which-- you know, hopefully it's not actually an outhouse, but, you know, who knows? You-- nothing in this bill would prevent communities from establishing the guidelines of what they wanted to see built, except for you could build an ADU or, you know, like a, a, a duplex unit. But there's still, there's still a lot they can do around that. It doesn't mean that you can build anything. But one of the problems we have right now is you could want to build a house that meets every single

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code and stipulation that your community has put out. And you could apply, and you can still be denied. It's all discretionary. But if you're complying with everything that they have decided they want to see in a development, why shouldn't you be able to build it? I agree they should have the ability to set those parameters and, and, and dictate some of the, you know, individual character of the community. That makes sense. But if you can comply with it, why, why shouldn't you be able to construct it? And, and that is the removal of, as you put it, the, the utmost local control of the individual.

**MURMAN:** Well, I, I-- as I mentioned already, the diversity of the different communities and everything in this state, I think is a good thing. So--

**BOSTAR:** And they could still-- they still have that ability to set things the way they want.

**MURMAN:** Well, with-- without too many restrictions, but-- we, we can see what the testifiers have to say and discuss it later.

**BOSTAR:** Yes, we can.

**MURMAN:** Thank you.

**von GILLERN:** Thank you. Senator Dungan.

**DUNGAN:** Thank you, Chair von Gillern. Thank you, Senator Bostar. I think there's a lot to digest in this.

**BOSTAR:** You're welcome.

**DUNGAN:** Two quick questions-- two quick questions for you. Can you speak to the increase of fees that's contained in this? I see an online comment of somebody being concerned about the increase of fees. Can you just-- I'm trying to go through all this

**BOSTAR:** Which fees?

**DUNGAN:** Can you speak to the increase of fees in general that are contained in this? Who--

**BOSTAR:** There's a, there's a different structuring of fees on the tax sale certificates, but it-- it's not, it's not a necessary increase, if that's what they're referring to. It-- so, it lays out a fee structure-- so, you know, you recall, right? When we did all this work over the last couple of years on tax deeds, tax sale certificates,

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significantly prompted by the Nebraska Supreme Court case that was pending at the time, and ultimately decided in a way that required legislative action. You know, we put together what we thought made sense. It was, it was sort of-- we, we reinvented the process a little whole-cloth. And some of those systems don't work as well as I think we'd all hoped. So, going to just a set fee structure schedule versus a reimbursement sort of cost collection and interpretation system, just it-- it just isn't working, right? So that's-- I would say it, it isn't an increase in fees; it's, it's a change in, in how those exist.

**DUNGAN:** OK. And that makes sense. I just was going through some of the comments and that was one of the concerns people had. One of the other, I think, broad concerns that folks point out that I kind of share is, when it comes to just subject-matter expertise-- and I think this has been alluded to by a couple of my colleagues-- why is this not in Urban Affairs? It seems like when we're talking about zoning concerns-- I understand this address taxes as well, right?

**BOSTAR:** Sure.

**DUNGAN:** But to the concerns that have been brought up already, this kind of reminds me of, I think, during special session and then the last legislative session when we were hearing folks talk about alcohol in here, which-- a thing that's normally heard in front of General Affairs. Our committee didn't have a really, I think, experienced grasp on certain elements of alcohol. And I remember that hearing very well. This kind of feels like the same thing to me, where we're not the experts on zoning, and we've never really heard a lot of zoning. Why is this in front of us instead of in Urban Affairs?

**BOSTAR:** You know, I mean, this is a conversation that we have in Referencing frequently. There are bills-- and I understand that this is a large and complex bill, but there are even small bills that could exist in a number of places. That's, that's more frequently the case than I think people imagine. So it's, it's something that could be said of a, a lot of the legislation that's introduced. So, there are certainly pieces of that that are in here. There are, there are functions of that, that make sense for the Government Committee; there's functions that make sense for the Revenue Committee. You know, it's-- I would, I would, I guess, add that, a little bit, as you point out, particularly this committee-- there's sort of two committees that have broad coverage of subject area that, a little bit, are expected to touch more and unusual things than other, very focused policy standing committees, and that would be Appropriations, and that would be Revenue, because the nature of the kind of work that happens on

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them. So, to some extent, I think there is a little bit of an expectation for those two committees to reach into broad subject areas. Be-- and it-- it's historically, also, just what happens here.

**DUNGAN:** Mhmm. And that makes sense. Thank you. I just wanted to clarify that.

**von GILLERN:** Senator Ibach.

**IBACH:** Thank you very much. And I am convin-- I'm new here, on this committee, and so I'm one of your new persons. And I'm convinced George was looking at-- Senator Dungan was looking at my notes, because he stole my thoughts. But that's a good thing; maybe we're-- but I, I have some of the same-- I'm really interested in listening to your testifiers because I had some of the same concerns over committee jurisdiction. Because there have been some days where I thought, "Am I in Agriculture?" Or some days I think, "Gosh, I'm back in Judiciary." But this-- and this is another one where I think--

**BOSTAR:** Sure.

**IBACH:** --maybe Urban Affairs. Parts of this, maybe, could have been in Urban Affairs, which, you know, if we tear it apart. But, to that point, I'm interested in hearing the testifiers, because I think--

**BOSTAR:** Yeah.

**IBACH:** --they may be able to shed some light on the, the zoning. I circled a lot of zoning, manufactured homes, those types of things. I just feel like, you know, are they--

**BOSTAR:** I actually-- I think that if I imagined what the second committee would be that this would go to, I, I-- personally, I don't think I would go with Urban Affairs; I think I'd probably say Government, because it's most-- it's a lot about the authorities of local governments. And sure, those pertain to zoning, but it's, it's really about what local governments can and can't do. But it's also has impacts on taxes, and, on a broad scale, the property tax picture of the state. Right? Like, it-- again, it can go a lot of places. And, and I think you'll, you'll find, Senator, as you continue your service on this committee, that there are going to be times where we're talking about a, a wide variety of things, because it-- it's just sort of the nature, as I said with Senator Dungan, of particularly Revenue and Appropriations, that kind of-- it, it-- sometimes it works out that way. And as far as Senator Dungan looking over your shoulder and

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stealing your notes, I, I think that that's reprehensible. And also, you know--

**IBACH:** I'll be more cautious with my notes.

**BOSTAR:** You all decided to go exactly in order around the table, which was really fun to watch.

**von GILLERN:** And I get to wrap up.

**BOSTAR:** This is true.

**von GILLERN:** At least from this side of the table.

**IBACH:** Thank you, Mr. Chair.

**von GILLERN:** Thank you, Senator Ibach. So, addressing some of the same issues that have been brought up. We have at least two acts and a bill in here, and I can say that because you put two act names in the bill.

**BOSTAR:** Which is not new for us to pass.

**von GILLERN:** We have the Permitting Approval Timeliness Act and the By-Right Housing Act. And then, oddly, we have this tax cert sale at the act-- at the end, which I think is what probably brought it before our committee, because obviously that has to do with, with taxation. And the other two-- and we can-- regardless, it's here, and, and we're going to-- we're going to deal with it. So we're going to talk about it. You and I had a great conversation earlier today which helped me with a few things. The house-- the study that you referenced in your testimony, could you remind me what the-- I missed, where that's--

**BOSTAR:** There's a couple.

**von GILLERN:** Is that the UNO study that was done a couple of years ago?

**BOSTAR:** So I'll tell you that-- there's, there's a few of them, so I'll just list some of them as I--

**von GILLERN:** OK.

**BOSTAR:** So, there's the Nebraska Legislative Research Office report titled "The Good Life at the Wrong Price." So, that's one. There's a-- there are stats from the National Low Income Housing Coalition. There's a National Association of Homebuilders report that comes out

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every five years called "Government Regulation in the Price of a New Home."

**von GILLERN:** OK. It-- so if we could get-- if you could just send to the committee reference points on each of those, that would be appreciated.

**BOSTAR:** Yeah.

**von GILLERN:** There was a study that came out a couple of years ago that was widely talked about on the floor. It was a UNO study that, that talked about the cost of government regulations in housing. And, digging deep into that, which I did, found it was all subjective data. There was, there was no objective data. So these sound like, certainly, some credible sources, so it'll be interesting to look into that. I have-- again, I share a lot of the same concerns about basically neutering the local zoning and building approval processes, and the planning departments and so on, which-- other than Mr. Hoppe, who I see is in the room, I don't know, maybe-- he and I have probably pulled more building permits in this room than anybody else, and, and-- him more than me. But-- so I've got a lot of experience in this, and certainly experienced a lot of frustration. But at least-- and, and I'm willing to, to listen to the testimony, but I'm not sure that holding a gun to their head with a 60-day time limit is, is the best outcome here. The housing act, the-- some-- and I'll ask you-- I will have a question here. Page 4, Section 11 says all propose-- "all proposed by-right housing developments shall be approved by right without the need for discretionary review or approval by any planning commission, zoning board or other regulatory authority."

**BOSTAR:** Yes, sir.

**von GILLERN:** That's concerning to me. And I, I believe you've made the comment earlier that that is, is not necessarily the case, that these authorities do still maintain control. Could you address that, please?

**BOSTAR:** They-- so, these authorities-- all right, let me, let me put it this way. If you meet all of the requirements put out by these entities, these government authorities, then you would be permitted to build according to those without discretionary permitting from them. So-- and they are absolutely obligated to monitor and ensure that all of their requirements are adhered to. And if there's a deviation from that, well, then that's not a valid project. So they do-- they still have functional control over what gets built. They just-- if you can

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meet all of the requirements they set forth, then you don't have to go to them and beg to be able to build.

**von GILLERN:** So again, speaking from personal experiences, there are instances where I believed that we had met all of the qualifications, but the regulatories-- regulatory agencies did not. And so, it's certainly incumbent upon them to illustrate that they-- that we either did or did not. And I'm still here today to, to live to tell the story. So most of those got resolved. And again, I'm, I'm interested to hear the, the following testimony. My last question, Section 17 of the bill is where we-- it begins to talk about tax certs, which, interestingly, is the-- probably the most pages and the, and the least-- probably the most agreeable portion of the bill. In numerous places, it talks about that counties and/or treasurers could utilize a designee.

**BOSTAR:** Yes. So the designee is simply-- it, it's written that way so that the elected treasurer doesn't necessarily have to do these, but someone from their office, on their staff, who works for them. That's what it references.

**von GILLERN:** Could, could that be contracted out to a private party?

**BOSTAR:** My understanding is no.

**von GILLERN:** OK.

**BOSTAR:** It's, it's someone from the Treasurer's Office,--

**von GILLERN:** OK.

**BOSTAR:** --from their staff.

**von GILLERN:** All right. And then, just for clarity. So this does impact the counties, so they do have a reason to be here today? Just throwing it out there.

**BOSTAR:** It's a stretch.

**von GILLERN:** All right. Thank you for your--

**BOSTAR:** And I, and I would imagine, if I may, that their comments are not about any of what we're dealing with right now.

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**von GILLERN:** I guess we'll see. We will, we will see. Anxiously await. Thank you for your opening. Seeing no further questions, we'll invite up the first proponent testimony.

**BOSTAR:** Perfect.

**von GILLERN:** Good afternoon.

**NICOLE FOX:** Good afternoon, Chairman von Gillern, members of the Revenue Committee. Nicole Fox, N-i-c-o-l-e F-o-x, and I represent the Platte Institute. While the Platte Institute does prefer to see decision-making occur at the local level, Nebraska's housing supply is critically low. It's affecting people of all life stages and all income levels. Inadequate housing supply limits population growth, leading to local and statewide limits to economic growth. When local land use restrictions and regulations interfere with the ability to meet its significant and urgent housing needs, we feel proposals such as LB458 is reasonable. And I should clarify, I'm only here today talking about the regulatory components of LB458. Two years ago, we toured the state, a week-long tour of the state, with the intent of talking about the property tax burden. We toured several communities: Columbus, Kearney, North Platte, Scottsbluff, and we met with a variety of leaders, chambers of commerce. And probably the top things we heard were workforce, and the reasons that they were having a hard time, as far as their workforce needs, were housing and childcare. Recent legislative sessions have seen the introduction of several proposals to address Nebraska's housing shortage, but mainly, it's been calling for increases in appropriations to our various housing funds. In 2020, the Legislature passed LB866, the Municipal Density and Missing Middle Housing Act, requiring cities with populations of over 20,000 to create housing plans, to improve housing availability and affordability, as well as establish goals for land use regulations and the Platte Institute supported legislation in this package. Like many industries, overburdensome regulations become barriers. In Nebraska, many local regulations are contributing to the lack of housing supply by rick-- by, by restricting the types of housing that can be built and adding to construction time and costs. This lack of housing is impacting the ability of communities across our state to attract and retain workers, graduates and retirees. Since 2019, scholars at our think tank partner, the Mercatus Center, have researched policy reforms to improve the problem of housing supply and affordability. They annually publish a policy brief highlighting legislative progress in the states, and, and with that, they include of menu-- a menu of reform ideas for states to consider. In 2020, they submitted testimony to the Nebraska "lature"-- Legislature in favor of

LB866, and in a follow-up policy brief, they suggested that the state consider a variety of land use regulations like those that were proposed in LB458. And I did email you those papers just so you have them. Single-family home development makes up most residential zoning across the state, and this can be a barrier to increasing housing availability, especially in more densely populated areas. For example, about 60-- or, about 80% of residential property is zoned for single-family units in Omaha. Under LB458, any city of the metropolitan class, primary class or first class cannot adopt zoning regulations for duplex housing that are more restrictive than their zoning regulations for single-family residences. LB458 defines what constitutes an accessory, accessory dwelling unit, and directs municipalities to adopt zoning regulations that allow a minimum of one ADU on a lot or parcel containing a single-family home. This transfers some control over what gets built from local governments to individual property owners, allowing the housing market to better respond to increases in demand for housing while improving affordability. Permitting ADUs gives "honors"-- homeowners a right to build on their current property, where it may be used either for extra income or to house a family member. LB458 additionally addresses local, local permitting, as approval delays can add to costs. It proposes a 60-day shot clock per se to reduce delays in the permitting approval process. If the permitting authority fails to process a permit application within 60 days of submission, the permit is automatically granted. Additionally, if a proposed housing project complies with local land use regulations, no additional review is needed, and the project is approved as a matter of right. The regulatory components of LB458 have made it feasible for other states to increase their housing inventories, and I hope this committee sees the proposal as an opportunity for Nebraska. I appreciate the opportunity to testify, and I'm happy to take any questions.

**von GILLERN:** Thank you for your testimony. Any questions? Senator Kauth.

**KAUTH:** Thank you, Chair von Gillern. Thank you very much for coming to testify. So, does this-- is this proposal aiming at increasing density? And then, I have questions about people who have possibly purchased a home in a neighborhood because of-- it's got space, it's suburban, like the yards. How are they impacted by a neighbor's choice to all of sudden add multiple units or a unit to their property and increasing the density?

**NICOLE FOX:** Yeah. As, as, as I see this, Senator, what I would say is I think it's when they're looking at areas of a city, maybe, that

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they're looking to develop. So, maybe just kind of encouraging planners to say, OK, instead of just doing what 80% of the city is already doing and just, you know, going to, say, single-family homes, maybe we, you know, have a dev-- you know, an entire development where we're putting, you know, say, a duplex in. Because the goal might be more density in an area. Especially-- I mean-- and I think a lot of the density stuff is really aimed at more-- yeah, your, your urban areas as opposed to your rural areas. But I-- so, I don't know if that answers your question, but I think-- yeah. I don't know that it's like, they're going to come in and say that this lot--

**KAUTH:** Well, but, but the way-- and--

**NICOLE FOX:** [INAUDIBLE]

**KAUTH:** --and it could be-- I mean, I could be reading the bill wrong. But it looks like it's applying to everyone now. And so, in a suburban neighborhood, say my, say my parents want to move in with us-- and mom and dad, if you're watching, I'd love it. But-- and, and my neighbors are like, well, we bought in this neighborhood because we have big yards. And now all of a sudden you've put this thing on your property, which does not fit with what we purchased in this neighborhood for. So, if this is applying to current housing, current ownership, then all of a sudden you have people who've, who've selected a space to live based on the attributes of that space, and those attributes are now changing. Is that how you read the bill? And, and then I--

**NICOLE FOX:** Yeah. I mean, our intent is just, again, to increase the supply, increase density in areas where maybe, you know, we could get more people in them. Just--

**KAUTH:** OK, so, so to do-- to increase the density of neighborhoods.

**NICOLE FOX:** Mmhmm.

**KAUTH:** OK. Thank you.

**von GILLERN:** Any other questions? Quick question.

**NICOLE FOX:** OK.

**von GILLERN:** You, you clarified at the beginning that you are in support of some parts of the bill, but--

**NICOLE FOX:** Yeah.

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**von GILLERN:** --not the entire bill? I want to make sure I understand.

**NICOLE FOX:** We-- oh, I'm not-- no. Oh, OK. Yeah. So, I want to clarify. It's not that we're not in support of the other parts of the bill, it's just our interest in this bill is particularly the regulatory components--

**von GILLERN:** OK.

**NICOLE FOX:** --because we're interested in just having those conversations about--

**von GILLERN:** OK. I'm-- my misunderstanding.

**NICOLE FOX:** You know, can we look at regulations to increase our out-- as a means of increasing our housing supply as opposed to just, you know, appropriating money into a fund? And you know, maybe the goal would be--

**von GILLERN:** Got it.

**NICOLE FOX:** --to stretch those housing fund dollars a little bit further.

**von GILLERN:** All right. Thank you.

**NICOLE FOX:** Yeah.

**von GILLERN:** Thank you. Next proponent. Good afternoon.

**FRED HOPPE:** Good afternoon, Senator von Gillern, members of the committee. My name is Fred Hoppe. F-r-e-d H-o-p-p-e. I'm here representing the Lincoln Chamber, the Metro Omaha Builders Association, Home Builders Association of Lincoln, and Hoppe Development, which is my company. We build affordable housing across the state of Nebraska. A lot of different jurisdictions. We built in places that had to hire outside, outside reviewers to review plans; we built in places where they didn't review plans at all. And, and we build, obviously, in Omaha Metro, in Lincoln and Grand Island, a lot of different places. We support this bill, because the-- number one, the-- let me give you three numbers. Three, two-- or two, four, one. Essentially, the second part of the bill-- which is the by-right-- says you can put two units where one unit can be-- where one unit previously could be. So, when, when I look at that, I'm saying, hey, I determine what the building envelope is on the lot. And if I can put two units in that building envelope, then it's going to-- it's going

to be allowed by right. And that includes the provisions related to the accessory units. The, the accessory unit has to fit on the, on the-- in the building envelope. So, what I'm saying is, essentially, you're getting to build two units for one, which increases density by twice, theoretically. I mean, it doesn't have-- the, the provision of the bill says if the, the neighborhood association rules or the covenants provide otherwise, this doesn't override those. OK? So-- and to answer Senator Kauth's question, you're, you're putting the two units in the building envelope that was already established for your neighborhood. So it's not-- it is not taking away building coverage that would otherwise be in the neighborhood to violate whatever neighborhood concepts are in place. So, the-- when you build, infrastructure runs by the foot. That cost is by the foot. So, if you can put twice as many homes on the same amount of footage of infrastructure, that-- goes to reason, saves a lot of money. That's number one reason why we're in support of this. Number two, in regard to the-- to building permits and the times, the majority of times, in, in regard to building permits in this state, they don't take very long. I mean, normal is probably-- for residential-- is probably two weeks, somewhere in that zone. And, OK, totally acceptable. But I've had some that-- one, that the permitting process took nine months. Permitting process on another took four months. Permitting process on another, we were waiting on deadlines; we had to try and close out a project, get, get the equity closed on it within-- by the end of the year. And it was pushing it to get our deadlines within 60 days in a major metro area. In any case, we support all these. We'll answer any questions. They're good for the industry. They're definitely good for providing more affordable housing.

**von GILLERN:** Thank you, Mr. Hoppe. Questions? Senator Jacobson.

**JACOBSON:** Thank you, Mr. Chairman. Well, Mr. Hoppe, I know you've spent time out west before, but you've, you've mentioned the three metro areas, you know, Lincoln, Omaha and Grand Island. Which brings me back to the idea of why are the class 1 cities involved in, in this change-- rule change? In other words, I can tell you that you're not going to run into that if you come to North Platte to build. And I don't think you're going to run into that in any of the class 1 cities out there. Now, it's-- it-- your, your cost structure may be different. And I get it, when you, when you don't have to buy a second lot, and you don't have to put in infrastructure for a second lot, your costs go way down. I mean, a big part of building today is that cost of that lot. But, as much as I support affordable housing, as much as I understand we've got to build more housing-- I mean, there is a limit to where you've got to kind of stop and say we're, we're,

we're going a little bit overboard. And I get-- I'm going to go back again to my original question of, of when you start looking at neighbors and how do we protect neighbors? When we start looking at zoning hearings, you've got neighbors coming in, weighing in about "I don't want this." OK? And, and you got council members that are out there also being put on the hot seat. Everybody needs affordable housing, and I think right now there are places you can go across the state and build with no hurdles at all to speak of. And, for what it's worth, I would just tell you if we're in the process of cutting down red tape and all that, if you look at the paperwork you have to sign to apply for a mortgage-- if we could eliminate that, that would be good as well. But I'm just telling you, in case you have something there.

**von GILLERN:** Different committee.

**JACOBSON:** But, but do-- is there-- I mean, are you seeing any problems outside of the metro areas, the three metro areas?

**FRED HOPPE:** You know what? We-- well, in-- as I indicated in a couple of places we built, there was hardly any permitting process at all.

**JACOBSON:** I would agree with that.

**FRED HOPPE:** And in another, we went to outside reviewers to-- and I can't remember whether we paid for them or the municipality paid for them to do the reviews, and this was a pretty major-- over 20,000 municipality. But they were jammed up. So I can't tell you, but there-- you're raising kind of two different issues. One, the timing of the permits and that kind of thing is one issue, and the permitting process as well as-- that's a different issue of the two-for-one. The two-for-one, in, in that situation, the way I read it, you're putting your whatever housing you're going to do, the added thing is on the same building envelope that's originally there.

**JACOBSON:** But, but, but you're--

**FRED HOPPE:** So, you're not changing the building envelope. So, if you could build a 6,000 square foot house, you could build two threes. Two three-side-- or a, a 6,000 square foot duplex. And it sits there. That, as far as the visibility of that unit, the visibility of the structure, it may not look any different at all, and probably wouldn't look any different except for two doorways.

**JACOBSON:** Why would you [INAUDIBLE]

**FRED HOPPE:** You understand what I mean by that?

**JACOBSON:** Yeah, I do. But I-- I'd ask you this question, then. Again, you go out-- you go out west, go to class 1 cities.

**FRED HOPPE:** Yeah.

**JACOBSON:** --and second-class cities,--

**FRED HOPPE:** Yeah.

**JACOBSON:** The zoning is done. It's, it's going to-- it's going to-- the zoning is--

**FRED HOPPE:** Right.

**JACOBSON:** --going to allow for how many structures could be on that building envelope. And if you don't like it and you want to do more, can't you just rezone it?

**FRED HOPPE:** Well that'd take you-- that's a great point. That'd take you quite a bit of time, maybe no less than-- I'm trying to think of the-- 90 days, probably, is the norm anywhere for rezoning. That-- you know, you may trim that down some, I'm not sure. But in any case, the-- if-- you could do that, but time is money. And when you're sitting on, for instance-- and these were metro cases, but when we were sitting on those ones that were-- took a lot of time to get the permits, we're looking at lots that cost a million bucks, you know? Well-- at 7%-- well, you know, maybe not a rural bank at 7%. I'm sure you guys like giving your money away. But the, the-- you know, that's some serious dough by the time you get messing around. And so, the, the time thing is, is significant. The other thing about the time thing is-- or, the time portion and the permitting portion, it shifts the burden. Here's what happens when you--

**JACOBSON:** I, I think you've answered my questions. So, thank you. I think I think we'll hear from a local [INAUDIBLE].

**von GILLERN:** Thank you. Any other questions? Thank you, Mr. Hoppe, for being here. Appreciate it.

**FRED HOPPE:** You bet. Thank you.

**von GILLERN:** Next proponent. Good afternoon.

**HUNTER TRAYNOR:** Chairman von Gillern, members of the committee, good afternoon. My name is Hunter Traynor, 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 Greater Omaha Chamber of Commerce. You're going to hear from others today behind me as, as well as Nicole before me, about the scale and scope of Nebraska's housing shortage. And, as we tour the state, talking to members of our businesses around Nebraska, housing and child care come up as the chief concerns constricting their ability to expand their workforce and their operations. And we hear this from folks in Omaha; we hear this from folks in Sidney, Kearney, all over. From 1980 to 2005, we added about 180,000 people to the state's population, and in, in the same period of time added the same number of housing units. In 2005 to about 2020, we added about the same number to our population, but only half the units; about 80,000. That demonstrates that, in terms of a housing problem, in terms of an affordability crisis, supply is the chief concern. And I think, as a general matter, some of these reform efforts are, are geared towards supply shortages. This summer, we worked with a coalition to testify before the Urban Affairs Committee, as well as the Appropriations Committee, talking about these concepts: zoning, permitting, design requirements, how to get two units on one lot, types like ADUs to incentivize and encourage older Nebraskans to downscale into mother-in-law suites, which is another name for an accessory dwelling unit. And we had a lot of varied perspectives in this coalition, and I think you'll hear from a lot of them today. But all of them were sort of united in this concept that, as it relates to addressing the housing problems in Nebraska, the strategy needs to absolutely involve regulatory reform of this nature. There is not enough state money to solve the issue, and to solve some of the economic efficiencies happening in housing markets right now. The other thing I'll say is that Nebraska is not unique in this. Counties, cities, states around the country are dealing with this same problem. And we see it in how real estate prices have jumped and outpaced income around the country. And before the Appropriations Committee earlier this year, I pointed out Massachusetts recently enacted a huge housing omnibus bill. It was certainly larger in scope than this bill insofar as it committed a lot of state dollars towards the deployment of housing, but it involved regulatory concepts of this nature. I think a good example to share with this committee that's actually quite similar to this bill is what Montana did just a year, year-and-a-half ago. It involved duplex considerations, ADUs, permitting, many of the same concepts that we see here and in LB548 [SIC]-- or LB558 [SIC], rather. I think we have members-- and certainly you'll hear from folks after us-- who have concerns about some of the technical components of this bill and how

it will work in practice, but I think from the Chamber and the business community's standpoint, we understand that something has to be done on the regulatory front. Interestingly, after Montana passed that legislation, folks who work on housing affordability and who work on housing shortage issues around the country started calling it the "Montana Miracle" because, similar to Nebraska, there's a longstanding history of local control in Montana, and that was a key consideration for the legislature to contend with. At what level is local control helpful to a particular political problem? And at one level is to push the problem to another community. And I think housing is perhaps the best example of that. So, I don't think this bill in this Legislature needs to amount to a miracle, but I do think that something would be better than nothing, and would encourage healthy collaboration, debate and discussion on LB458. Thank you.

**von GILLERN:** Thank you. Questions? Senator Jacobson.

**JACOBSON:** Well, I just have one quick question. I-- rather than talking to the Legislature about this issue, have you, have you, as the Chamber of Commerce-- State Chamber of Commerce, talked to the municipalities across the state about ideas that they could employ in terms of their zoning plans and programs to where they voluntarily do these kinds of things, as opposed to coming to the Legislature to support a bill that would force them to lose all control over how they handle their zoning and, and just trump them? That, that-- have you, have you done any outreach there, with the local communities themselves? The, the class 1 cities in particular?

**HUNTER TRAYNOR:** Yeah, I think that outreach does happen. In fact, the Urban Affairs interim study-- this summer, our testimony, at least on behalf of the Nebraska Chamber, was, was given by the Seward County Chamber. As you know, local chambers, more so than the state chamber at least, they work a lot on, on economic development initiatives, and work with local development corporations on exactly this: housing projects. And so, at least in the case of, of that testimony, that concept was how can the state create carrots to incentivize local governments to adopt some of these these zoning regulations that may be more friendly towards density and the rapid expansion of, of housing and [INAUDIBLE]

**JACOBSON:** Well, I, I just-- I mean, it seems to me we're not using the carrot here. We're using a stick.

**HUNTER TRAYNOR:** I agree with you.

**JACOBSON:** And, and, and I just-- I think we're starting at the wrong place. And in class 1 cities, I think we're fixing a problem that doesn't exist. I mean, you, you may disagree with that. And-- but that-- I can tell you, in North Platte, they're doing everything they can to build houses. I know up in Norfolk they're doing that. I, I can't think of a class 1 city who isn't bending over backwards for any developer. The bigger problem, it seems to me, is being able to have people come in that can have the downstroke on the house and can be able to afford the payments, given what property taxes are, insurance rates are, and the cost to build.

**HUNTER TRAYNOR:** Yeah, and I think those are all well-taken. And, and, and frankly, that comment demonstrates what I said earlier, that this has to be all-of-the-above. I think, for local communities, my response, at least initially to the local control argument, is that, if, if a local community didn't find accessory dwelling units right for them, I don't think the local community would build them at the rate they maybe would in a community where it was allowed. I think the issue, at least as it relates to some of these density concerns in the short term, is that in a lot of instances it's not allowed. And, even further, the political incentive to change that is largely concentrated with folks who don't want that to change. So, it's, it's kind of this tension between, you know-- the folks who are, are really struggling to afford housing aren't the ones probably showing up at a hearing to oppose the permittance of the exact housing solutions that they need, if that makes sense. So, I agree with you, Senator. I think that there will be, you know, opponents after me who spell out some of the technicalities. And we certainly have heard from our members on some of those as well. But I think generally, this is a step in the right direction to look at regulatory issues in a way that speeds up and encourages this quick pro-density type of thinking on, on urban planning, because at least from the business community, it's what we hear the most. Housing, housing, housing.

**von GILLERN:** Thank you. Thank you for your testimony. Senator Dungan.

**DUNGAN:** Thank you, Chair von Gillern. Thank you for being here. I appreciate the Chamber's continued efforts on workforce and housing. I think we all agree that's a huge issue. It sounds like the bulk of your testimony as a proponent, as well as those who preceded you, is for the zoning. Do you have any opinion or commentary on the, the tax sale certificates or the tax-related foreclosure actions that are contained in this bill?

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**HUNTER TRAYNOR:** Not formally. And thanks for allowing me to clarify that. We had supported, before previous Legislatures, concepts similar to the ADU and the duplex, by-right builds. I think Senator Lowe had both bills introduced in the last Legislature. And so, you know, given the speed at which this came up for hearing, I have not workshoped on the technicalities of some of the tax certificate language and even some of the land bank concepts. So again, I just want to reiterate, there are going to be folks who live and breathe in that space who come up behind me, who will spell that out further. I just think, from the Omaha and Greater Nebraska Chamber's standpoint, we do want to encourage the Legislature to take a very serious look at what the state's role is in pushing these along.

**DUNGAN:** Thank you.

**HUNTER TRAYNOR:** You're welcome.

**von GILLERN:** Good. Seeing no other questions. Thank you for your testimony.

**HUNTER TRAYNOR:** Thank you all.

**von GILLERN:** Next proponent.

**JUSTIN BRADY:** Senator von Gillern and members of the committee, my name is Justin Brady, J-u-s-t-i-n B-r-a-d-y. I appear before you today as the registered lobbyist for the Nebraska Realtors Association, the Nebraska State Homebuilders Association, and Habitat Omaha in support of LB458. I've got to share with you-- you know, I'll talk specifically on the Realtors. In the last five days, they have taken four different positions on this bill. They started off with support, they went to monitor; there were some that said maybe we should oppose, and they came back to support, and I'll tell you why. Doing business as usual isn't working right now in the state of Nebraska. And that's-- so, they appreciate Senator Bostar looking at how do we change business from the usual course that we're on. Since 2006-- according to the Nebraska Statewide Housing Needs Assessment done by DED and NIFA-- since 2006, our population growth has outpaced the housing unit permits in the state of Nebraska. So not only are we not catching up-- I mean, not doing for anybody who's moving in, we aren't catching up to our own population growth on housing right now. And so, you know, whether this is the answer-- I mean, obviously, the Realtors and Habitat and the state homebuilders do want to partner and work with the cities and figure out what's best for their communities. But also, right now, like I said, they looked at it and said we need to do

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something. And whether that's speeding up timelines, whether that's creating some developments-- you know, a concept they talked about, it was-- Senator Jacobson was here-- more on the carrot side was tie it to, to the state money that's going out. You have the Affordable Housing Trust Fund money, you have the middle workforce money, you have the rural workforce money. Say, you as a state-- if you opt-- if you as a local opt to take that money-- so it's not a mandate-- if you opt to apply for that money, then-- you then would have to, you know, fall under something like this; an expedited process, a way to cut costs, cut regulation. That's the way the state can get involved. You all adopt state building codes, state energy codes. So, I think that's a concept. I would also say, you know, unfortunately, as you all know, at times zoning doesn't work. And again, Senator Jacobson brought up this outhouse on the corner of 56th and Pine Lake. I drive by it on a regular basis; I was intrigued by it. Long story short, there was an individual-- Patrick Clyne was his name-- built a software company, became a multi-multi-millionaire. He built that in that garage that still sits on that lot. He owns the lot, wanted to keep it. It's my understanding the city of Lincoln said, "Well, it's zoned residential; you can't have just a garage, you have to have a house." So he figured out what the minimum requirements were for the house, and that's this 160-square-foot house. So, it is compliant with zoning and codes. But it just-- again, it's one of those examples. It works when it's in your favor. So, anyway. With that, I'll try to answer any questions.

**von GILLERN:** Thanks for adding clarity to that. Senator Dungan.

**DUNGAN:** Thank you, Chair von Gillern. I will just say I also drive by said outhouse, and has surprisingly nice Christmas decorations--

**JUSTIN BRADY:** It does.

**DUNGAN:** --during the holidays. So, I would encourage people to go and take a gander at that. But thank you for the, the education there. Appreciate it.

**von GILLERN:** OK. Any other questions? Seeing none, thank you, Mr. Brady.

**JUSTIN BRADY:** Thank you.

**von GILLERN:** Next proponent. Good afternoon.

**MARK LAUGHLIN:** Good afternoon. Mark Laughlin, M-a-r-k L-a-u-g-h-l-i-n. I'm a lawyer with the Fraser Stryker law firm in Omaha, and the owner and CEO of NAR Solutions. We purchase tax liens. I'm here really just

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on the tax lien piece of this bill. I purchased my first tax lien in Douglas County in 1996, so I've seen this market for quite some time. Really want-- appreciate the entire committee, your time and leadership that's been invested in the last couple of years for what, for me, is a very important matter. Also like to thank Senator Bostar in particular for his leadership on past legislation, and also on this one. And Senator, I want to thank you in particular for being open to meeting with me and, and other tax lien stakeholders to try and come up with fair and, and, and good rules going forward. Senator Ballard also has another bill that deals with some of the same items and, and, and, and has other tools where counties can protect the homeowners and, and, and promote kind of a just system. And I look forward to working with this committee and, and talking about that bill as well. With that, I'm willing to answer any tax lien questions that anybody has. And Senator Jacobson, I don't want to catch you as you're just sitting back down, but I, I'd heard in your introductions that you serve Perkins County. And I did want to let you know I've coached a high school mock trial team since 2011, and this past December-- the State Bar Foundation puts on the competition every year-- and the last December, the state cham-- the state finals were in Omaha, and my team went up against Perkins County, which I assume is in your district. And these young people were amazing, they were well-spoken. I'm hoping a couple of lawyers coming out of that Perkins County. And the last thing I will share with you about these young people is-- so, I went up and asked them. I said, well, who's your attorney coach? You know, where do you learn all the rules of hearsay and relevance and foundation? Because they were very good on the rules of evidence. They said, "Well, we talked to one county attorney one time, but we watched YouTube videos and then we went out and read and we kind of learned them all on our own." And those kids made the state finals, which is amazing. So, I just wanted to share that with you.

**JACOBSON:** Well, I'm going to have to clarify one thing,--

**MARK LAUGHLIN:** Yes.

**JACOBSON:** --because Senator Ibach is here, and she's going to chastise me if I don't clarify this. So I have two-thirds-- well, I have about three-fourths of Perkins County.

**MARK LAUGHLIN:** Oh, I apologize.

**JACOBSON:** But I don't have Grant, where the people are. So I've got all the really brilliant ag kids.

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**IBACH:** He just has land mass.

**JACOBSON:** Yeah, I've got the land mass and she's got the population.  
So.

**MARK LAUGHLIN:** So, so Perkins County's in your district?

**IBACH:** Yes.

**MARK LAUGHLIN:** OK.

**JACOBSON:** Well, no, not-- she's only got a piece of it.

**MARK LAUGHLIN:** Well, my, my apologies.

**von GILLERN:** All right, all right, all right.

**MARK LAUGHLIN:** So if, if you see anybody from Perkins County-- I forget the name of the teacher coach who really was, you know, the driving force-- every good mock trial program needs either a, a really committed attorney coach or a really committed teacher coach. And I met the teacher coach, but I, I can't remember their name. But, if you do see them-- I mean, it's a-- it was a really impressive deal for them--

**IBACH:** Thank you.

**MARK LAUGHLIN:** --and to make the state finals.

**IBACH:** Well, I will pass that on to them. Thank you very much.

**von GILLERN:** Thank you.

**IBACH:** Thank you,--

**von GILLERN:** Any other--

**IBACH:** --Senator Jacobson.

**von GILLERN:** Well, I didn't know there was a question in there, but. Thank you for your testimony today.

**MARK LAUGHLIN:** Thank you.

**von GILLERN:** Invite up the next proponent, and if I could just excuse myself for one moment. Senator Jacobson, Senator Dungan. [INAUDIBLE]. My apologies. That had nothing to do with the next testifier.

**EMMA CRAIG:** It's OK. None taken.

**von GILLERN:** We're trying to juggle some schedules here and make everything work, so.

**EMMA CRAIG:** I understand. I--

**von GILLERN:** Thank you.

**EMMA CRAIG:** --have also been juggling schedules with a annual meeting, so.

**von GILLERN:** Thank you for being here today. Good afternoon.

**EMMA CRAIG:** Thank you. Good afternoon to you, Chairman von Gillern, and members of the committee. My name is Emma Craig, E-m-m-a C-r-a-i-g, and I'm the housing policy and legislation manager of the Nebraska Investment Finance Authority, referred to as NIFA. NIFA is pleased to testify in support of LB458, which intends to streamline the approval process for by-right housing developments, permit the development of accessory dwelling units or ADUs, and shorten the timeline for land banks to buy vacant and dilapidated properties in tax delinquency for redevelopment. Though, in full transparency, we are largely here on behalf of the regulations. NIFA's support of this legislation is based on the fact that the status quo is not sufficiently addressing our housing challenges, limiting our-- the success of our people and our communities. And this bill aims, in a variety of ways, to shorten the time required from concept to completion of much-needed housing across our state. We are sensitive to imposition of specific timeframes for permit review and the needs for those timeframes to be workable for municipalities, and we believe the time is right to engage in discussion of what can work for the good of all. There are two concepts. First, land density, and second, carrying costs-- which have been brought forth a few times yet this afternoon-- that currently negatively impact the cost of housing, and are addressed in this bill. The cost of land, which includes infrastructure, constitutes-- according to the latest National Association of Homebuilders figures-- about 13.7% of the sales price of single-family homes in 2024. Allowing duplexes on a single lot, or being able to add ADUs to existing lots, increases the density of housing per acre and lessens the lot per unit cost of housing. Second, streamlining the by-right zoning and land use regulations, as well as speeding up the permitting process, should reduce the overall time to build, reducing carry costs such as insurance, interest on construction loans, and property taxes that are all currently

addressed in the purchase price of a home or embedded in the cost of a rental unit. On the whole, we understand the desire for local control of housing development, yet we also see the benefit to balancing local control with the greater need to create housing faster and more efficiently by setting out reasonable expectations for process and timing for approval of housing construction. The concepts laid out in LB458 support the goal of increasing the number of affordable and attainable units in the state. The need for more units and better quality of existing housing is great. Nebraska currently has almost 860,000 housing units, of which about 787,000 are occupied. That leaves about 68.7 thousand vacant units. Now, this does not mean that there is no housing shortage, as many of these vacant units are dilapidated or uninhabitable. Really, only 2% of vacant homes across the state are currently available for sale or for rent. Nebraska needs safe, accessible, affordable and diverse types of housing to accommodate our changing population, and measures that speed construction and lessen cost are important. Moody's Analytics estimates that Nebraska is likely experiencing a deficit of more than 120,000 housing units across the state, and, over the past two decades, permits for housing construction have not kept up with population growth. Since 2004, Nebraska has grown by over-- by almost 250,000 residents with additional stress in certain areas due to migration towards population centers. Yet only 161,000 building permits were issued, and with 1%-- or, about 7,800 properties annually-- continuing to dilapidated beyond use, the additional permits that were issued were not fully adding to the usable housing stock, but were also going to replace these dilapidated and aging units. In addition to trailing housing development, the median age of housing in Nebraska is 65 years old or, with math, was built in 1960. The Legislative Research Office's July 2024 backgrounder "The Good Life at the Wrong Price," older homes are more likely to have deteriorated due to long-term deferred maintenance, which decreases the condition of housing. On the affordability side, the current median household income does not support the ability to afford a home at the median sales price, and currently, renters fare no better with a current two bedroom unit exceeding affordability by over \$1,100 per year. In short, we need more housing, and we need it now. Nebraska-- NIFA supports the aim of this bill, which will help spur construction of urgently-needed housing and to help bring down the cost of housing across markets. We need not only to catch up with the demand of housing in the state, but to prepare for future growth. Thank you, and I yield for questions.

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**von GILLERN:** Thank you for your testimony. Questions from committee members? Seeing none, thank you for being here.

**EMMA CRAIG:** Thank you.

**von GILLERN:** Next proponent. Thank you.

**TODD STUBBENDIECK:** Chair von Gillern and members of the Revenue Committee, my name is Todd Stubbendieck. That's T-o-d-d S-t-u-b-b-e-n-d-i-e-c-k, and I'm the state director of AARP Nebraska, and here in support of LB458. According to AARP Nebraska's 2022 Vital Voices survey, 84% of Nebraskans age 45 and older say staying in their homes as they get older is extremely or very important to them. To do this, we know they need a range of age-friendly housing options that accommodate their needs, including homes that are structurally and mechanically safe, and accommodate individuals with disabilities. AARP Nebraska supports LB450-- LB458 because it would set new zoning standards for the state, cut regulatory red tape, and, we believe, allow builders the option to construct additional age-friendly housing like duplexes and accessory dwelling units in communities across our state. Missing middle houses such as duplexes can provide an affordable, age-friendly option that can better accommodate the housing needs of people as they age. AARP Nebraska also believes that ADUs represent an age-friendly housing solution for many older Nebraskans. Older adults may choose to have an ADU that can either house a family member or other caregiver to assist them as they age. Likewise, a family might have ADU that houses a parent, grandparent or other older adult relative. In both cases, the ADU provides an opportunity for the older adult to age in place, remain in their home, and stay at the level-- lowest level care for as long as possible. We often hear, and we've heard it here today, about the lack of workforce housing being a major impediment to economic growth, both in our urban and rural communities. But we don't make the connection that more missing middle housing, like duplexes, can actually help open up more workforce housing. If communities don't have-- or zoning codes do not allow-- housing options that fall between the large single-family home and assisted living, then, as people age, they will have no choice but to stay in that large single-family home, even if it's not meeting their needs. Removing regulatory barriers that prevent the creation of more age-friendly housing options will give older Nebraskans the ability to downsize into a more age-appropriate house, and free up that single-family home for a younger homebuyer. I'm certainly not blind to the issues of local control that this bill raises, and while I'm sensitive to those concerns, simply put, our state is facing a critical housing shortage in both our rural and urban communities. In

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fact, according to Nebraska's 2022 Strategic Housing Framework developed by NIFA's Strategic Housing Council, quote, "There are inadequate, safe and diverse housing options across Nebraska, leading to a limited workforce for employers with less vibrant communities, especially for the lowest-income Nebraskans, including seniors." We've reached a point where state action that creates a level regulatory framework is necessary to help address this critical housing shortage. Again, we thank Senator Bostar for introducing LB458, and encourage the committee to support, support the bill. And I'm happy to answer any questions.

**VON GILLERN:** Thank you. Questions from the committee members? Senator Sorrentino.

**SORRENTINO:** Thank you, Chair. Point of clarification.

**TODD STUBBENDIECK:** Yeah.

**SORRENTINO:** When you talk about fair, affordable housing, I want to make sure we're talking about single dwelling units, we're talking about duplexes; are we talking about apartment complexes at all?

**TODD STUBBENDIECK:** It, it could be. Sort of the, the-- not the large sort of high-rise apartment complexes we're talking. We're talking, sort of when you're-- in the missing middle housing you're talking about, you know, clusters, cottage courts apartments, some of the more small-- in Omaha, if you go to the Dundee neighborhood, you see a lot of examples of missing middle housing options that the-- sort of the cottage court apartments, duplexes, triplexes, things like that. That again, used to be built-- it's called missing middle housing because it used to exist, it got zoned out of existence, sort of following World War II in many of our-- many of our cities.

**SORRENTINO:** Thank you.

**VON GILLERN:** Other questions? Just to add clarity to that comment.

**TODD STUBBENDIECK:** Yeah.

**VON GILLERN:** The bill does not address that, though, is my understanding. I don't see anything in the bill that addresses specific size of project, or--

**TODD STUBBENDIECK:** No. It, it--

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**von GILLERN:** So, theoretically, it could be a high-rise; it could be a-- an apartment complex.

**TODD STUBBENDIECK:** Yeah. And, and we're specifically really focusing on the duplexes and ADU--

**von GILLERN:** Yes.

**TODD STUBBENDIECK:** --section of the by, by, by-right section.

**von GILLERN:** I, I understand that's your testimony.

**TODD STUBBENDIECK:** Yeah. Correct.

**von GILLERN:** But, but again, the bill does not preclude that.

**TODD STUBBENDIECK:** Yep.

**von GILLERN:** OK. Thank you for your testimony.

**TODD STUBBENDIECK:** You bet.

**von GILLERN:** Appreciate it.

**TODD STUBBENDIECK:** Thank you.

**von GILLERN:** Next proponent.

**MARC ODGAARD:** Chairman von Gillern and members of the Revenue Committee, my name is Marc Odgaard, M-a-r-c O-d-g-a-a-r-d, and I'm general counsel for Guardian Tax Partners, and here today in support of the bill, particularly Sections 24 and 37. That would be page 15 and page 29 of the bill. As it currently stands, unless the language of 77-18 [SIC] and 77-1909 is changed, I do have serious doubt as to the viability of the tax certificate sale process going forward in this state. I just want to share, I suppose, some of my experiences, because this was-- the prior amount-- statute had been changed in, in 2023. I've had a lot of experience sort of dealing with that change this last year, and I just wanted to share some of that with you. 77-1818, as it currently writ-- is written, takes a great deal of resources from the sheriff's departments. The reason being that they're heavily, heavily relied upon to execute the personal services required by the statute. If they are not successful in their first attempt, they must make repeated efforts until they successfully locate the homeowner, which may never happen. I have experienced many complaints from the different departments explaining that they are

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really-- don't have the time or staff to continue to make repeated efforts to serve homeowners. The proposed changes allowing for residential or certified mail service will go a long way to relieving the, the obligation of the sheriff department, thereby freeing them up to address their many other obligations to the counties. The current procedure under 77-1818 also consumes a good deal of time with the-- in the treasurer's department, as well as the county attorney. There's been a lot of discussion between tax certificate holders and the treasurer departments-- treasury departments and the county attorneys to precise-- as to precisely what the tax certificate holder must do in order to be reimbursed its administrative fees. Currently, claims under the administrative fee must be submitted to the treasurer and reviewed by the treasurer. It is a time consuming process and a confusing process as well. The different treasurers' offices and county attorneys' offices have interpreted the statutes differently, resulting in inconsistent application of the statute between the counties. The proposed changes allowing for one-time, upfront application of the administrative fee will relieve the counties from having to review the claims submitted by the tax certificate holders, thereby relieving them from the obligation to make a determination of whether or not the claim satisfies the statute and whether or not they are allowed to collect the administrative fee. One county attorney that I spoke with has specifically stated his concern of being sued for improperly recording an adminis-- administrative free-- fee against a property. The proposed changes would resolve that, and those concerns. Additionally, the county treasurers and the county attorneys have interpreted the current version of 77-1818 to require successful and completed personal service notice upon the homeowners before the county treasurer will record an administrative fee against the property, or collect the administrative fee from the homeowners in order to reimburse the costs of service to the tax certificate holder. However, the statute also requires the tax certificate holder to attempt to serve the notice upon the homeowner at the time of the issuance of the tax certificate. The practical result of this is, in many cases, a resulting loss to the tax certificate holder. The tax certificate holder makes the effort to personally serve the homeowner the notice under (77-)1818. Oftentimes, multiple efforts and increase in costs, but the homeowner is never located for service, or the homeowner redeems the taxes before the personal service can be completed upon them. In these situations, even if the tax certificate holder has make multiple efforts to serve the notice, the counties have not been willing to collect the administrative fee or record the administrative fee against the property, resulting in the tax certificate holder being denied the administrative fee and,

ultimately, realizing a loss. The proposed changes to 77-1818 allowing for an immediate upfront administrative fee will go a long way to fixing that problem. Finally, and maybe most importantly, with the changes to the laws in 2023, nearly all of the tax certificate collection efforts will go through the foreclosure process. Under 77-1909, the current language limits recovery of attorney fees to 10% of the value of the delinquent taxes. The problem is that a large majority of the tax certificates that go through the foreclosure process are of relatively low value. As a result, the tax certificate holder who is foreclosing will end up losing money, because the expense to the certificate holder for the attorney will greatly outweigh in, in, in some occasions, the recoverable amount of the attorney fees under the current statute. The proposed change in 77-1909, which would allow for reasonable additional attorney fee, fees for cause, will avoid further losses to the tax certificate holder, thereby avoiding disincentives to participating in the county tax certificate sales. I appreciate being here today, and I can answer any questions if there are.

**von GILLERN:** Thank you. Senator Jacobson.

**JACOBSON:** I guess I'm trying to understand. You're testifying as a proponent on the bill?

**MARC ODGAARD:** Yes.

**JACOBSON:** Most-- this all sounded pretty negative. Is there any part of the bill that you support the way it is?

**MARC ODGAARD:** No, the-- what my-- the negative comments were to the prior-- the, the bill as it currently is, not as how it's proposed to change.

**JACOBSON:** OK.

**MARC ODGAARD:** I'm, I'm in, in 100% agreement with the proposed changes in Section 23 and-- I'm sorry, Section 24 and 37.

**JACOBSON:** So, you're saying that the way it's written today doesn't need changes.

**MARC ODGAARD:** This proposal, in 24 and 37? Yes, I-- I'm 100% behind the-- that language.

**JACOBSON:** OK. And what about the rest of the bill?

**MARC ODGAARD:** That's the reason I'm here today. Those specific issues.

**JACOBSON:** OK. All right. Thank you. Appreciate it.

**MARC ODGAARD:** So, yeah, limited to that. Yes.

**von GILLERN:** Any other questions? Just a quick question. I'm-- I actually agree with what you said about the note-- changing the notification requirements and taking that burden off of the sheriffs and so on. That makes complete sense. The-- I asked Senator Bostar earlier about who a designee might be for the county representatives. Could you speak to that?

**MARC ODGAARD:** His response is what I would have said, Your Honor. I, I, I believe it's-- I believe it's limited to employees of the Treasurer's Office.

**von GILLERN:** OK. OK.

**MARC ODGAARD:** That's my understanding of it.

**von GILLERN:** Could not be-- that's not something that could or would be contracted out, or?

**MARC ODGAARD:** Not that I'm aware of.

**von GILLERN:** OK. All right. And then reasonable attorney's fees originally got my attention. But that's, that's language that's included in other statutes, is my understanding.

**MARC ODGAARD:** It is, yes.

**von GILLERN:** Yeah. And it's reasonable, as is determined by a judge, not by the attorney charging the fee.

**MARC ODGAARD:** And I think that's why the "for good cause shown"--

**von GILLERN:** Yes.

**MARC ODGAARD:** --is included in there. Yes.

**von GILLERN:** OK. Thanks for your testimony.

**MARC ODGAARD:** Yes.

**von GILLERN:** Seeing no other questions. Thank you.

**MARC ODGAARD:** Thank you.

**von GILLERN:** Next proponent. Good afternoon.

**LESLIE SMITH:** Good afternoon, Chairman-- Senator Brad von Gillern, and members of the Revenue Committee. My name is Leslie Smith, L-e-s-l-i-e S-m-i-t-h. I am the executive director for the Omaha Municipal Land Bank, and I am here to speak on the land bank portion of the bill on pages 9 through 30. OMLB is dedicated to empowering Omaha to support sustainable and thriving communities by equitably transforming neglected par-- properties in partnership with the community through our property sales, through our advocacy work and civic education programs. Each year, we embed ourselves in local and statewide conversations to identify solutions that addresses the housing shortage crisis. And it has been apparent to me that, in the last few years, this is no longer just an Omaha problem, but a statewide issue. The majority of the properties that the land bank acquires comes through tax sale process. When a property's tax delinquent and abandoned, it goes through tax sale, which is a three-year redemption process that takes place first, and then there's a foreclosure process and a public auction. And then, once it's confirmed by a judge, then the-- then we have gone through the entire process of being able to acquire that properties while the property has sat there, neglected and abandoned for a period of total five years from the point of delinquency to the point of us acquiring that property. And that is the very thing that the community who lives next to those properties are stuck to having to endure. LB458 provides Nebraska with an innovative and equitable housing solution through supporting the development and preservation of housing by expediting the redemption process of solely vacant and abandoned properties by reducing the amount of time it needs to be in redemption by one year. Our legislative responsibility as a land bank is to facilitate the return of vacant and abandoned tax delinquent properties to productive use. The provisions in this bill restricts the beneficiaries of this expedited timeline solely to Nebraska land banks, your trusted partners. With over 300 properties in our inventory that we have available to sell, currently, all of our vacant land are clear vacant; no structures are on those properties, they're forested, and much of our properties originated from past tax sales, including several properties that had former demolition liens on them. Demolition liens-- they come from now-vacant lots that have undergone the condemnation process and the structure of those lots had deteriorated to such a degree that the municipality had to deploy resources to demolish that structure. If we could reduce that period of which a proven vacant-- now, need I repeat, proven vacant-- and abandoned

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property can be redeemed by that year, that one year can make that difference for whether that property is condemned or that structure is salvaged with a rehab project, which, typically, is easier to finance and complete for new developers because minimizing the time structure-- minimizing the time of which a structure is abandoned and exposed to the elements could significantly impact how quickly it deteriorates and whether or not it must go through an expensive demolition process by the municipality. I want to thank you again, Senator Bostar, for your commitment to removing barriers for housing production and addressing the housing crisis. We urge the Revenue Committee to consider advancing LB458 to General File.

**von GILLERN:** Thank you for your testimony. Any questions from the committee members? Senator Kauth.

**KAUTH:** Thank you, Chair von Gillern. Can you tell me what you mean by an equitable housing solution?

**LESLIE SMITH:** Yes. As the land bank, we strive to make sure that we are considering the various levels of which these properties that are eligible for development can become development-- become developed. We take in consideration the barriers that exist that pro-- inhibit someone from being able to unlocking the development potential of those properties. So, we're considering new developers and existing developers; we're considering the way in which properties that are located within our land bank communities, or where our properties are mostly concentrated, those communities, how equitable is it for people to access those properties and develop for their own wealth-building opportunities?

**KAUTH:** So-- but what do you mean by equitable? You say-- I mean, you used the word, but you haven't said-- equal to something? What is equitable in, in terms of this?

**LESLIE SMITH:** We are taking an equitable approach to making sure that we are exploring as many solutions as possible for people to access developing these properties.

**KAUTH:** OK.

**LESLIE SMITH:** I'm sorry.

**KAUTH:** Thank you.

**von GILLERN:** Any other questions? Seeing none. Thank you for your testimony.

**LESLIE SMITH:** Thank you.

**von GILLERN:** Next proponent. Good afternoon.

**CAROL BODEEN:** Good afternoon, Chairperson von Gillern, members of the Revenue 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 here today to testify in support of LB458. NHDA is a statewide organization with over 70 members from across all areas of Nebraska. Our members include nonprefa-- nonprofit and for-profit affordable housing developers, other nonprofit organizations, local governments, housing authorities, banks, investors. This diverse membership is united in support for our mission to champion affordable housing. Thank you to Senator Bostar for bringing this legislation forward this year. I'll make a note that sometimes there's benefit to being-- bringing up the rear of many of the, the testimony, because many of those behind me have stated a lot of the points that, that I would have brought forward. We understand that continuing to invest only dollars in solving the affordable housing crisis is not the only avenue in attacking this issue, as Mr. Traynor talked about. Money is not unlimited. However, I may be back later this session to talk about ways of funding affordable housing, but it's-- it needs to be looked at in an-all-of-the-above way of looking at it. This is a very multi-layered bill, each layer addressing an aspect of efforts to deal with the affordable housing issue. As a part of the Strategic Housing Council, which was formed as part of the Strategic Housing Framework that NIFA worked on a couple of years ago, there were four different areas of, of goals, and those were looking at innovative and different ways to deal with housing, not just funding. And so, one of those efforts was a toolkit for communities. And I know that that work is ongoing, but I believe there was a question earlier regarding if also part of these efforts is providing communities with maybe some sort of-- I can't think of the right word, but examples of zoning or different things like that they could use. And so, those things are also a part of all of these discussions that we are working on. I realize that there have been a lot of questions. I believe that Senator Bostar is looking at an overarching way of, of looking at many of these things. I think the, the land bank part of it is important. I know that Ms. Smith has been working on ways to improve that over these last years, and I feel like that Mr. Hoppe and some of the examples and details that he presented as well. We also are at the early part of the session and have not completely delved into all of the details of this bill within our policy committee and with--on our board, but from an overall standpoint, it's looking at different ways to address this issue, and

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we're in support of that. So, we hope that you'll consider each aspect of the bill. And I know that the Senator is willing and working on this, and trying to make it another part of the solution to this issue. So, thank you for your consideration, and--

**von GILLERN:** Thank you.

**CAROL BODEEN:** --would answer any questions.

**von GILLERN:** Any questions from the committee members? Seeing none, thank you for your testimony.

**CAROL BODEEN:** Thank you.

**von GILLERN:** Ope, I'm sorry. Senator Ibach.

**IBACH:** Thank you.

**CAROL BODEEN:** Yes.

**IBACH:** Thank you, Mr. Chair. When you're looking at outreach, housing, corporations, that type of thing--

**CAROL BODEEN:** Yes.

**IBACH:** --how involved do you get with the municipalities or the, the villages or cities that you work with, as far as the zoning regulations, the, the collaborative work that you have to do together to make those projects happen?

**CAROL BODEEN:** Yeah. You know, I will be honest with you, from our organization's standpoint, that is not something that we have worked with a lot in the past. But, in working through the the Strategic Housing Framework and the council, we realize that-- that that's an area that-- it's not that these communities don't want to do things that help development, but they have limited staff and limited resources, and maybe just don't know what needs to be done to make it better. And so, I'm hoping that through some of the work that's being done throughout the state that, that there will be more support for those very busy, smaller communities.

**IBACH:** OK. Thank you. Thank you, Mr. Chair.

**von GILLERN:** Thank you. Seeing no other questions, thank you for your testimony.

**CAROL BODEEN:** OK.

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**von GILLERN:** Next proponent. Good afternoon.

**LINDSEY SCHULER:** Good afternoon. Thank you, Chairman and committee. My name is Lindsey Schuler, L-i-n-d-s-e-y S-c-h-u-l-e-r, and I am a partner with Croker Huck Law Firm in Omaha, Nebraska. I practice-- one of my particular areas is tax sale certificates, so I'm going to narrow my comments specifically to the bill sections related to amending the tax sale certificate statutes. I would like to note that I am generally a "proponent"-- a proponent to the amendments. However, I think the specific language does need some work. My specific comments are related to 77-1818(2). Mr. Odgaard previously gave a general summary of the current statutes and that there is a need for change for service, because this has overwhelmed both the sheriff's departments and constables in Douglas and Sarpy counties, as well as throughout the state with the notice requirement of personal service. However, I do note that adding residential service and certified mail service I don't think is really going to meet the needs of both the tax sale certificate purchasers as well as the property owners. I would recommend that first-class mail, while it seems like it's a step down in service, is actually probably the most effective way to get notice to homeowners. The reason I say that is, personal service-- especially because of ring doorbell cameras and the general skepticism of answering the door these days-- nobody answers the door, and they don't call back anybody that attempts to serve them something. Certified mail service, if it's not lost within the USPS, people don't pick it up. And because they have to go to the post office or go to a specific area of the post office to pick certified mail up, those are also not picked up. First-class mail service answers a few of the other issues that we have in serving individuals. If people have been deceased, it usually gets to their loved ones. If there is no address that has been updated with the local county in the assessor's office, it will usually get forwarded to that new address, whereas certified mail and personal service obviously will not. And first-class mail service also avoids the issue of people having to go to a particular area or answer the door for somebody that they don't feel comfortable answering the door to. For that reason, I would suggest that change. I believe Senator Dungan previously asked a question regarding the, the fee structure. There is a \$150 fee that has been amended in the current statutory language that replaces a-- basically, a, an unknown amount, shall we say, because the tax sale certificate holders could previously basically submit an affidavit of what their costs were, and that amount could be added to the certificate. I will say, in my general practice, \$150 is low. If you have to send out somebody for personal service, certified mail service, anything, multiple times,

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you're going to well exceed that \$150 amount. And a lot of tax sale certificate holders also hire attorneys, which is, you know, where I get my job. So obviously, my fee is included in that. You know, if they, if they have any sort of costs, admin fees that go to submitting those notices, it likely exceeds \$150. So if the, if the concern is that-- from homeowners, if that's was their comment that it's going to increase their fees, it's actually probably not; it's probably a benefit to them, capping it at that \$150. Now, for, for my clients they don't love that, because they can't have a full reimbursement of what they spend on getting those notices. I will also talk specifically to 77-1832(1)(a) and 1-- (1)(b). This creates a new structure for a two-year option for a waiting period instead of the standard three-year waiting period. The Omaha Housing Authority previously spoke to that. Generally I am in, in support of that, however, what I would say is that instead of it being mandatory for vacant and abandoned structures, that it be permissive, so if you don't do the two-year period, you can still do the three-year period. And the reason I say that is because I think that the-- how it's written, the onus is on the Treasurer's Office to make the determination whether you meet that standard. And then lastly, I would like to speak-- I think there were some questions regarding the attorneys' fees. While I am in support of increasing the attorneys' fees because the cost of foreclosure usually exceeds that 10%, I would say that rather than good cause, it should be 10% or actual fees incurred, whichever is, you know, proved by affidavit to be the greater amount. Having good cause and judicial discretion in this matter usually "gends"-- tends to lead to varying answers in the judiciary, and it usually-- it results from their either like or dislike of tax sale certificates. And so, having more uniform responses and reimbursement for fees, I would suggest that the language for that be amended. There are additionally some-- my time is up. I'm sorry. There are some-- additionally, some--

**von GILLERN:** Could you just wrap it up?

**LINDSEY SCHULER:** Pardon?

**LINDSEY SCHULER:** Go ahead and wrap up your comments.

**LINDSEY SCHULER:** Generally I, I, I support amending the language of the bill because of complications that have arisen in the 2023 amendments. However, in that sense, the language should take a harder look at what would be more effective to, to achieve those goals.

**von GILLERN:** Thank you. Questions? Senator Jacobson.

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**JACOBSON:** I want to make sure I heard you right. So, you're saying just attorney's fees with no cap and no judicial overview, just-- here's my bill.

**LINDSEY SCHULER:** So judges, judges generally have the dis-- the ability to discretionary allow attorneys' fees. However, I think the definition of good cause is problematic. Because if you have to file a foreclosure action through the statutes and you hire an attorney-- which, generally the attorney is allowed to set their rates based on years and experience, specialty, et cetera, that-- the legal definition of what amounts to a reasonable attorney fee can actually be spoke to by that actual attorney as the expert in that area. So what the attorney charges, if we're looking at reasonable attorneys' fees and how that's determined by a court, usually the attorney testifying that their fees are reasonable within the scope of their practice area is sufficient for that. And so, I, I don't-- I don't think that there is an extreme concern that attorneys are going to charge, you know, an excess of, of fees just because this statute allows for proof of fees; there are other statutes that have the same framework for that. But I think it does allow tax sale certificate holders to recoup their out of pocket costs where, you know, a 10% amount on a certificate--

**JACOBSON:** I, I think you've got. I just wanted to be specifically [INAUDIBLE].

**LINDSEY SCHULER:** OK. OK. OK. Yep.

**von GILLERN:** Thank you.

**LINDSEY SCHULER:** Yep.

**JACOBSON:** So, thank you.

**von GILLERN:** Thank you. Any other questions? Thank you for your testimony.

**LINDSEY SCHULER:** Thank you.

**von GILLERN:** Other proponents? Are there any other proponents? Are you a proponent, or are you just shifting seats?

\_\_\_\_\_: [INAUDIBLE]

**von GILLERN:** You fooled me. All right. Seeing no other proponents, we'll invite opponent testimony. Thank you for your patience. If

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you're going to testify, if, if I could get you to move up to the front rows so we can kind of speed things along, that'd be great. Thank you.

**SUE CRAWFORD:** Excellent.

**von GILLERN:** Yeah.

**SUE CRAWFORD:** Thank you, Senator von Gillern and Revenue Committee. It's a pleasure to be before you today. I signed in just as Dr. Sue Crawford, because I'm here in multiple capacities. I'm here--

**von GILLERN:** Dr. Crawford, if I could get you to spell your name, that would be great. Thank you.

**SUE CRAWFORD:** Yes, absolutely. Yeah, I'm out of practice. My name is Sue Crawford S-u-e C-r-a-w-f-o-r-d.

**von GILLERN:** Thank you.

**SUE CRAWFORD:** Thank you. So, as a Nebraska citizen, I've lived in metro area and I've live-- I currently now live in a rural area. I've had experience working with zoning and permitting kinds of laws in three different capacities. One, as a member of the Urban Affairs Committee for eight years and chair of that committee for two years. Second, as a faculty member at Creighton University teaching Public Policy, Public Administration, and then, now, as a city administrator that works with zoning and permitting all of the time. So I want to speak to you from those perspective-- all of those perspectives, really, about my concerns with the permitting act and by-right act portions of the bill. I do not have the expertise to speak to the tax credit components of the bill, so I'm not speaking to that component. I want to say that I appreciate those of you on the committee who have recognized the importance of the expertise that your peers on the Urban Affairs Committee have, and the importance of relying on their expertise to make sure that we're making good decisions as a state. We have committees for that reason to make sure people can build experience and expertise, and your colleagues on the Urban Affairs Committee who have years of experience and expertise dealing with these kinds of issues. Now, I would say all of us want more affordable houses-- housing; cities as well. It is very tempting in this place; a bill has a goal and we like the goal, so it's very tempting to just say, "Yes, let's pass this bill because we like the goal." But unfortunately, passing the bill doesn't lead to the goal. Passing the bill leads to law changes that create consequences that you hope leads

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to the goal. And it is not the case that something is always better than nothing. If something is disruptive, it is not better than nothing. So we're trying to do is we're trying to streamline the process, not complicate the process. And I'm afraid several provisions in this bill will complicate the process, not streamline the process. So, let's start thinking about the discussion of delay. And I would just ask you to think carefully about what's causing delay. As Mr. Hoppe noted, most permits are done in two weeks. Anyone-- I do everything I can to get things out the door because we want more houses. I do have one situation. It's with manufactured housing, and it's not because we have anything against it; we are happy to have them. Champion Homes is in our community. Please, bring us homes. But in this case, we get something and then we look at it and we say, "OK, we need this little piece of information," and it sits on the desk. And we send some emails. "Please send us this information. Please send us this information. Please send us this information." So, it's easy to blame big bad government for delay. But I will say in, in my office, what I see is we process things in a couple of days and then, if it's sitting on a desk, it's not sitting on a desk because I want it to sit on a desk, they wanted to sit on the desk-- sitting on the desk because we're waiting for responses. So, I, I think that's important. But what I handed out to you is a page from the toolkit that was referenced. And what you'll see there is the discussion of by-right development in that toolkit that was developed with a lot of conversation. And please note that, that indicates the importance of municipalities being involved in creating these solutions. So, that's what it's going to take. There is just no shortcut to streamlining. If you want it to actually work, you have to put in the hard work, not just put in a deadline of days, or something like that; you have to make sure it works. And I-- my time is almost up, so I can't speak to some of the other issues of the bill. I'm sure other people behind me will do that very well. I would echo what Senator Jacobson said about carrots and incentives. An example of that is ag framew-- ag-friendly communities, things like that. Funding. I'll stop there. Thank you.

**von GILLERN:** Thank you for your testimony. Questions from committee members? Seeing none, thank you for being here today. Next opponent testimony. Good afternoon.

**ERIC ENGLUND:** Good afternoon, Chairman von Gillern and Senators of the Revenue Committee. I am Eric Englund, E-r-i-c E-n-g-l-u-n-d, assistant planning director for the city of Omaha. The city of Omaha is in opposition to LB458 regarding the proposal to allow by-right duplex and ADU housing types, and the associated language regarding permitting and the entitlement process. Specifically, Omaha is

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concerned about the unclarity of whether the 60-day timeline is for a building permit, or the entitlement and platting process. If it is in regard to the platting process, Omaha has major concerns, as this would not allow for the ability to comply with the authority given by existing Nebraska state statutes for the entitlement and platting process. Additionally, the appeal process described in this bill is in contrast of establishing codified processes for appeals of denied permits to the appropriate body, whether that be the building board of review, plumbing board, zoning board of appeals, or administrative board of appeals in Omaha. The inclusion of multifamily housing in two sections of the bill seems misplaced, as well as the definition of a family unit, which, as written, could allow an unlimited amount of residents in a dwelling unit, such as would be the case of a group living facility. While the city recognizes the great need for additional housing units and especially affordable units across communities throughout the state, we believe this is a zoning matter that is best suited to be addressed at the local level. In December 2022, the Omaha City Council approved the Housing Affordability Action Plan-- the HAP. This important housing plan was developed by the planning department, involving all other city departments, and takes an in-depth analysis for Omaha-- Omaha's housing needs. The plan identified five major goals, along with twenty-nine supporting strategies for housing. Since the passage of the bill, there are multiple teams working on implementation of this extensive housing plan, including upper management in the planning department as well as representation from the mayor's office and advisory committees, which includes approximately sixty individuals and organizations from the community that work with housing, including developers, engineers, nonprofit groups and housing advocates. The advisory committee that I personally lead analyzes potential zoning code changes that Omaha could pursue to help facilitate more housing, both at an affordable option, but also to increase housing stock in general. Such analysis includes reviewing codes for duplexes, ADUs, and other missing middle housing types. Omaha wholeheartedly agrees with the several benefits of duplexes and ADUs, including the housing types' efficient use of infrastructure, providing housing that responds to changing family needs, and providing accessible housing for seniors and persons with disabilities at a more affordable price level. As a result of this work with the HAP, Omaha City Council approved an extensive zoning code amendment related to ADUs in February of 2024. This amendment per-- permits ADUs by right in ten zoning districts, while allowing them with approval of a conditional use permit-- which is planning board approval-- in ten other districts. Omaha believes that our new ADU code and the processes put in place are working ,and resulting in

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real momentum regarding this more affordable housing type. In the past several months, there have been multiple rezonings approved by-- approved for a zoning designation to allow in ADU or duplex by right, as well as eight conditional use permits approved unanimously by the planning board for ADUs in historically single-family neighborhoods. The planning board process allows for transparency on projects, and allows the input of the surrounding neighborhood for a housing type that is likely new to that community. This one-month planning board process for some zoning districts is not creating an obstacle for development of ADUs. Omaha believes that local control is vital regarding this matter so that orderly growth, development, and providing affordable housing can occur in a way specific to Omaha. To reiterate, the city of Omaha is actively working on implementation of housing solutions identified in the HAP, and believes strongly in the ability to maintain local regulatory control over such zoning matters. Thank you.

**von GILLERN:** Thank you for your testimony. Questions from committee members? Senator Kauth.

**KAUTH:** Thank you, Chair von Gillern. OK, so Mr. Englund, what is Omaha's average permitting timeline? I mean, I know you guys have been working really hard on this. I know--

**ERIC ENGLUND:** Yes.

**KAUTH:** --I've heard horror stories about it, but from what I understand, it's gotten better?

**ERIC ENGLUND:** So, it depends on the type of permit. If you're talking a permit for a single-family home, it's two to three weeks, four weeks at the most. If you're talking commercial permits, those are reviewed by more departments; there is a lengthier timeline for that.

**KAUTH:** And for the, the ADUs? Like, you said it--

**ERIC ENGLUND:** ADUs would fit in the single-family, so, we're talking two to three weeks.

**KAUTH:** OK. Thank you.

**ERIC ENGLUND:** Sure.

**von GILLERN:** Senator Sorrentino.

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**SORRENTINO:** Thank you, Chairman von Gillern. Please check all that apply. Is this bill somewhat vague? Yes or no.

**ERIC ENGLUND:** Yes.

**SORRENTINO:** Overly broad?

**ERIC ENGLUND:** Yes.

**SORRENTINO:** Circumvents key areas of established approval process?

**ERIC ENGLUND:** Yes.

**SORRENTINO:** No further questions.

**JACOBSON:** I rest my case.

**von GILLERN:** Thank you, Senator Sorrentino. Any other questions? I think my-- I, I just had one other question. The-- if a property or a permit required rezoning, my recollection is that there's a zoning process that requires multiple reads before the city council in order to get that approved, which is a structural element. And do-- and how, how long does that take? If you can refresh my memory.

**ERIC ENGLUND:** Yeah. So, absolutely. The-- it-- a rezoning is roughly three months.

**von GILLERN:** OK.

**ERIC ENGLUND:** There's an application. We have a planning board meeting once a month, and then it's placed on the city council and there are three readings. Much of that is authorized by the state of Nebraska.

**von GILLERN:** OK. All right. Thank you.

**JACOBSON:** One quick question.

**von GILLERN:** Yes. Senator Jacobson.

**JACOBSON:** Thank you. I guess as it relates to what I like to refer as part two of the bill,--

**ERIC ENGLUND:** Yes.

**JACOBSON:** On-- as it relates to, you know, tax certificates and so on. You have any issues with that part of the bill?

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**ERIC ENGLUND:** We have no comment on that-- on the second half-- or, that part of the bill.

**JACOBSON:** All right. OK. So you're opposed to the, the--

**ERIC ENGLUND:** We're opposed to the--

**JACOBSON:** The zoning overreach?

**ERIC ENGLUND:** Yes.

**JACOBSON:** Thank you.

**von GILLERN:** Thank you. Any other questions? Seeing none, thanks for your testimony.

**ERIC ENGLUND:** Thank you.

**von GILLERN:** Next opponent testimony. Good afternoon.

**MARK STURSMAN:** All right. Good afternoon, Chairman von Gillern and Senators of the Revenue Committee. Thank you for this opportunity to speak. My name is Mark Stursma, and that's spelled M-a-r-k S-t-u-r-s-m-a. I'm the deputy city administrator for the city of Papillion, and I hear-- appear before you today on opposition of LB458 on behalf of not only the city of Papillion, but also on behalf of the United Cities of Sarpy County. So that also adds Bellevue, Gretna, La Vista and Springfield. Why are we opposed to LB458? After all, we have shared interests. Cities want more residential development, cities want more affordable housing, and cities want an efficient permitting process that brings housing online quickly. So please know, we are not philosophically misaligned on these topics. However, it is a city's responsibility to ensure public safety, manage delivery of utilities, roads and public services, and protect the interests of our community's citizens, both current and future. As such, we believe certain components of LB458 will compromise our ability to fulfill our obligations. We believe it also unintentionally undermines some interests of developers and builders. I have submitted written copy of my full intended testimony, which includes a list of questions and concerns, along with a summary of permit processing timelines for both Papillion and Gretna. In the interest of time, we're only going to talk about three items. First, we believe LB458 lacks clarity on essential items. In Section 3.2, it is unclear which permits are subject to the requirements of this bill. One set of rules for all permits across all agencies will cause confusion and conflict with other state statutes. Second, we fear a strict 60-day deadline may

actually extend the time for approval of some permit applications. In other states where this has been adopted, permit applications are often denied to meet the deadline, forcing the applicant to start over and reapply. This undermines our shared interest in having an efficient permitting process. And further, Section 6 requires all appeals to go directly to the courts. This will lengthen the appeal process by months or years, and cities already have much faster appeal processes in place. And third, the By-Right Housing Development Act is difficult to interpret. It appears to cause a transition from plan review up front to monitoring after the fact, which places undue burden and responsibility on inspectors, and negatively affects builders who will not be informed of compliance prior to construction. And I will add that resolving code violations after construction has commenced will be very costly for builders. So, though some elements of this bill may benefit regulatory authorities as well as developers and builders, we believe that it will ultimately create more problems than it will solve. I would like to respond to a statement that was made in the opening regarding even if a permit meets all the requirements, it's discretionary. I would, I would respectfully disagree with that. We have an entitlement process that is platting and zoning. That goes through a state-mandated public process, and it's-- goes to a planning commission, and then is approved by an elected body. Once that-- those entitlements are in place, if a, a project, if a building meets, meets those requirements and meets the building codes, we can't deny it; it must be approved. But it is our responsibility to ensure that it meets those codes. I would also add that there are discretionary approvals such as special use permits and planned unit developments, but these are mostly used to approve waivers and deviations from zoning requirements. So again, projects that comply with zoning and building requirements are not discretionary. So, thank you for your consideration of our concerns. We respectfully request that LB458 not be advanced at this time. We believe multiple clarifications and revisions are necessary to the Permitting Approval Timeliness Act and By-Right Housing Development Act before this bill would benefit the great state of Nebraska. We are neutral on the land bank and tax amendments, and we are willing to work with Senator Bostar and the development community to cooperatively "moderzine"-- modernize regulations in pursuit of our shared interests. So, thank you. With that, I'd be happy to answer any questions.

**von GILLERN:** Thank you for your testimony. Any questions from committee members? Just a quick question. Papillion is-- is it still the fastest growing city in Nebraska?

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**MARK STURSMAS:** No, I think Gretna has taken the title.

**von GILLERN:** Gretna got ya? OK. And-- you know a little bit about growth. Your building department has been pretty busy. OK.

**MARK STURSMAS:** We've had quite a bit over the last 20 years.

**von GILLERN:** Very good. Thank you for your testimony.

**MARK STURSMAS:** Thank you.

**von GILLERN:** Next opponent.

**CHAD NABITY:** Good afternoon. Chairman von Gillern and members of the Revenue Committee, my name is Chad Nabity, C-h-a-d N-a-b-i-t-y. I'm planning director for the city of Grand Island in Hall County. I'm a certified planner, and have been in Grand Island for more than 25 years. Almost 30 years ago, I worked-- I was working with DED and NIFA researching barriers to affordable housing. I have been involved in affordable housing my entire career. Today, I'm speaking on behalf of the Greater Nebraska Cities-- seven Central Nebraska cities. We support efforts to develop more affordable housing in Nebraska. As a group, though, we have numerous concerns with LB458. As introduced, this bill is difficult, because it impacts three distinct issues. The two issues with which I am most concerned should have been considered by the Urban Affairs Committee. First, on the permitting issue, we struggle to understand what problem this is solving. Grand Island can generally turn a permit around in two or three weeks. Larger projects sometimes take longer to approve if there are corrections that need to be made before the permit can be issued. This bill relies on a complete set of plans, but who decides what is complete and when it is complete is unknown and undefined. The type of permits this applies to is also not defined. Does this apply to building permits? Zoning permits? Floodplain development permits? Stormwater permits? Sewer tap permits? Well permits? Conditional use permits? Rezoning or subdivision applications? Without further clarity on these issues, we have to stand in opposition to this bill. The By-Right Housing Development Act is fraught with concerns. Foremost among those concerns is preemption. This bill, as drafted, is a mandate that could lead to drastic changes in neighborhoods across the state with no respect for or input from residents or local officials. This bill adds a new definition of ADU-- accessory dwelling unit-- one that is different from the definition of ADU in the Municipal Density and Missing Middle Housing Act. My comments on the inconsistencies found in Sections 11-16 are too many to list right now. Without

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further clarity on these issues, we stand in opposition to this bill. This body has been working on solutions to affordable housing since the 1990s, and to missing middle housing since at least 2020. Cities of over 50,000 will be submitting their third biennial report to the Urban Affairs Committee by July 1 of this year. Grand Island just approved an updated comprehensive plan on Tuesday of this week, and staff will be recommending additional changes to the zoning regulations that will make them even more permissive toward missing middle housing and gentle density than they currently are. Along with my testimony, a longer, more complete version of what I just read is included, along with a copy of Grand Island's 2023 Missing Middle Housing Report, as delivered to the Urban Affairs Committee. Thank you for your time and attention. And we are in a-- we are neutral on the tax lien portions of this, but opposed to the first two sections under this.

**von GILLERN:** Thank you for your testimony. Any questions from committee members? Seeing none. Thank you for being here today. Next opponent.

**RICK HOPPE:** Good afternoon, Senator von Gillern and members of the committee. I am Rick Hoppe, that's H-o-p-p-e. I'm the chief of staff to Lincoln Mayor Gaylor Baird. Thank you for the opportunity to speak with you today. I think it's important to start out with this: we really considered coming in neutral on this bill when we first started discussions, because we really wanted to be supportive of Senator Bostar and his efforts to create more affordable housing opportunities across the state. Mayor Gaylor Baird is a leader in this area as well. We've set a goal in Lincoln of creating 5,000 new affordable units by 2030. We're there at about 2,300, and just announced a 175 unit development in the downtown area just last week. As a result of that, she really wanted to be supportive of Senator Bostar. We could certainly be OK with the changes contemplated by the bill in terms of those accessory dwelling units. We have a-- we have that by-right in several zoning districts in our own community. And, laying aside the philosophical objections we have to the state getting involved in local zoning matters, we wanted to really view this through the lens of, if we had to accept it, what can we do to make it work? I mentioned the ADUs; I even believe we could make a portion of the permit timeliness act work. It takes us about four days to do a residential permit-- that's, that's a construction permit. So, if there's a time limit on something that's a black and white decision with few shades of gray, like a construction permit is, that seems like we wouldn't necessarily like it, but we could deal with it. Where it becomes a struggle for the city of Lincoln-- and I think a number

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of communities-- is the other portion of that, and that's the entitlement and development process you heard referred to earlier. Keep in mind, the clock that starts ticking from this bill isn't just on ADUs and on duplexes. It's also on 200 million redevelop-- \$200 million redevelopment projects. That puts the city in a very difficult situation, because those projects are quite complex and are usually heavily dependent on public tax dollar investment in infrastructure. Those negotiations can go on for quite some time, and an artificial deadline, I think, puts the city in the position of having to say no far too quickly to a project that could be really beneficial to the economic growth, residential development of the community, and-- or puts us in the position of having to say yes to something we think would be unreasonable on the infrastructure side involving public tax dollars. We want to encourage all of you, we want to encourage Senator Bostar and the Legislature generally to keep working on affordable housing issues. We would be happy to be involved-- whether it's this vehicle or another-- in trying to make this work. But, at this point, we're opposed to the bill for the reasons that I have outlined, and I really do appreciate your time today, as well as appreciate the work by Senator Bostar and his staff to try to make this work.

**von GILLERN:** Thank you for your testimony. Any questions from committee members? Seeing none. Thanks for being here. Next opponent.

**LYNN REX:** Senator von Gillern,--

**von GILLERN:** Good afternoon.

**LYNN REX:** --members of the committee, my name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities. And we, too, are a strong supporter of affordable housing, workforce housing; municipalities all across the state have been working hard in that. And I know this Legislature has been working hard in that. And what I'm handing out to you right now is just a very quick overview. I've not included all of the reports and action plans. I encourage you to look at them. They're all filed electronically on your website. These-- this basically outlines LB866 passed in 2020, as amended. And so, you'll note that the first sheet you have, just the list of cities. There are 22 of them. Then, under 19-5504, files with the Urban Affairs Committee an affordable housing report. You'll note the next page outlines what has to be in that report, which is extensive, which is why you don't have volumes and volumes being presented to you today. But please go on the website and review them. Also, if you'd be kind enough to look at the third page, this relates to the Affordable Housing Action Plan for those municipalities over 50,000, but you'll

note there are several municipalities there that are below 50,000 that still file those action plans under 19-5505. And then also, what (19-)5505 requires. So, the Urban Affairs Committee has been working hard on this over the years. We've been working with them, as well as many of the stakeholders in this room. And again, we appreciate Senator Bostar's concern about affordable housing, workforce housing; we share that. However, we strongly oppose the first 16 sections of this bill. We are-- we support the rest of the bill, however. And I'd just like to highlight a few things for your consideration. First of all, just looking at the bill itself-- and I'm not going to go into the definitional issues that are problematic and the conflicting sections; I think Chad Nabity and others have talked about that. The list really, in my view, is too long to even go through in five minutes. So, with that, on page 6 of the bill, starting on line 6, for example, it talks about the manufactured housing, manufactured homes, duplexes. This section relates to metropolitan class cities, primary class cities and cities of the first class; those have a population of 5,000 and up. And basically, by-right-- just reading what this says-- in any of those cities, basically duplex housing, a manufactured home shall be allowed as permitted uses on any lots where single-family residences are permitted. And then it goes on a little bit. But if you look in the previous section, it talks about the things a municipality shall consider. Starting on page 5, in the adoption of zoning regs, "the governing body of a municipality shall consider." And of course, going through the various things dealing with transportation systems, compatible urban growth, that sort of thing. So, it is much different if you're having one home on a lot versus if you're having two families. And what does that do to your infrastructure, sewer, water, parking? All of that comes into play. So, there are concerns about that. And I will share with you just a little bit, couple of sentences here, from the city of Columbus. The city administrator could not be here today, but she wanted me to share with you that in Columbus, they're developing a workforce housing subdivision with over 325 units and affordable covenants. I'm skipping here, down a little bit in her letter. For several years, Columbus has permitted ADUs in all zoning districts except R-1. The decision to exclude ADUs from R-1 was based on strong community opposition. Residents, builders and elected officials alike raised concerns regarding the impact of ADUs on parking availability, water and sewer infrastructure capacity, and neighborhood aesthetics. In addition, much of this bill-- both, both of these bills, frankly-- in terms of the sections, the two different acts that are in this first part of it were in LB1165 and LB1166 heard before the Urban Affairs Committee last year. Lincoln NeighborWorks testified in opposition to that, and talked about, basically, the ADU

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issue and what this means, and the duplex issue and what this means to historic preservation areas in this-- in the city of Lincoln, and also throughout the state of Nebraska. So, again, we're concerned about that. With respect to ADUs, on page 6, just indicating that-- I think it's concerning that, starting on line 22, "by-right" means the ability to be approved without requiring a public hearing, a variance, or other discretionary zoning actions and so forth. And by the way, those sections relate to any municipality, city or village that has zoning powers. So, we do have concerns, again, about the definitional sections, the lack of clarity, and, and basically how this could be implemented. With that, we continue working with the Legislature on this issue. We think it's extremely important, and I think you've heard from other cities about just timeframes. We don't know what permits are involved. Makes a big difference what type of permit it is in what the timeframe is. So again, please know that municipalities across the state have been working hard and continue to. And I will tell you, we've got 377 villages that would give anything to have folks come out and build homes in their area; we have smaller second class cities that feel the same way. It's a red light, so I won't respond to anything unless you have a question.

**von GILLERN:** Thank you for your testimony. Any questions from the committee members? Seeing none. Thank you again.

**LYNN REX:** Thank you so much for your consideration.

**von GILLERN:** Appreciate it.

**LYNN REX:** We really appreciate it.

**von GILLERN:** Next opponent testimony.

**CANDACE MEREDITH:** Good afternoon.

**von GILLERN:** Good afternoon.

**CANDACE MEREDITH:** Name is Candace Meredith, C-a-n-d-a-c-e M-e-r-e-d-i-t-h, and I'm with the Nebraska Association of County Officials. We're here today in a conditional opposition to LB458. I'm going to use Jacobson's term here, because I want to kind of break this down, because there are some great things about this bill that I want to talk about, but I want to get the kind of opposition out of the way first. Senator Bostar, you did mention what-- you know, why are the counties coming with the permitting part of this? Just-- I, I think what we were referencing here in the opposition, again, as the page 2 here, Section 3, on line 12, it says "permitting authority

means a state or local governmental entity responsible for reviewing permit applications." And so, with the "local governmental entity" there, it kind of goes down to the counties as well. Now, saying that there's not a lot of housing reviews in the-- for counties, there has been some singled-out in some of our smaller counties. So I just wanted to throw that out. And then, obviously, I'm not the subject-matter expert on that, but we heard that testimony on the other concerns the cities had on the permitting. Then I'm going to go to the-- what we call the bill-- the "bill two." The land banks, I think the intention was really great there. We'd love to see some more clarifying language on that two-year versus three years. Again, we're coming off some, you know, significant court cases on the home equity, so we want to make sure that's really locked down in law. Again, those are when a, a land bank comes in and makes sure that it's vacated. We want to make sure we have all our ducks in a row there. So, just want to tighten down that language. And again, we want to thank Senator Bostar for bringing the language on the tax sale cleanup. There was a lot of confusion when it came to those affidavit of notices. It really put our treasurers and our sheriffs in a tight squeeze as far as understanding what their role is. The sheriffs were inundated with those-- having to sit in those notices-- or, get those notices out. And the treasurers, we did have some inconsistencies, but we did have a lot of training and education to try to get us all rowing in the same direction. But again, this language as amended would really help get the treasurers back into that administrative role of just doing the fee collection and not really having to oversee those notices. Those notices would be worked out in the foreclosure process, if it got that far. So, we appreciate, definitely, that language, and the adjustments on the fees to make it more-- really to cover the-- offset the administrative cost of having to advertise and to publish, and to have the tax sale. So, with that, I did want to answer your question on the designee. So, it was the intention that, basically, if the treasurer was not able to attend-- you know, we had some, you know, issues to do with COVID, things like that, where they were not able to attend-- that their deputy or their staff could come in in their place, so we could keep the thing running. But with that, I'll be happy to answer any questions.

**von GILLERN:** Very good. Thank you for your testimony. Thank you for answering that question for me. Any other questions from committee? Seeing none. Thank you for being here.

**CANDACE MEREDITH:** Thank you.

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**von GILLERN:** Any other opposition testimony? Seeing none. Anyone who'd like to testify in the neutral position? Yes. Welcome. Give your green sheet to the clerk, or to the page. Good afternoon.

**KATRINA BURKHARDT:** Good afternoon. My name is Katrina Burkhardt, K-a-t-r-i-n-a B-u-r-k-h-a-r-d-t, and I'm speaking in a neutral capacity for LB458. And at first, when I looked at the one-liner, it looked pretty packed. I didn't know if that was constitutional. There's a lot involved in that one-liner. And then, a lot of times people are talking about affordable housing, and I think that needs to go away. I would rather see people talking about affordable ownership, because when there is affordable housing, that means that there's some probably large investor that is renting out a lot of this affordable housing, and we need to see more people get involved and pay taxes, and know what it's like to pay taxes. And so, I'd rather see affordable housing and for them to build up equity in their homes. So, I think we need to see more starter homes. I personally have been involved with a condominium in Omaha. It is a nice four-plex with four buildings, and it teaches people civics on a small scale. You have to learn parliamentary procedure, you have to learn how to get along with your neighbors, and you all are involved with the condominium because there is a sense of ownership. The proponent Schuler, she talked about first-class mail being the best way to get a hold of people. I agree with her. Right now, we have too many people that want to do electronic communications. And when I have had to get mail out to some of the owners at the condominium and I had to get a hold of the post office for them to pick up unclaimed parcels; when I had to deal with private companies to pick up unclaimed parcels, they claimed no responsibility. And as far as economic development, I do have a problem with some of the economic development that is doing a lot with social media. I think they need to work more with the government. And then also, a few years ago, they changed the laws on the condominiums and they are more lax on the developers. They have less of a years for responsibility. And that's all I have to say.

**von GILLERN:** Thank you. Any questions from committee members? Seeing none. Thank you for your testimony. Any other neutral testimony? Seeing none. Senator Bostar, we welcome you to close. And while-- as you come up, there were 4 proponent letters and 5 opponent letters, and 0 neutral position comments.

**BOSTAR:** Well, thank you, Chair von Gillern, and members of the committee. Just a couple thine [PHONETIC]-- this was obviously just a quick, short hearing, so I feel like I got a lot of time to work with. Only want to-- I only want to say a couple of things. One is, it was

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pointed out by one of the opponents that we've been working on this for decades. You also heard from a lot of people, problem keeps getting worse. I know we've been working on this for a long time. Ever since I've been in the Legislature, every session we pass bills, we appropriate funds, we do things to try to address the state's current housing crisis. We're not keeping up. That's just a reality. It's easy to just advocate for the status quo. It is. That's the easiest thing to do. But there are things that aren't working, and there are things that deserve our attention. And I think the broad grouping of proponents who came in on this is a bit of a demonstration that this area of the problem we face related to housing that are, that are sort of addressed with this bill, targeted by this bill-- I, I don't think they are things that should just be waved away. That being said-- and, for those of you who've worked with me on bills, especially in this committee before, the objective is to find the right way. Right? And to work with folks, find common ground, see what we can do, work with the committee. That's always, that's always the way that-- any of you that have worked with me certainly know that's the way I go about it. So, come in, we have a hearing, we hear a lot of things. But, again, the work continues. And as far as the opposition, it's fundamentally municipalities and their political entities. It was brought up that NeighborWorks was an opponent to a different bill, but they're not here. And so that-- it's always interesting to sort of invoke opposition that doesn't exist. I always appreciate that. It's a clever approach, but I'm going to call it out. With that, committee members, I truly do look forward to working with you. I look forward to working with all the proponents of this initiative, and I look forward to working with all of the opponents of this initiative to try to do what we can to address this serious issue. I'd be happy to answer any final questions.

**von GILLERN:** Thank you. Any questions from committee members? I think you wore us out. Seeing none, that'll wrap up our-- actually-- and I forgot to mention there were no ADA comments on written testimony. So that'll close our hearing on LB458, and we will open on--

**JACOBSON:** Is this the Judiciary Committee?

**von GILLERN:** --LB391.

**JACOBSON:** I feel like we're on the Judiciary Committee.

**von GILLERN:** I'm going to hand it over to you for a minute. I've not been out of this chair I got here.

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**BOSTAR:** Much faster than anyone is next.

**KATRINA BURKHARDT:** I think it feels like urban affairs. Things are.

**BOSTAR:** Changing all over the.

**Unidentified:** Country for those of.

**BOSTAR:** Us who are going to have a greater role. Service was.

**JACOBSON:** All right. All right. If we can take the conversations out in the hallway. We want to go ahead and keep moving here to get this committee-- get the hearings wrapped up. Let's move on to LB391. Senator Murman, you're welcome to open.

**MURMAN:** Good afternoon, Vice Chair von Gillern, and members of the Revenue Committee. My name is Dave Murman, D-a-v-e M-u-r-m-a-n. I represent the-- Nebraska's 38th District. Today, I have the privilege to introduce LB391, which creates the Give to Enable Scholarship Act. Between difficulties in finding employment, the high cost of health care, limited educational resources, and asset limitations on benefits, Nebraskans with disabilities and their families no doubt face increased economic hurdles. This is why our state has the Enable program, which allows Nebraskans with certain disabilities to have tax-advantaged savings accounts to pay for disability-related expenses. Without these accounts, individuals with disabilities would not be able to save more than \$2,000 in assets. These accounts allow up to \$100,000 before it starts to affect some benefits. Nebraska signed the Enable Savings Plan into law in May of 2015, and it is overseen by the Nebraska Treasurer's Office. Since its inception in 2015, it has grown steadily, and as of December 31, 2024, the, Eno-- the Enable program has helped individuals with disabilities open and maintain 4,245 accounts, and holds over \$47 million in assets under management. The Enable Savings Plan has been life-changing for many Nebraskans with disabilities. Having a place to save money, no longer having to needlessly spend money to keep under resource limits, encouraging independence, and building confidence, these are all things that Enable has been able to do for its account owners. But we want to do more to grow the program and help Nebraskans with disabilities. This bill creates a fund that can be used to help individuals to open Enable savings accounts who otherwise may not be able to. Once open, they can take advantage of the Give to Enable platform that was launched this summer and ask family, friends and others to help them save money for things they need, and qualify for a tax credit for those contributions. If you look now at

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givetoenable.com, people are raising money for things like service dogs and handicapped-accessible vehicles, things that are both expensive and not covered otherwise. The Enable program is, for some Nebraska families, not just another benefit but an economic lifeline. And, as the name implies, a way to empower Nebraskans to achieve a better life experience. And this bill is just one of the ways I hope we can strengthen it. I thank you for your consideration. I'm happy to answer any questions, although behind me is Stacey Pfeifer, the director of Enable, who can probably better answer any technical questions you might have.

**JACOBSON:** OK. Thank you. Questions from the committee? All right. Seeing none. Thank you. And we'll open it up to proponents. I bet you're Stacy.

**STACY PFEIFER:** Yes. You bet correctly. Senator Jacobson and members of the Revenue Committee, my name is Stacy Pfeifer, S-t-a-c-y P-f-e-i-f-e-r. I am the director of the Enable Savings Program, and here today to testify in favor of LB391. I want to thank Senator Murman for giving us the history of the plan, and he always is very supportive of Enable, so we really appreciate that. As of today, the Enable plan has helped individuals open 4,393 accounts and holds \$49 million in assets under management. 68% of these accounts and 66% of the total assets belong to Nebraska residents. The Nebraska's re-- Treasurer's office is honored and humbled to be able to help individuals in this way, and we will look forward to helping them more. Part of my job as the director of the program is to educate people in Nebraska about the plan, and to answer questions and listen to concerns of potential account owners. And, in listening to those concerns, we've learned that there are individuals who are living in such poverty that they don't even have the means to start an Enable account and to save for disability-related expenses. Over one-fifth of Nebraskans with disabilities ages 18 to 64 live in poverty, and, at the same time, it costs about 28% more to live with a disability in Nebraska. So that's-- can be really difficult situations for people. To help them with disabilities and save more for the things they need, Senator Murman touched on the crowdfunding page that we launched back in August; I believe some of you were there to help us with the launch, so I appreciate, appreciate that, and-- as he said, it, it helps people to raise money for things that they need. The service dogs and handicap accessible vehicles were two really good examples. Some other examples of things I hear a lot from people are things like dental work and, and wheelchairs, things that Medicaid traditionally covers, but maybe it's a little more complicated than it sounds on its face, right? Sometimes, dental work-- not all dentists accept

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Medicaid, sometimes there are certain things they, they need that they can't get from a, a dentist that does accept Medicaid, so that's a, a really big one for them as well. This bond-- this bill would form a fund where we could help individuals to start Enable plans. This would jumpstart their savings, and would allow them to participate in the Give to Enable crowdfunding page. And we also wanted to just bring a couple of things to light. We are working with Senator Murman on a couple of changes; we want to change "trust fund" to "cash fund," just to show that we are going to be using this money to, to help individuals with disabilities open accounts. We also want to change the word "scholarship," as that seems to have raised some questions previous to this hearing. So, we want to kind of just show more that, that these-- this money is basically to help people open accounts; it's not a scholarship for, like, school or anything like that. So we wanted to make sure we clarified that. And there was also a paragraph on page 2, Section 3, that talks about any money in the fund available for investment shall be invested by the investment officer. We want to remove that paragraph, because we want to make sure that the funds are available to use for the intended purpose; we don't want them tied up in investments. So if-- surely, if there's, you know, extra money we, we can use that, but, but we want to make sure that the money is, is available, that we can use it. We also wanted to talk about the disparities in the fiscal note. Ours-- our fiscal note is quite a bit lower than some of the other projections. There were projections of around \$1 million. Our entire program grows about \$10 million a year. So, the people with these fiscal notes must just really have some high, high, high hopes for, for me to be able do my job really well. Like, if we could get-- grow by that much, I would, I would love it. But I-- we just don't feel like that's a realistic number. So, our, our gifting platform-- and that's not including all Give to Enable-- that's just any gifting-- was \$173,000 over the last six months, and that's, you know, money that, that we already-- costs we already incur, so, just to kind of give you an idea of the disparity that, that there is in that. So, that's all I have, and I will take any questions.

**JACOBSON:** OK. Senator von-- Sorrentino.

**SORRENTINO:** Thank you, Vice Chair. I just-- I want to make sure I understand this. Those who contribute to this, whether it's an entity or an individual, seem to get a reduction of their income from adjusted gross income in arriving at taxable income.

**STACY PFEIFER:** Yes. [INAUDIBLE] deduction.

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**SORRENTINO:** It's not a tax credit, which--

**STACY PFEIFER:** Right.

**SORRENTINO:** OK.

**STACY PFEIFER:** Correct.

**SORRENTINO:** So, I'm confused on-- how does that end up with a positive revenue on the fiscal note? The state is \$1 million better off by giving people a lower taxable income to pay Nebraska taxes?

**STACY PFEIFER:** They-- well, they were trying to say that was going to be the cost of it. So, like, because of the tax deductions that they were trying to infer that that would be the cost.

**SORRENTINO:** So, when I look at the fiscal note, it says \$98,867 expenditures, OK? And \$1 million in revenue. I don't understand how we're creating revenue with this. And I'm not suggesting we're not, I just don't understand the numbers.

**STACY PFEIFER:** Yeah. I, I, I didn't do that fiscal note, so I'm--.

**SORRENTINO:** OK.

**JACOBSON:** Senator Bostar.

**BOSTAR:** Thank you, Mr. Vice Chair. I'll try to put this in the form of a question. But, related to Senator Sorrentino's question,--.

**STACY PFEIFER:** Mhmm.

**BOSTAR:** On the fiscal note, the \$1 million of revenue incoming in '25-'26 fiscal year is categorized under the und-- "other funds" line. Same with that in '26-'27, you have another \$1 million in, but you have \$1.333 (million) out. Do you think it would be fair to say that that flow of, of money is through these-- functionally, the individual accounts themselves, and it's not like this is related to the balance sheet of the state?

**STACY PFEIFER:** Correct.

**BOSTAR:** Thank you.

**STACY PFEIFER:** Yeah. Yeah.

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**JACOBSON:** I would-- I'd add one quick question that you-- you mentioned that sixty-some percent of the accounts are for people that live in the state of Nebraska.

**STACY PFEIFER:** Correct.

**JACOBSON:** Which would suggest that thirty-five percent plus would not live in the state of Nebraska.

**STACY PFEIFER:** Correct.

**JACOBSON:** So how do they utilize the tax benefit unless they've got businesses in the state of Nebraska that they're having to pay taxes on?

**STACY PFEIFER:** Sure. So, not everyone participates in our program for the-- for that tax benefit alone. There are other benefits. For example, while Nebraska was one of the first ones to, to have ABLE accounts nationwide, so there are some people that, that came with-- to our program because it was available. So, you know, we have some people with that. We did partner with Alabama for a time, so we have several from there. South Dakota doesn't have an ABLE plan, so we like to be good neighbors and work with them. And we're open nationally, so a lot of people from South Dakota will--

**JACOBSON:** So to be clear, we're administering those dollars for their benefit. Is that right? Or is it-- are the dollars that they're contributing going into a pool that's used, used in Nebraska?

**STACY PFEIFER:** No-- the dollars that-- you mean for this, this particular--

**JACOBSON:** I'm talking about for the out-of-state people that are contributing to this Enable plan.

**STACY PFEIFER:** Yeah.

**JACOBSON:** Are they or their relatives receiving the benefits from it, then?

**STACY PFEIFER:** They receive benefits in that they can-- they have a place to put money in that doesn't affect Medicaid and, and Social Security to an extent.

**JACOBSON:** OK.

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**STACY PFEIFER:** They don't, you know, receive, like, a tax benefit from Nebraska.

**JACOBSON:** But what are the-- what are the-- the dollars they get contributed to the fund by those people, does that then benefit people in Nebr--

**STACY PFEIFER:** That, that goes to-- so, when someone contributes through, like, the gifting platform, it goes directly into that person's ABLE account.

**JACOBSON:** And then--

**STACY PFEIFER:** So it doesn't go into, like--

**JACOBSON:** And then, where does it ultimately end up?

**STACY PFEIFER:** So, like--

**JACOBSON:** Does it go back to them or their beneficiaries?

**STACY PFEIFER:** Right. Yes.

**JACOBSON:** OK, so we're administering 40-- so, roughly 40% of the plan is being operated for the benefit of people that don't live in Nebraska.

**STACY PFEIFER:** Right.

**JACOBSON:** Now, are we getting fees for--

**STACY PFEIFER:** Correct. Yes.

**JACOBSON:** --investment management, or--

**STACY PFEIFER:** Yes. The-- yeah, there are fees that are-- it's \$40 a year if you receive your, your billing statements and such electronically, and \$50 a year if it is paper. And then, there are-- with the-- depending on which investment you choose, there are some basis points that are added on as well to the fees, depending on the balance.

**JACOBSON:** All right. I'm going to turn it back over to Senator von Gillern.

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**von GILLERN:** Thank you. Any other questions from committee members? Seeing none, thank you for your testimony. We're on proponents correct?

**JACOBSON:** Right.

**von GILLERN:** Any other proponents?

**EDISON McDONALD:** Hello. My name is Edison McDonald, E-d-i-s-o-n M-c-D-o-n-a-l-d, and I'm the executive director for The Arc of Nebraska, the state's largest organization dedicated to individuals with intellectual and developmental disabilities and their families. I'm here today to express strong support for LB391, which would establish the Give to Enable Scholarship Fund-- soon to be renamed-- to expand financial assistance for individuals with disabilities while leveraging private donations to enhance access to critical supports. The Arc of Nebraska, we have long supported initiatives that increase financial stability and independence for individuals with disabilities. LB391 builds on the success of the ABLE Act, that's-- the national program, which was act-- enacted federally in 2014, and established tax-advantaged savings accounts for individuals with disabilities. Nebraska's Enable Savings Plan is part of this national program and provides thousands of Nebraskans with an opportunity to save for disability-related expenses without jeopardizing essential benefits like Medicaid and SSI. The Enable Savings Plan has been an essential tool for promoting self-sufficiency, and LB391 is a natural extension of that success. The Give to Enable Scholarship Fund will encourage private donations to further empower individuals that-- disabilities and their families by covering costs that can make independence more ind-- more attainable, such as "assift"-- assistive technology, transportation, and specialized services. It is important to clarify that this is not a backdoor attempt to privatize school vouchers. I know that because it's got some similarity to 529 accounts, this has been a recurring concern from a variety of advocates. We're opposed to private school vouchers that-- that's not what this does, and I hope that we can work on further educating the body about what this does. This program instead helps people with disabilities have the freedom to be more self-sufficient and save for expenses like a new wheelchair or an adaptive device. LB391 represents a fiscally responsible, community-driven solution that expands opportunities without additional government spending. The program's administration by the state's Treasurer's Office ensures efficiency and transparency. This is a win-win for Nebraska, empowering individuals with disabilities, supporting their families and encouraging public-private partnerships to expand access to these

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crucial services. I urge this committee to advance LB391, as it will strengthen financial stability for individuals with disabilities, increase opportunity, and reinforce Nebraska's leadership in disability inclusion. Thank you for your time and consideration.

**VON GILLERN:** Thank you for your testimony. Any questions from committee members? Seeing none. Thank you for being here. Any other proponent testimony? Seeing none. Is there any opponent testimony? Seeing none. Would anyone like to testify in a neutral position? Seeing none. Senator Murman, would you like to close?

**MURMAN:** Well, thank you all for hearing, and thank you all for the good questions. I, I'm very confident that the program administered by the Treasurer is beneficial to the state, and I know it's beneficial to families and individuals. It gives them, as has been stated several times, more independence and more confidence in what they can do. I'll take any questions, and if there's-- we are going to make some modifications before we finish on the bill. But I'll take any questions right now you might have.

**VON GILLERN:** Thank you. Any questions from the committee? Seeing none. There was 1 proponent letters, 2 opponent letters, 0 neutral, and no ADA comments. Thank you, Senator Murman. That'll close our hearing on LB391, and we will open on LB305. Senator Ibach, thank you for patiently gutting it out.

**IBACH:** Thank you. Good afternoon, Chairman von Gillern, and fellow members of the Revenue Committee. As you know, my name is Teresa Ibach, T-e-r-e-s-a I-b-a-c-h. And today, it is my pleasure to present LB305, the Preceptorship Tax Credit Act, for your consideration. This bill is aimed at ensuring that we, as a state, are able to provide quality opportunities for training and experience in rural areas for the next generation of Nebraskan physicians. LB305 proposes to accomplish this by rewarding those physicians who serve as preceptors with the Nebraska Income Tax Credit. It is modeled after similar credits that are available in other states, such as Georgia, Missouri, and South Carolina. You may be asking what is a preceptor. In the context of LB305, a preceptor is a Nebraska physician who agrees to serve as a teacher for at least one rotation of a medical student's clinical training. Preceptors whole-- host medical students in their practices and provide clinical training sites. You will hear today from several physician preceptors about what the job entails, and the demands it places upon their own practices. Preceptorships are volunteer, unpaid roles, and LB305 requires that service as a preceptorship be unpaid for a physician to qualify for the credit. You

will also hear today about the increasing difficulties that medical students experience in finding available preceptors, particularly in rural Nebraska. The need for preceptors in rural Nebraska will grow significantly very soon with the opening of the new University of Nebraska College of Medicine campus at the University of Nebraska in Kearney. This school will train 20 new physicians each class, and each of those students will re-- be required through two years of clinical training in rural Nebraska for which preceptors are needed. Bottom line, we need to increase the pipeline of available preceptors at this very important venture for Nebraska's rural health care system is to succeed. I think LB305 is a step toward doing just that. I want to add that LB305 is about more than just ensuring that our next generation of medical students can find clinical opportunities; it's also a tool for ensuring that as many of our medical students as possible can experience what it is like to practice medicine in rural Nebraska. And through that experience, hopefully, decide that they want to do it permanently. You will hear today from current and former residents who were convinced to practice medicine in rural Nebraska because of the experiences that they had as residents. I want to briefly explain how this credit works. Physicians who serve as an unpaid preceptor would qualify for a \$1,000 credit for each rotation that they complete. As you will hear, it takes at least 80 to 100 hours of an individual's time on the part of a preceptor for each rotation. LB305 is not intended to replace lost revenue or operate as a significant financial reward, but it is simply a small way that we can hopefully recognize the service of our physicians who volunteer as preceptors, and as a way to incentivize others to become one. Since its introduction, other types of medical practitioners have reached out asking to be included in this legislation, and I look forward to working with those groups to identify a way forward. With that, I thank you for your time. I'm open to any questions, and I will welcome our testifiers behind us.

**von GILLERN:** Thank you. Questions? Senator Jacobson.

**JACOBSON:** I guess I want to try to understand. So, these are licensed physicians that are actually actively practicing.

**IBACH:** Practicing.

**JACOBSON:** So they're getting paid fairly well as a practicing physician. So, does--

**IBACH:** Depends on where you're at.

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**JACOBSON:** -- a thousand-- what's-- well, is \$1,000 going to move the needle?

**IBACH:** It's a start, is what it is. And it's a way for us to reward. I think you'll-- if you listen to a couple of the testifiers, depending on how many rotations or how many students they actually host a year, it makes a little bit of a difference.

**JACOBSON:** Well, the reason I re-- asked that-- I mean, obviously you were here, I think, too, when we had some of the, the EMTs and volunteer firemen in, and I think Senator Ballard brought a bill that they're, they're currently able to get \$250 a year today, if they reach a certain points, which means they've got to be able to be on certain number of calls, and, and there's other things that they've got to-- that they've got to do to reach the points. Not all of them hit it; some of them look at the \$250 as not moving the needle. So that bill was to raise it to \$1,000. And, you know, we're not sure that we're prepared to go there at this point. But these are volunteer firemen who are-- and, and EMTs that are driving to the sites with their own vehicles, paying for their own gas and doing all these things. And so, I'm just trying to, you know-- not to make the comparisons, but you can't help but. And so--

**IBACH:** No, and I don't discount that at all. That was very good testimony on their part. I think, when you look at the critical need for physicians in rural areas, I think this is one way to facilitate accommodating that.

**JACOBSON:** Yeah. And, and I think-- again, if, if it moves the needle, if it's a-- make-- I, I, I'm looking at EM-- EMTs and volunteer firemen, that, that, I think, is going to be-- it's going to move the needle--

**IBACH:** A priority.

**JACOBSON:** --move the needle all the more. So I-- again, I--

**IBACH:** Just listen, and I, I think, you know, we'll evaluate it after we have the testimony, too.

**JACOBSON:** Thank you.

**IBACH:** Thank you.

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**von GILLERN:** Thank you. Any other questions? Seeing none. Thank you, Senator Ibach, and we'll welcome up our first proponent. Good afternoon.

**RICHARD FRUEHLING:** Thank you for the opportunity. My name is Richard Fruehling, R-i-c-h-a-r-d F-r-u-e-h-l-i-n-g, and I'm a family physician with Family Practice of Grand Island. I've been in practice for 52 years, and have been a preceptor for medical students for 50 of those years.

**von GILLERN:** Wow.

**RICHARD FRUEHLING:** For the last 32 years, I've been the associate director of the Grand Island Rural Training Track family medicine residency program. In those roles, and with a continued enthusiastic support of my partners at Family Practice and the medical specialty community of Grand Island, we have placed 55 graduates, mostly in small communities in Nebraska, from Ogallala to Omaha and from Stuart to Superior. So I understand the need for preceptors, and I actually prefer the terms "mentor" or "teacher" for the education and professional development of young physicians and the need to supply those physicians to help relieve the medical and obstetrical deserts in Nebraska. A medical student's journey starts with the first two years, primarily in book, lecture and lab learning, with some exposure to hands-on patient care. The last two years are much more bedside training and study, with close oversight by the UNMC or Creighton staff of employed physicians. The students do rotations in the various specialties, typically a month in duration. One of those rotations in their junior year is a two-month experience outstate, with family physicians in smaller communities. This is frequently a student's first exposure to rural medicine, with all the care, knowledge and procedures demanded by a rural practice overseen by the family physicians in those clinics. These experiences are frequently career-changing for the student. Then, after graduation and entering a primary care residency, the resident physician continues their training in the clinic and specialty rotations under the supervision of a preceptor. In the case of the Rural Training Tracks in Grand Island, Kearney, North Platte and Scottsbluff, the preceptors are unpaid volunteers. At all levels of the student's training, their preceptors are motivated by their desire to give back to the students some of what they themselves received in their own lives, being mentored through the 7 to 8 years of physician training. As you may surmise, the preceptors have an opportunity to model for the students not only medical training, but the empathy, patience and kindness to the people for whom they care, and building long-term relationships.

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The student then has the opportunity to develop his or her own style, how they want to be perceived by their patients, their medical associates, and certainly within their own minds, based on what they have observed, be it good or bad. Precepting takes time out of the physician's practice, as you have heard. But mentors who have done this for a time usually feel that we get as much out of these relationships as the student does. But we are currently in need of many more mentors, and the time commitment and the responsibilities are daunting for many physicians. And now, we are facing the need for many more preceptors with the development of the medical school in Kearney. This proposed bill may help efficient-- physicians on the fence feel that they can dedicate time to a mentoring program. It is well-known that physicians tend to stay within 100 miles of where they do their training, and the Kearney program may attract more students from rural areas of Nebraska in the long run, meaning 8 to 10 years. This would increase the supply of primary care physicians in Nebraska. So, I speak in favor of LB305.

**von GILLERN:** Thank you for your testimony. Questions from the committee members? Senator Murman.

**MURMAN:** Thank you for testifying. I strongly support getting more medical profess-- professionals in rural Nebraska, especially doctors, but nurses also. I'm just wondering if the \$1,000 will actually make a difference.

**RICHARD FRUEHLING:** To be honest, I wondered the same thing. But if you get \$1,000 for each rotation, it could mount up over some time. And I think the, the actual rules of how this is going to be administered still need to be developed. And-- but I think the-- as the senator said, it's a move in the right direction. Hopefully get some people off the fence who've been thinking about this but haven't done it. And it's, it's a joy to do it once you get started. But it takes a certain effort to get it started as well.

**MURMAN:** Thank you.

**von GILLERN:** Thank you. Any other questions? Senator Sorrentino.

**SORRENTINO:** Thank you, Chairman. 80 hours is considered a rotation. Is that correct?

**RICHARD FRUEHLING:** Yes.

**SORRENTINO:** So it's likely that a physician could probably only have, have the opportunity to do this just a couple of times a year. Is that right?

**RICHARD FRUEHLING:** Well--

**SORRENTINO:** With everything else they have going.

**RICHARD FRUEHLING:** Yeah, it depends. Now, you know, if there are small rural clinics with two or three people, then they may have one student at a time. If they're larger clinics, you might have two students.

**SORRENTINO:** OK, so it'd be \$1,000 per student.

**RICHARD FRUEHLING:** That's, that's kind of my understanding.

**SORRENTINO:** OK.

**RICHARD FRUEHLING:** The-- \$1,000 per rotation per student.

**SORRENTINO:** OK.

**RICHARD FRUEHLING:** Yeah.

**von GILLERN:** Thank you. I think you-- I had a couple of questions. Are they-- oh. Are students paid during a rotation?

**RICHARD FRUEHLING:** I'm sorry?

**von GILLERN:** Are students paid during?

**RICHARD FRUEHLING:** No.

**von GILLERN:** OK.

**RICHARD FRUEHLING:** Students are still paying out of pocket for the opportunity to spend time.

**von GILLERN:** OK. Right.

**RICHARD FRUEHLING:** The resident-- yeah. The resident physicians are actually being paid by the med center, by Creighton, because they are physicians; they have their M.D. degree at that time, and it's just further post-graduate training.

**von GILLERN:** I had a daughter in college who did an internship like that. I remember it well. We got to pay for her to work somewhere. I

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imagine-- if there's-- if it's an 80-hour-- I mean, is that 40 hours a week for two weeks? Is that--

**RICHARD FRUEHLING:** It, it-- for the physician time, it's over the two months--

**von GILLERN:** OK.

**RICHARD FRUEHLING:** --that they're with us.

**von GILLERN:** OK. All right. OK.

**RICHARD FRUEHLING:** So, I mean, you're-- we're still actively seeing our own patient population. It's just that instead of seeing 18 or 20, you might see 16 or 18.

**von GILLERN:** OK.

**RICHARD FRUEHLING:** So it's a little bit of a ding. But--

**von GILLERN:** OK.

**RICHARD FRUEHLING:** You know, I'm at a point in a career where it doesn't matter to me.

**von GILLERN:** Thank you for doing it. And then, I did note, to Senator Sorrentino's question on the fiscal note. It says the-- any single year is capped at \$5,000, so--

**RICHARD FRUEHLING:** OK.

**von GILLERN:** That would, that would be a limiting factor. So can't make a business out of it.

**RICHARD FRUEHLING:** I did try to read the bill. I--

**von GILLERN:** No, I, I just-- I caught it-- I caught it just now for clarity.

**RICHARD FRUEHLING:** OK.

**von GILLERN:** Thank you. Thank you for your testimony.

**RICHARD FRUEHLING:** You're very welcome. Thank you.

**von GILLERN:** Next proponent.

**ANNA DALRYMPLE:** Hello, good afternoon.

**von GILLERN:** Good afternoon.

**ANNA DALRYMPLE:** Good afternoon. My name is Anna Dalrymple, A-n-n-a D-a-l-r-y-m-p-l-e. I am testifying in support of LB305 on behalf of the Nebraska Academy of Physicians. I'm the current president of the Nebraska Academy, and I currently work as a family physician in Gothenburg. Over the last several years, we have seen a growing problem in finding willing preceptors in rural Nebraska to teach and train the next generation of physicians. LB305 creates an important tool to ensure that we don't fall short in providing those opportunities. As a graduate of UNMC, I can say firsthand that it can be hard to relay the value of primary care and rural practice to early med students in the heart of Omaha. Preceptor experience is not only an integral foundation to a medical student's clinical years and training, but also is a unique vantage point into a primary care physician's work life. My own story is a perfect example of this. As a medical student in Omaha, I was convinced that I was going to be a surgeon at the beginning of med school. Nothing else. And thankfully, I wanted the full family medicine experience, so I asked for a rural rotation site that was far away, and I got one in Ogallala. My experience there was invaluable. I delivered my first baby; I helped run codes in the E.R.; and I performed procedures I never would have been able to do at the med center. And safely, of course. I also saw the connection that family medicine doctors can have to their community. My rural rotation in Ogallala absolutely changed my trajectory, and this would have never happened without my preceptor's willingness to volunteer his time to take students and teach. Like my own preceptor, my practice in Gothenburg is full-scope family medicine, which includes outpatient clinic, inpatient hospital care, emergency room coverage, and obstetric care. What I do is highly rewarding, but it does have challenges, and unfortunately, our numbers are dwindling. The demands of call, as well as specialization of medicine, are two reasons of many that are contributing to this. It is also still, in my opinion, by far the most comprehensive, patient-centered, cost-effective care than be-- can be offered to rural physi-- excuse me, rural areas, and is worth fighting for. When I ventured into practice after residency, I knew I wanted to teach medical students, and hoped I could offer the same opportunities I was given years earlier. I now regularly take medical students for their third year preceptorships from UNMC. I really do love to teach, and I was honored last year with UNMC's Preceptor of the Year award. That being said, mentoring students is a considerable time commitment. Third-year family medicine clerkships last eight weeks in length, and

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students are with you during all clinical hours and call obligations. I currently take three students a year, and a single preceptor could take up to six at most. So, as you can imagine, it takes a lot of preceptors to train an entire class of medical students, which is around 100 to 150 students per class. In August of 2026, the Kearney campus will commence its first class; they'll start with 15 to 18 students, and slowly advance to 20 per class for phases two and three of training, which is clinical across the primary care fields, over two years. This is 480 months of preceptorship. In addition to UNMC and the upcoming Kearney campus, Creighton also has strong interest in finding more preceptors, so having ample preceptors for medical students is going to be imperative to the success of the campus, as well as adequate care for rural Nebraska. This bill is intended to help meet that need, and it also conveys to physicians that their time spent teaching is valued and important. Thank you, and I'd be happy to answer questions or go over details you have.

**von GILLERN:** Thank you. Senator Jacobson?

**JACOBSON:** I'm just curious, where are you from originally?

**ANNA DALRYMPLE:** Omaha.

**JACOBSON:** OK. So you're from Omaha, did a residency in Ogallala--

**ANNA DALRYMPLE:** Preceptor-- the eight weeks at Family Medicine pre-- it's a med school--

**JACOBSON:** In Ogallala.

**ANNA DALRYMPLE:** --in Ogallala.

**JACOBSON:** So, how'd you end up in Gothenburg?

**ANNA DALRYMPLE:** Yeah. So my husband's a farmer in Gothenburg.

**JACOBSON:** All right. OK. Because he-- you had to go through North Platte on the way to-- between [INAUDIBLE] figuring out why you didn't just stop there, so.

**ANNA DALRYMPLE:** Yeah, right. You're right. I know. I know.

**JACOBSON:** Thank you.

**von GILLERN:** Any other questions? Senator Sorrentino.

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**SORRENTINO:** Not so much a question. I want to thank you for your service to the med students. And I know that the \$1,000 doesn't sound like a lot of money, but I can tell you firsthand people who do this are not doing it for the money. They're paying back. I've been an adjunct professor at Creighton for-- I mean, I still am. And you do not do it for the money, but oh my, the relationships you have, they're lifetime. Thank you for doing this.

**ANNA DALRYMPLE:** Oh, thank you. I really do enjoy it, so. And I think people who-- if you just get some more people involved, you know, they stay preceptors for a long time, so.

**von GILLERN:** Very good. Thank you. Seeing no other questions, thank you for your testimony.

**ANNA DALRYMPLE:** Thank you.

**von GILLERN:** Next proponent. Good afternoon.

**HUNTER ALLEN:** Thank you. Good afternoon. My name is Hunter Allen, H-u-n-t-e-r A-l-I-e-n, and I am a third-year family medicine resident physician at Lincoln Medical Education Partnership here in Lincoln. I am a 2022 graduate of Creighton University School of Medicine. Simply stated, I would not be a family physician if it were not for my experience and my preceptor Dr. Jeffrey Brittan at Midlands Family Medicine in North Platte during my third year of medical school. While many in my class chose to remain in Omaha for their family medicine rotation out of convenience and, dare I say, out of lack of understanding family medicine's span of provided services, Creighton offers and encourages students the opportunity to spend a month of this rotation outside of the Omaha metro region in rural Nebraska. Such time for me will forever remain my most memorable and impactful month of medical school. I, too, did not appreciate the scope of family medicine until my time in North Platte under Dr. Brittan. I knew there would be days spent in an outpatient clinic-- the doctor's office-- but I did not know that family medicine in a rural setting also meant managing patients inside the hospital, including the intensive care units; that it meant delivering babies and performing colonoscopies; that it meant cardioverting a person in cardiac arrest; that it meant standing on a high school football sideline as the team physician and mentor. Each of these experiences I had encountered singularly on other individual rotations in medical school. Quite frankly, I enjoyed them all, but there was always the thought of forgoing a procedure or skill set found in each of these that sparked excitement in me that would have to be forfeited to give up for

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something else. It was not until I stepped outside of the comfort zone of Omaha that I recognized the aggregate of these experiences could not only be practiced, but practiced deliberately and intentionally for and with those in our great state of Nebraska who otherwise have limited access to health care. Not only was it Dr. Brittan and his colleagues' generous and tireless teaching-- especially as Dr. Dalrymple alluded to-- by allowing me to do, not merely allowing me to see, that made my time in North Platte the most impactful month of medical school. But it was the patients and the community. I was welcomed, I was embraced, I was treated as family. Although I was born in a small town outside of Dallas, Texas, I am proud to state that I am Texan by birth, Nebraskan by choice. And I am proud to have the honor of continuing Dr. Brittan's impact by joining Midlands Family Medicine in North Platte this July. While I have the privilege of caring for his patients when he retires and perpetuating the incredible family medicine experience to medical students as a faculty preceptor at Creighton University's School of Medicine. My intention is to transmit the experience of rural family medicine not only, not less, but greater than it was transmitted to me. Family medicine takes many forms. The breadth of our specialty varies from one town to another, all based on individual community needs. The scope of family medicine in North Platte is vastly different from that of Omaha, where specialists have the sole privilege for just about any procedure or just about any care inside a hospital. The scope of family medicine in Valentine is, quite frankly, somewhat different from that of North Platte, where family medicine physicians are additionally staffing E.R. coverage. Because our specialty provides an array of services and experiences to varying degrees, preceptors are needed in these vast communities. As medical students hone skill sets that bring excitement and passion, there is an opportunity to blossom these experiences into full fruition in rural family medicine, and it just so happens that these opportunities present themselves in the 85 medically-underserved areas of our state. If the experience of great teaching ignites elation in medicine, as it did for me, so, too, will it lead future colleagues into moving to and practicing communities where they trained also, just like me. The Hippocratic Oath we profess as physicians reads, in part: my colleagues will be my brothers and sisters, and by instruction and example, we will impart a knowledge of the art to those who wish to learn it. LB305 impresses that instruction and example. Through this bill, we will impart a recognition of the arts to those who wish to teach it. I thank you for your time, and I'm happy to take any questions.

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**von GILLERN:** Thank you for your testimony. Any questions? Senator Jacobson.

**JACOBSON:** Just a quick comment. Dr. Brittan is an amazing physician. I'm, I'm shocked that he's even thinking about retiring. I figured he'd never retire, but, but I'm glad you got the experience with him. He's a unique individual, and, and I'm glad you got to, got to spend time with him.

**HUNTER ALLEN:** Thank you. He's been a second father to me.

**JACOBSON:** That, that doesn't surprise me.

**von GILLERN:** Thank you. Any other questions? Seeing none. Thank you for your testimony.

**HUNTER ALLEN:** Thank you.

**von GILLERN:** Next proponent. Good afternoon.

**JED HANSEN:** Good afternoon. Good afternoon. Chairman, Vice Chair, members of the committee. My name's Jed Hansen, I'm the executive director of our state's Rural Health Association, and I'm here in support of LB305, introduced by Senator Ibach. I recognize that this body's priority to balance the budget, and to deprive-- and to provide property tax relief this year are critical goals for Nebraska. However, I would agree that workforce shortages are also a pressing issue, particularly in health care, and particularly in our rural communities. I view LB305 as an investment in Nebraska's future. I'd also encourage this committee, and with the, the help of the Senator Ibach, to consider expansion of this bill to include nurse practitioners, physicians' assistants and bedside nurses, also high-demand providers that are essential to our health care system. As you know, Nebraska's rural communities, they're struggling and there are workforce issues. And a major barrier is at times a lack of, of preceptors, as others have mentioned. And without preceptors, we simply can't train enough of our professionals in demand. These are often unpaid, unpaid requests, and they add to overall burnout that we've experienced in health care. If we fail to address some of these issues, workforce shortages will surely worsen; and access to care, especially in Greater Nebraska, will decline. So, why preceptor tax credits? Well, one of the best ways to ensure preceptor participation is to recognize and reward the effort. A regional study performed by UNMC's Midwest Clinical Research Network found that 36% of preceptors cited a lack of compensation as a deterrent; 50% requested a form of

direct monetary incentives; and 20% listed specifically that tax credits were a meaningful incentive for them. Without a strong preceptor network, we can't train enough professionals to meet this demand, and tax credits do provide a targeted way to incentivize preceptors while ensuring that Nebraska continues to produce a skilled workforce. There have been some other states, as have been mentioned, that have deployed some tax credits. I'll give some examples. Alabama provides tax credits up to \$6,000 for physicians, \$5,000-- and up to \$5,000 for NPs, PAs, and RNs. Hawaii dedicated-- has dedicated \$1,500,000 annually, offering up to \$1,000 per rotations, so similar to what we're seeing here, and up to \$5,000 a year with the ability to carry credits forward if they go unused. And our neighboring state, Colorado, applied some specific rural components to their tax credit, providing very similar, for up to \$1,000 credit for up to 300 health care professionals per year. So there could be some ways to target this, make sure that we're targeting it for, for our rural communities and for those areas that we're, we're needing. And I think there's also a way to expand that to make sure that we're covering the breadth of, of clinicians and health care professionals across our state. You know, I, I do understand that tax credits may be a little bit of a difficult conversation this year, but I do think that this discussion is important and is essential for us, as we look at solutions across, across our state and across the health care continuum. And I, I do think that unless we do figure out ways to address preceptorship, address training, that we do risk falling further behind as a, as a, a rural community, so. Appreciate your time today. Been a, been a long afternoon, I'm sure, for all of you. And I especially thank Senator Ibach for her leadership and for bringing this bill forward. And with that, I would certainly urge your support of LB305. Would like consideration for some expansion of that. And I'm willing to take any questions that you may have.

**von GILLERN:** Thank you. Any questions from the committee members?

**JACOBSON:** I'm just curious--

**von GILLERN:** I'm, I'm sorry. I should have-- before I went there. Dr. Hansen, can I get you to spell your name for the record?

**JED HANSEN:** Oh, yes. Sorry. I always forget to do that. Jed Hansen, J-e-d H-a-n-s-e-n.

**von GILLERN:** Thank you. Senator Jacobson.

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**JACOBSON:** So you-- with-- if you think about expanding it, I don't disagree that we're at shortages or through them, all through the ranks. Would you be prosing-- proposing that that would be added to this bill, amended? And would you be looking at same numbers, similar numbers, same caps? What, what, what are your thoughts there?

**JED HANSEN:** Yeah, I mean, I would certainly be open to, to, to, to working with Senator Ibach if we could make that inclusion for this bill. I like the idea of placing some caps, and I like the idea of maybe looking at some of our HPSA, our health professional shortage areas, and making sure that we're targeting that for those, those communities. Open to other suggestions. But I think that those are some ways that we could look at reining in the overall fiscal note on this while providing some impact.

**JACOBSON:** And other-- one other question. I guess I always try, try to look at-- I always think about, when I'm trying to buy a gift for somebody that is, is, is a fairly high-income person, and you think, what do I buy them that they can't already buy for themselves?

**JED HANSEN:** Mmhmm.

**JACOBSON:** OK? And so, what's something that isn't monetary but something that would mean a lot to them? And, and is there any-- do you see anything else out there that, that could be done that would reward preceptors that wouldn't involve a-- you know--

**JED HANSEN:** I bought a case of wine for one of my preceptors, but I'm not sure that we can find state funding to do that, but.

**JACOBSON:** Well, we-- you have an in for a winery out in North Platte, just so you know.

**JED HANSEN:** I think that's an, an excellent question. You know, there is a component of this that, that is giving back to the profession. But I think we do want to make sure that we're recognizing some of those challenges that do come with preceptorship, and especially-- you know, in the case of Dr. Brittan and, and, and in your case, Doctor, where, you know, where they're-- they've made this a lifetime commitment. I think if we can find ways to provide some reward back to them to show their, their thanks-- or, to show our thanks-- for, for all of the work they're doing. Again, I think this is a--

**JACOBSON:** Well, I would encourage you to think about that, because I think, you know-- as we found with our earlier testifier, you know, for him, the \$1,000 isn't a huge deal. But, but he's been doing this a

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lot of years, and when you've been doing this for 50 years, being recognized in some special way, may mean more than the cash.

**JED HANSEN:** Yeah. One potential area would-- when we look at some of the continuing ed credits, and-- is there a way to provide some kind of a, of a, of a either a reimbursement or, or some time-well-served credit for preceptor efforts could be another way that would be potentially non-monetary.

**JACOBSON:** Sure. Yeah. And I'm not looking for an answer now, but I think it's something to think about.

**JED HANSEN:** Yeah. Yeah. Appreciate the question, Senator.

**von GILLERN:** Thank you. Senator Murman.

**MURMAN:** Yeah. I'm just curious as to what segment of the medical field is most short, and-- short-- there's biggest shortage in rural Nebraska. And, and if so, could the-- a monetary reward be more dedicated toward that segment?

**JED HANSEN:** Yeah, I think that's a great question. You know, we have to make sure that our, that our physicians and our physician workforce is taken care of. I would mention EMS has a critical need. Nursing-- you know, we, we've heard for the last several years that there's going to be X number of nurses short by the year 2025. Well, we're in 2025 now. And we need to really look at that. If I were to expand this beyond physicians, I would look towards bedside nursing and making sure that we're reducing that bottleneck, and then I would look to EMS. But the reason that I included NPs and PAs in this is that they're part of that overall picture for, for-- especially for family practice delivery in a rural community. It's just going to be part of that strategy.

**MURMAN:** Thank you.

**von GILLERN:** Any other questions? Seeing none, thank you for your testimony.

**JED HANSEN:** Yeah. Thanks, Chairman.

**von GILLERN:** Are there any other proponents? Seeing none, are there any opponents? Seeing none. Is there anyone who like to testify in a neutral position? Seeing none. Senator Ibach is welcome to close.

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**IBACH:** Thank you, committee. And thank you, physicians, for clarifying a lot of the questions that, that we all had. Obviously, I have an affection for rural health. Dr. Dalrymple actually spent a day with me in Gothenburg one day, and we had a great time. But she relayed to me the importance of the preceptorship program, because she is a mentor to physicians that hopefully will locate in rural Nebraska. And, if money were no object, we could fund everything, but I know the budget is tight. And, and I would just-- when you talk about \$2,000 or \$3,000 a year, it doesn't seem like a lot, maybe, for your typical physician, but I know Anna has children, and child care is always expensive and an issue. So, I, I don't think it's prudent for us to assume that it's not an incentive of any kind, because I think it is. So, I would just encourage you-- I, I appreciate your comments. I appreciate your questions. Thank you to the physicians who answered a lot of those questions, and I hope that you will consider this as a way to address those 85 underserved locations in rural Nebraska. Any questions?

**von GILLERN:** Thank you, Senator Ibach. Any questions? Seeing none. Thank you again.

**IBACH:** Thank you.

**von GILLERN:** This-- we did have 2 proponent letters, 0 opponent, 0 neutral and no ADA comments. So, this will close our hearing on LB305, and close our Revenue hearing for the day. Thank you all for being here, for your patience.

**IBACH:** Thank you.